



**AUDITED ANNUAL FINANCIAL REPORT  
FOR YEAR ENDED DECEMBER 31, 2021**

**GUILLERMO REYNA**  
CERTIFIED PUBLIC ACCOUNTANT

MEMBER OF THE AMERICAN INSTITUTE OF CPAs & TEXAS SOCIETY OF CPAs

HIDALGO COUNTY IRRIGATION DISTRICT NO. SIX  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2021

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**Hidalgo County Irrigation District No. Six**  
BOARD OF DIRECTORS

**Diana Izaguirre**  
President

**Santana Gutierrez**  
Vice-President

**Brandon Thompson**  
Secretary

**Dr. Roberto Zamora**  
Director

**Oscar Arturo Garza**  
Director

**Dr. Antonio Uresti**  
General Manager

**Walsh McGurk Cordova Nixon**  
Attorney

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**GUILLERMO REYNA**  
CERTIFIED PUBLIC ACCOUNTANT

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors' of  
Hidalgo County Irrigation District No. Six  
Mission, Texas

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hidalgo County Irrigation District No. Six as of and for the year ended December 31, 2021 and the related notes to the financial statements, which collectively comprise the Hidalgo County Irrigation District No. Six's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Hidalgo County Irrigation District No. Six, as of December 31, 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.

#### ***Basis for Opinions***

We conducted our audit 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Hidalgo County Irrigation District No. Six and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Hidalgo County Irrigation District No. Six's ability to continue as a going concern for twelve

months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Hidalgo County Irrigation District No. Six's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Hidalgo County Irrigation District No. Six's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information and the schedule of Hidalgo County Irrigation District No. Six's proportionate share of the net pension liability and the schedule of Hidalgo County Irrigation District No. Six pension contributions be presented to supplement the basic financial statements. Such information

is the responsibility of management and, 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hidalgo County Irrigation District No. Six's basic financial statements. The other supplementary information is presented for purposes of additional analysis and are not required parts of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 13, 2022, on our consideration of Hidalgo County Irrigation District No. Six's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of Hidalgo County Irrigation District No. Six's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hidalgo County Irrigation District No. Six's internal control over financial reporting and compliance.

***Guillermo Reyna, CPA***

Guillermo Reyna, CPA  
McAllen, Texas  
July 13, 2022



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# HIDALGO COUNTY IRRIGATION DISTRICT NO. SIX

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Hidalgo Irrigation District Number Six (the District) annual financial report presents Management's Discussion and Analysis (MD&A) of the District's financial performance during the fiscal year ended December 31, 2021. The MD&A should be read in conjunction with the transmittal letter found in the introductory section of this report and the District's financial statements which follow this section.

## FINANCIAL HIGHLIGHTS

- The assets of the Hidalgo County Irrigation District No. Six exceeded its liabilities at the close of the most recent fiscal year by \$8,780,446 (net position). Of this amount, \$4,233,010 (unrestricted net position) may be used to meet the District's ongoing obligations to constituents and creditors.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$4,181,910 which is available for spending at the District's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$4,181,910 or 225% of total general fund expenditures; these expenditures were \$67,079 more than revenues due, in part, to increases in personnel costs and contractual services and repairs for maintenance expenditures.
- At the end of the current fiscal year, the deferred outflows of resources related to pension plan totaled \$12,275. Furthermore, deferred inflows of resources related to pension plan totaled \$107,507, while net pension asset totaled \$157,817. Therefore, the overall position of the plan decreased by approximately \$66,296.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District's operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
- *Proprietary fund* statements offer short- and long-term financial information about the activities the government operates like businesses. Currently the District has no enterprise funds. The Internal Service Fund is used to report activities that provide supplies and services for the district's other programs and activities. Currently, the District has no internal service funds. Because these services predominately benefit governmental rather than business-type functions, the Internal Service Fund is reported with governmental activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, but in more detail. The Internal

# HIDALGO COUNTY IRRIGATION DISTRICT NO. SIX

Service Fund is presented as a single, aggregated presentation in the proprietary fund financial statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements.

**Figure A-1 Major Features of the District’s Government-wide and Fund Financial Statements**

<u>Type of Statements</u>	<u>Government-wide</u>	<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Fiduciary</u>
<u>Scope</u>	Entire District’ (except fiduciary funds)	The activities of the district that are not Proprietary or fiduciary	Activities the district operates similar to private	
<u>Required Financial Statements</u>	<i>Statement of net position</i> ..... <i>Statement of Activities</i>	<i>Balance Sheet</i> ..... <i>Statement of revenues, expenditures &amp; changes in fund balances</i> ..... <i>Statement of cash flows</i>	<i>Statement of net position</i> ..... <i>Statement of rev, exp, &amp; changes in net position</i> ..... <i>Statement of flows</i>	<i>Statement of fiduciary net position</i> ..... <i>Statement of in fiduciary net position</i>
<u>Accounting basis and measurement focus</u>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial	Accrual accounting and economic focus	Accrual accounting economic resources focus

Figure A-1 shows how the required parts of this annual financial report are arranged and relate to one another. In addition to these required elements, a section with combining statements that provides details about the non-major governmental funds and internal service funds is included.

### Government-wide Statements

The two government-wide statements report the District’s net position and how they have changed. Net Position—the difference between the District’s assets and liabilities—is one way to measure the District’s financial health or position.

- Over time, increases or decreases in the District’s net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, one needs to consider additional nonfinancial factors such as changes in the District’s tax base

The government-wide financial statements of the District include the *Governmental activities*. Most of the District’s basic services are included here, such as administration, maintenance, and operating expenditures for water irrigation services. Water sales, flat rate tax assessments, penalties and interest on flat rate tax assessments, interest on earnings and miscellaneous revenues.

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## Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant *funds*—not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The District has the following kinds of funds:

- *Governmental funds*—Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.

## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

**Net position.** The District's combined net position were \$8,780,446 and \$8,382,180 as of December 31, 2021 and 2020, respectively. (See Table A-1).

# HIDALGO COUNTY IRRIGATION DISTRICT NO. SIX

**Table A-1  
District's Net Position**

	<b>Governmental Activities</b>		<b>Increase (Decrease)</b>
	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2021-2020</u></b>
<b>Current assets:</b>			
Cash/Cash equivalents	3,238,608	396,724	2,841,884
Accounts Receivable Flat Rate (net)	275,827	272,258	3,569
Accounts Receivable Other	181,108	176,242	4,866
Inventories-at Cost	105,738	91,048	14,690
<b>Total current assets:</b>	<b><u>\$ 3,801,281</u></b>	<b><u>\$ 936,272</u></b>	<b><u>2,865,009</u></b>
<b>Noncurrent Assests:</b>			
Investments	539,372	3,161,026	(2,621,654)
Net Pension Asset	157,817	190,299	(32,482)
Capital Assets	7,689,959	7,689,960	(1)
Less Accumulated Depreciation	<u>(3,142,525)</u>	<u>(3,330,103)</u>	<u>187,578</u>
Total Noncurrents Assets	<u>5,244,623</u>	<u>7,661,170</u>	<u>(2,466,559)</u>
<b>Total Assets</b>	<b><u>\$ 9,045,904</u></b>	<b><u>\$ 8,691,633</u></b>	<b><u>\$ 398,450</u></b>
<b>Deferred Outflows of Resources</b>			
Aggregated Deferred Outflows	12,275	199,032	(186,757)
Total Deferred Outflows of Resources	<u>12,275</u>	<u>199,032</u>	<u>(186,757)</u>
<b>Current Liabilities</b>			
Accounts payable	44,456	71,089	(26,633)
Other Payables	63,058	62,273	785
Unearned Revenue	51,230	61,351	(10,122)
<b>Total current liabilities</b>	<u>158,744</u>	<u>194,713</u>	<u>(35,970)</u>
<b>Long-term liabilities:</b>			
Compensated Absences	11,483	9,142	2,341
Net Pension Liability	-	-	-
Total Noncurrent Liabilities	<u>11,483</u>	<u>9,142</u>	<u>2,341</u>
<b>Total Liabilities</b>	<b><u>\$ 170,227</u></b>	<b><u>\$ 203,855</u></b>	<b><u>\$ (33,629)</u></b>
<b>Deferred Inflows of Resources</b>			
Aggregated Deferred Inflows	107,507	76,029	31,478
Total Deferred Inflows of Resources	<u>107,507</u>	<u>76,029</u>	<u>31,478</u>
<b>Net Position:</b>			
Net Investment in Capital Assets	4,547,436	4,359,857	187,579
Unrestricted	4,233,010	4,022,323	210,687
<b>Total Net Position</b>	<b><u><u>\$ 8,780,446</u></u></b>	<b><u><u>\$ 8,382,180</u></u></b>	<b><u><u>398,266</u></u></b>

## HIDALGO COUNTY IRRIGATION DISTRICT NO. SIX

The District's overall financial position has increased in the amount of \$398,266. The largest portion of the District's assets are invested in capital assets (e.g. land, buildings & improvements, machinery, and equipment). The District uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The unrestricted portion of net assets was \$4,233,010 or 48% of total net position, which increased by \$210,687 due, in part, to a net decrease in current operating liabilities.

**Table A-2**  
**Hidalgo County Irrigation District's Changes in Net position - Governmental Activities**

	Governmental Activities		Increase (Decrease)
	<u>2021</u>	<u>2020</u>	<u>2021-2020</u>
Charges for services	\$ 1,176,225	\$ 928,933	\$ 247,292
Water Sales	506,035	486,719	19,316
Flat Rate Taxes	290,893	264,583	26,310
Permits and Other Charges	13,600	-	13,600
Penalties and Interest on Flat Rate Assesme	46,792	40,933	5,859
Interest	45,748	56,937	(11,189)
Royalties	4,360	1,609	2,751
Sales	-	28,812	(28,812)
Private Jobs	10,365	11,576	(1,211)
Miscellaneous Revenues	47,462	26,946	20,516
Total Revenues	<u>\$ 2,141,481</u>	<u>\$ 1,847,048</u>	<u>\$ 294,433</u>
Administration	594,593	538,857	55,736
Maintenance	749,642	806,725	(57,083)
Operating	517,919	590,690	(72,771)
Net Pension Expense	66,296	-	66,296
Capital Outlay	2,343	-	2,343
Depreciation Expense	143,608	159,187	(15,579)
Total Expenses	<u>\$ 2,074,401</u>	<u>\$ 2,095,459</u>	<u>\$ (21,058)</u>
Excess (Deficiency) Before Other Resources	\$ 67,080	\$ (248,411)	\$ 315,491
Increase (Decrease) in Net Position	<u>\$ 67,080</u>	<u>\$ 128,803</u>	<u>\$ 315,491</u>
Net position - beginning	8,382,180	8,536,478	(154,298)
Prior Period Adjustment	331,196	-	331,196
Net position - ending	<u>\$ 8,780,455</u>	<u>\$ 8,665,281</u>	<u>\$ 115,174</u>

# HIDALGO COUNTY IRRIGATION DISTRICT NO. SIX

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## **Governmental Activities**

Water revenues reflects an increase from 2020. This is primarily due to a one-time activity of selling a total of 15,500-acre feet of water in the third quarter of 2021. The total sale was for approximately \$432,00 and is not an annually recurring event. Total overall costs in 2021 for the District increased in comparison for year ending in 2020.

## **FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

As noted earlier, the District uses *fund accounting* to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The general government functions are reported in the General, Special Revenue, Debt Service, and Capital Project Funds. The focus of the *District's governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's annual financing and budgeting requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$4,181,910 in contrast to \$3,902,584 in the prior year. The District major source of revenue for the District was water sales which totaled \$2,019,945 in 2021.

## **General Fund Budgetary Highlights**

The final budget was adopted with total General Fund revenues of \$1,927,969 and expenditures of \$1,927,969.

The following are significant variations between the final budget and actual amount.

- Actual revenues (excluding transfers) were higher than budgeted figures by approximately \$213,512.
- Actual expenditures (excluding transfers) were \$48,006 higher than final budget amounts.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

At the end of 2021, the District had invested \$4,547,434 in a broad range of capital assets, including land, construction in progress, infrastructure, buildings & improvements, and machinery & equipment. (See Table A-3.)

The capital assets of the District are those assets (land, construction in progress, infrastructure, buildings & improvements, and machinery & equipment), which are used in the performance of the District's functions. On December 31, 2021, net capital assets of the governmental activities totaled \$7,689,959. Depreciation on capital assets is recognized in the Government-wide financial statements. Accumulated depreciation for infrastructure, buildings & improvements, and equipment totaled \$3,142,525. More detailed information about the District's capital assets is presented in the notes to the financial statements.

# HIDALGO COUNTY IRRIGATION DISTRICT NO. SIX

**Table A-3**  
**District's Capital Assets**  
**Governmental**  
**Activities**

	<b>2021</b>	<b>2020</b>	<b>Increase (Decrease)</b>
	<b>2021</b>	<b>2020</b>	<b>2021-2020</b>
Land	\$ 482,573	\$ 482,573	\$ -
Buildings	661,581	661,581	-
Other Structures	614,251	614,251	-
Infrastructure	4,255,376	4,255,376	-
Machinery & Equipment	1,105,034	1,105,034	-
Equipment	104,121	104,121	-
Vehicles	467,024	467,024	-
Total at historical cost	\$ 7,689,959	\$ 7,689,959	\$ -
Total Accumulated Depreciation	(3,142,525)	(3,330,103)	187,578
Net Capital Assets	\$ 4,547,434	\$ 4,359,857	\$ 187,578

## Long Term Debt

The District did not have any long-term debt on December 31, 2021.

The adoption of Statement No. 68 resulted in the District's reporting of net position asset/net pension liability and deferred inflows of resources and deferred outflows of resources for each of its qualified pension plans and the recognition of pension expense in accordance with the provisions of the Statement. The District's net pension asset on December 31, 2021 was \$157,817 compared to a net pension asset of \$190,299 on December 31, 2020. Additional information on the District's net pension asset can be found in the notes to the financial statements as indicated in the table of contents of this report.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- General operating fund spending in the 2022 budget is also expected to increase by approximately \$225,000 to more accurately reflect actual expenditure activity.

The District is constantly monitoring the budget and this effort will also be reflected in the upcoming preparation of the 2022 budget to ensure that the District continues to build a positive fund balance.

## 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:

Hidalgo County Irrigation District No. Six  
3735 N. FM 492  
P.O. Box 786  
Mission, Texas 78573  
*Phone: (956) 585-8389*



**HIDALGO COUNTY IRRIGATION DISTRICT No. SIX**  
**Statement of Net Position and Governmental Funds Balance Sheet**  
**As of December 31, 2021**

	General Fund	Total	Adjustments	Statement of Net Position
<b><u>ASSETS</u></b>				
Cash and Cash Equivalents	\$ 3,238,608	\$ 3,238,608	\$ -	\$ 3,238,608
Investments	539,372	539,372	-	539,372
Accounts Receivable - Flat Rate(Net)	275,827	275,827	-	275,827
Accounts Receivable - Other	181,108	181,108	-	181,108
Inventories at Cost	105,738	105,738	-	105,738
Net Pension Asset	-	-	157,817	157,817
Capital Assets:				
Land	-	-	482,573	482,573
Building and Improvements (Net)	-	-	450,034	450,034
Infrastructure(Net)	-	-	2,510,734	2,510,734
Machinery and Equipment(Net)	-	-	568,322	568,322
Vehicles(Net)	-	-	77,797	77,797
Office Equipment(Net)	-	-	16,825	16,825
Other Structures(Net)	-	-	441,151	441,151
<b>TOTAL ASSETS</b>	4,340,653	4,340,653	4,705,252	9,045,905
Aggregated Deferred Outflows - Related to Pension Plan	-	-	12,275	12,275
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 4,340,653</b>	<b>\$ 4,340,653</b>	<b>\$ 4,717,527</b>	<b>\$ 9,058,180</b>
<b>LIABILITIES</b>				
Accounts Payable	\$ 44,456	\$ 44,456	\$ -	\$ 44,456
Payroll Liabilities	7,965	7,965	-	7,965
Escrow Deposits	55,093	55,093	-	55,093
Deferred Revenues - Assessments	51,230	51,230	-	51,230
Compensated Absences	-	-	11,484	11,484
<b>TOTAL LIABILITIES</b>	158,743	158,743	11,484	170,227

**HIDALGO COUNTY IRRIGATION DISTRICT No. SIX**  
**Statement of Net Position and Governmental Funds Balance Sheet**  
**As of December 31, 2021**

	<u>General Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Aggregated Deferred Inflows - Related to Pension Plan	-	-	107,507	107,507
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	-	-	107,507	107,507
<b>FUND BALANCES</b>				
Unassigned	4,181,910	4,181,910	(4,181,910)	-
<b>TOTAL FUND BALANCES</b>	4,181,910	4,181,910	(4,181,910)	-
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
	<u>\$ 4,340,653</u>	<u>\$ 4,340,653</u>		
<b>NET POSITION</b>				
Net Investment in Capital Assets			4,547,436	4,547,436
Unrestricted			4,233,010	4,233,010
<b>TOTAL NET POSITION</b>			<u>\$ (0)</u>	<u>\$ 8,780,446</u>

**HIDALGO COUNTY IRRIGATION DISTRICT No. SIX**  
**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position**  
**For the Year Ended December 31, 2021**

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Total Fund Balances - Governmental Funds	\$ 4,181,910
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Compensated Absences expensed as paid in governmental fund statements, expensed as incurred in entity wide statements, and reflected as liability on Statement of Net Position.	(11,485)
Fixed assets are capitalized in the Statement of Net Position and depreciation in the Statement of Activities. These are expenses when acquired in the Statement of Revenues, Expenditures, and Changes in Fund Balance.	4,547,435
Deferred Outflows/Inflows, Net Pension Liability, and other related activity applicable to the District's governmental activities are not due in the current period and accordingly are not reported as deferred items on the Statement of Net Position, as per GASB 68.	62,586
Total Net Position - Governmental Activities	<u>\$ 8,780,446</u>

**HIDALGO COUNTY IRRIGATION DISTRICT No. SIX**  
**Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the Year Ended December 31, 2021**

	General Fund	2021	Adjustments	Statement of Net Position
<b>REVENUE</b>				
Water Sales	\$ 1,682,260	\$ 1,682,260	\$ -	\$ 1,682,260
Flat Rate Taxes	290,893	290,893	-	290,893
Penalties and Interest	46,792	46,792	-	46,792
Interest Earnings	45,748	45,748	-	45,748
Royalties	4,360	4,360	-	4,360
Private Jobs	10,365	10,365	-	10,365
Sale of Assets	-	-	-	-
Other	61,062	61,062	-	61,062
Sale of Real Estate	-	-	-	-
<b>TOTAL REVENUE</b>	<u>2,141,481</u>	<u>2,141,481</u>	<u>-</u>	<u>2,141,481</u>
<b>EXPENDITURES</b>				
Administrative	594,593	594,593	-	594,593
Maintenance	749,642	749,642	-	749,642
Operating	517,919	517,919	-	517,919
Net Pension Expense	-	-	66,296	66,296
Capital Outlay	-	-	2,343	2,343
Depreciation	-	-	143,608	143,608
<b>TOTAL EXPENDITURES</b>	<u>1,862,155</u>	<u>1,862,155</u>	<u>212,247</u>	<u>2,074,402</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>279,326</u>	<u>279,326</u>	<u>(212,247)</u>	<u>67,079</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>279,326</u>	<u>279,326</u>	<u>(279,326)</u>	<u>-</u>
<b>CHANGE IN NET POSITION</b>			<u>67,079</u>	<u>67,079</u>
 <b>Fund Balance/Net Position at Beginning of Period</b>	 <u>3,902,584</u>	 <u>3,902,584</u>		 <u>8,382,180</u>
Prior Period Adjustment	-	-		331,186
<b>Fund Balance/Postion at End of Period</b>	<u>4,181,910</u>	<u>4,181,910</u>		<u>8,780,445</u>

The accompanying notes to the financial statements are an integral part of this report.

**HIDALGO COUNTY IRRIGATION DISTRICT No. SIX**

**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances  
to the Statement of Activities  
For the Year Ended December 31, 2021**

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Net Change in Fund Balances - Governmental Funds	\$ 279,326
Amounts reported for governmental activities in the Statement of Activities are different because:	
De-expensing of Capital Asset purchases and in governmental fund statements, treated as capitalized assets in entity-wide statements.	-2,343
Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.	(143,608)
Deferred Outflows/Inflows, Net Pension Liability, and other related activity applicable to the District's governmental activities are not due in the current period and accordingly are not reported as deferred items on the Statement of Net Position, as per GASB 68.	(66,296)
Change in Net Position - Governmental Activities	<u>\$ 67,079</u>

**HIDALGO COUNTY IRRIGATION DISTRICT NO. SIX  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. General Statement**

The Hidalgo County Irrigation District No. Six was created by an order of the Commissioner's Court of Hidalgo County, on November 5, 1927, operating under the provisions of Section 59, Article 16 of the Constitution of the State of Texas, and Chapter 25 of the General Laws of the 39<sup>th</sup> Legislature of the State of Texas, regular session. The Board of Directors held its first meeting on February 25, 1927, and the first bonds were sold on July 9, 1927.

The District complies with accounting principles generally accepted in the United States of America. Those principles include all relevant Governmental Accounting Standards Board ("GASB") pronouncements. In the government-wide financial statements, Financial Accounting Standards Board ("FASB") pronouncements and Accounting Principles Board ("APB") opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. For enterprise funds, GASB Statement No. 20 and 34 provide the District the option of electing to apply FASB pronouncements issued after November 30, 1989. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent notes to these financial statements.

**B. Financial Reporting Entity**

The Board of Directors ("the Board"), a five- member group constituting an on-going entity, is the level of government that has governance responsibilities over all activities related to the District. The Board receives funding from tax assessments and usage fees. However, 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 Board members have decision making authority, the power to designate management, the responsibility to significant influence operations and primary accountability for fiscal matters. There are no component units included within the reporting entity. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding entities.

**C. Government-Wide Financial Statements**

The government-wide financial statements include the statements of net position and the statement of activities. Eliminations have been made to minimize the double-counting of internal activities.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program.

Program revenues includes 1) charges to customers or applicants whose purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operations or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**HIDALGO COUNTY IRRIGATION DISTRICT NO. SIX  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Government-Wide Financial Statements (Continued)**

The fund financial statements provide reports on the financial condition and results of operations about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major government funds, each displayed in a separate column. All remaining government funds are aggregated and reported as non-major funds.

**D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The financial statements of the District are prepared in accordance with generally accepted accounting principles (GAAP). The District's reporting entity applies all relevant GASB pronouncements and applicable FASB pronouncements and accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The District's reporting entity does not apply FASB pronouncements or APB pronouncements, or APB opinions issued after November 30, 1989.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (weather current or non-current) are included on the statement of net position and the operating statements present increase (revenues) and decrease (expenses) in net total position. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services which accrued. Expenses are recognized at the time the liability is incurred. Flat Rate taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of current period.

The revenues susceptible to accrual are flat rate taxes, water sales, charges for service, interest income and intergovernmental revenues. All other governmental fund revenues are recognized when received.

Operating income reported in the financial statements includes revenues and expenses related to the primary, continuing operations. Principal operating revenues are charges to customers for sales or services. Principal operating expenses are the costs of providing goods and services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

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 needed.

**HIDALGO COUNTY IRRIGATION DISTRICT NO. SIX  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**E. Fund Types and Major Funds**

Governmental Funds

The District's basic financial statements include the accounts of all District operations. The criteria for including organizations.

- *General Fund* – reports the primary fund of the District. This fund is used to account for all financial resources not reported in other funds.

**F. Assets, Liabilities and Net Position or Equity**

**1. Cash, and Cash Equivalents and Investments**

For the purpose of the basic financial statements, cash and cash equivalents include cash and highly liquid investments and cash management pools with a maturity of three months or less when purchased. The District did not exceed federally insured limits. The District has not experienced any losses in accounts and believes it's not exposed to any significant risk on cash and cash equivalents.

**2. Taxes Receivables and Allowance**

Taxes are levied on January 1 on acreage located in the District. Assessments are due on receipt of the assessment bill and are delinquent if not paid before February 1<sup>st</sup>. On January 1 of each year, a lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Flat tax revenues are considered available when they become due or past due and a receivable is recorded.

Uncollectible assessments are recorded in such a manner to reflect the amount of assessments reasonably estimated to be collected based on prior experience.

**3. Inventories**

The inventories are recorded at cost, which approximates market, and are accounted for by the consumption method.

**4. Deferred Outflows of Resources and Deferred Inflows of Resources**

In addition to assets, the statement of financial position will report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenses/ expenditure) until then.

In addition to liabilities, the statement of financial position will report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until then.

The District has revenue that is collected in advance of the year that it relates.

**5. Customer Deposits and Escrow Payable**

Customer deposits include the prepayments made for the out of District water that have not been delivered to the customer.



**HIDALGO COUNTY IRRIGATION DISTRICT NO. SIX  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**F. Assets, Liabilities and Net Position or Equity (Continued)**

Escrow deposits are comprised of deposits by developers for specific projects and will be refunded if the project is completed by the developer.

**6. Capital Assets**

Capital assets which include property, plant, and equipment, are reported in the government-wide financial statement. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are capital assets valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant, and equipment.

Assets capitalized have an original cost of \$5,000 or more and over their useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Building, Structures, and Improvements	40 – 50 Years
Machinery and Equipment	3 – 15 Years
Vehicles	3 – 15 Years

**7. Prepaid**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepayments.

**8. Compensated Absences**

The liability for compensated absences reported in the government-wide fund statement consist of unpaid, accumulated annual vacation leave balances. The District's policy allows employees to accumulate unused vacation leave based on the number of years of full-time employment.

**9. Restricted Assets**

The District does not restrict any specific assets to its operations, unless is approved by board for a special item/ project.

**10. Unearned Revenue**

Flat rate assessments and water sales collected before the end of the year for subsequent years are being reported as unearned revenue in the balance sheet. These assessments will be recognized as revenues in the year for which they were assessed for.

**11. Fund Balance Reporting**

The following are the classification for fund balance reported on the government-wide statements:

- *Invest in capital assets, net of related debt*  
Consist of capital assets including restricted assets, net of accumulated depreciation and related debt.
  
- *Restricted net position*  
Consists of net position with constraints placed on their use either by (1) external groups

**HIDALGO COUNTY IRRIGATION DISTRICT NO. SIX  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**F. Assets, Liabilities and Net Position or Equity (Continued)**

such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The District did not have any restricted net position on December 31, 2021.

- *Unrestricted net position*  
All other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

In the governmental fund financial statements, fund balances are classified as follows:

- *Nonspendable*- Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- *Restricted*- Amounts that can be spent only for specific purposes because of the District Charter, the District Code, state or federal laws, or externally imposed conditions by grantors or creditors.
- *Committed*- Amounts that can be used only for specific purposes determined by a formal action by Board Members ordinance or resolution. This included the Budget Reserve Account.
- *Assigned*- Amounts that are designated by the President of the Board for a particular purpose but are not spendable until a budget ordinance is passed or there is a majority vote approval (for capital projects or debt service) by the Board Members.
- *Unassigned*- All amounts not included in other spendable classifications.

**12. Estimates**

The preparation of financial statements in accordance with generally accepted accounting principles requires the use of estimates by management.

**G. Use of Restricted Resources**

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the District’s policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the District’s policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications- committed and then assigned fund balances before using unassigned fund balances.

**H. Pensions**

For the purpose of measuring the net position assets, liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas County & District Retirement System (TCDRS) and additions to/ deductions from TCDRS’s Fiduciary Net Position have been determined on the same basis as they are reported by TCDRS. 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

**HIDALGO COUNTY IRRIGATION DISTRICT NO. SIX  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**H. Pensions (Continued)**

payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported as fair value.

**I. Fair Value of Financial Information**

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

- Cash, accounts receivable, accounts payable and accrued liabilities: The carrying amount approximates fair value because of the short maturity of those instruments.

**J. New Accounting Pronouncements**

In 2019, The District adopted new statements of financial accounting standards issued by the Governmental Accounting Standards Board:

- Statement No. 85, *Omnibus 2017*
- Statement No. 86, *Certain Debt Extinguishment Issues*

a. **Statement No. 85** objective is to improve consistency in accounting and financial reporting by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

This statement establishes accounting and financial reporting requirements for blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)).

The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

The adoption of Statement No. 85 has no impact on the District's financial statements.

b. **Statement No. 86** objective is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

The adoption of Statement No. 86 has not impact on the District's financial statements.

**HIDALGO COUNTY IRRIGATION DISTRICT NO. SIX  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**NOTE 2      STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Data**

The district follows the procedures outlined below in establishing budgetary data reflected in the financial statements: Annual Budgets are legally adopted for all District funds with revenue and expense/ expenditure activity. The Board states that between sixty (60) and ninety (90) days prior to the end of the calendar year, the General Manager is required to submit to the Board Members a proposed operating budget for the calendar year commencing the following January 1<sup>st</sup>. The operating budget included the proposed expenditures/ expenses and the proposed method to finance them. The Board Members may add to, subtract from, or change appropriations, but may not change the form of the proposed budget. Any changes must be within the revenue and reserves estimated as available by the General Manager. Prior to August of each year, the budget is legally enacted through the passage of an ordinance. At any time during the year, the Board Members can amend the budget. There were several amendments made during year end December 31, 2021.

**B. Budget Basis of Accounting**

The District prepares its annual budget on a basis (budget basis), which differs from generally accepted accounting principles (GAAP Basis). The budget and all transactions are presented in accordance with the District’s method (budget basis) in the Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General fund to provide a meaningful comparison of actual results with the budget.

**C. Expenditures in Excess of Budget**

Overall, expenditures exceeded appropriations by \$48,006 across various line items.

**D. Finance-Related Legal and Contractual Provisions**

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.

<u>Violation</u>	<u>Action Taken</u>
None	Not Applicable

**E. Deficit Fund Balance / Net Position**

There is no deficit in fund balance / net position.

**HIDALGO COUNTY IRRIGATION DISTRICT NO. SIX  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**NOTE 3      DETAILED NOTES ON FUNDS**

**A. Deposits and Investments**

**1. Deposits and Investments**

District's funds are required to be deposited and invested under the terms of a depository contract and investment policy pursuant to state statute. The depository bank deposits for safekeeping and trust with its agent approved pledged securities authorized by Chapter 2257 Collateral for Public Funds of the Government Code in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approval securities is waived only to the extent of the dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

At the calendar year end, the carrying amount of the District's deposits was \$3,238,608 and the bank balance was \$3,238,608. The District has two depository accounts:

- Texas Regional Bank
- Texas National Bank

Custodial risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has a policy of maintaining contact with the trust department of its depository agency to eliminate all custodial credit risk.

As of December 31, 2021, the District's bank balance \$3,238,608 was not exposed to custodial credit risk and was insured and over-collateralized.

State statutes authorize the District to invest in direct obligations of the United States of America, the State of Texas, or any county, city, school district, or other political subdivision of Texas. The District may invest in certificates of deposit of Texas banks, national banks or Texas savings and loan association provided that they are secured in the manner provided for the security of the funds of counties of the State of Texas. During the current year, the District's funds were invested in compliance with state statutes. State statutes require that any cash balance in any fund shall, to the extent not insured by the federal Deposit Insurance Corporation or its successor or the Federal Savings and Loan Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of municipal utility districts, having an aggregate market value, exclusive or accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged.

Bank	Type	Carrying Amount	Bank Balance
<b>Cash and cash Equivalents</b>			
Cash on Hand	Petty Cash	\$ 1,000	\$ 1,000
Texas Regional Bank	Checking	556,485	556,485
Texas Regional Bank	Money Market	250,019	250,019
Texas Regional Bank	Payroll	3,119	3,119
Texas Regional Bank	Short-term Investments	2,427,984	2,427,984
	<b>Total Cash and Cash Equivalents</b>	<u>3,238,608</u>	<u>3,238,608</u>
<b>Investments</b>			
Texas National Bank	Certificates of Deposit	\$ 539,372	\$ 539,372
	<b>Total Investments</b>	<u>\$ 539,372</u>	<u>\$ 539,372</u>

**HIDALGO COUNTY IRRIGATION DISTRICT NO. SIX  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Analysis of Specific Deposit and Investment Risks:**

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to interest rate risk. The District's investment policy states that no investment shall exceed 24 months in maturity. By limiting the exposure of its investments, the District reduces its risk to the rising or decreasing interest rates.

b. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized agencies are designed to an indication of credit risk. At year end, the District was not significantly exposed to credit risk.

c. Custodial Credit Risk

Deposits and investments are exposed to custodial credit risk if they are not covered by the depository insurance and they are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name. At year end, the District was not exposed to custodial credit risk.

d. Concentration of Credit Risk

This risk is the risk of loss attributes to the magnitude of a government's investment in a single issuer. At year end, the District was exposed to concentration of credit risk, but highly collateralized. With the District's investment policy, diversification is stressed. The District was in compliance with its diversification investment guidelines.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

**B. Receivables**

Receivables for the District on December 31, 2021, were as follows:

Type	Accounts Receivable	Uncollectible	Total (Net)
Flat Rate Assessment	\$ 500,270	\$ 224,443	\$ 275,827
Other Receivable	\$ 181,108	\$ -	\$ 181,108

**HIDALGO COUNTY IRRIGATION DISTRICT NO. SIX  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

Flat Tax Receivable

Taxes were assessed at the rate \$21.00 per irrigable acre for the flat rate.

**B. Receivables (Continued)**

	Balance January 1, 2020	Current Year's Assessment	Total Collections	Total Adjustments	Balance December 31, 2021
2012- and prior years	\$ 161,616	\$ -	\$ 9,062	\$ -	\$ 152,554
2013	21,844	-	1,888	-	19,956
2014	24,777	-	2,677	-	22,100
2015	28,061	-	1,304	-	26,757
2016	39,550	-	2,127	-	37,423
2017	42,362	-	2,345	-	40,017
2018	47,573	-	4,026	-	43,547
2019	52,459	-	813	-	51,646
2020	78,459	-	20,875	-	57,584
2021	-	290,893	242,206	-	48,687
<b>Total</b>	<b>\$ 496,701</b>	<b>\$ 290,893</b>	<b>\$ 287,324</b>	<b>\$ -</b>	<b>\$ 500,270</b>

**C. Deferred Inflow of Resources and Unearned Revenues**

Governmental funds report deferred Inflow of Resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the year, various components of deferred Inflow of Resources and unearned revenue reported in the fund financial statements were as follows:

Deferred Inflow and Unearned Revenue Description	Total
Flate Rate Taxes	<u>\$ 51,230</u>
Total Deferred Inflows and Unearned Revenue in Fund Level Statements	51,230
Less Deferred Revenue-Flat Rate Taxes	<u>-</u>
Total Deferred Revenue for Primary Government-Government-Wide Statements	<u><u>\$ 51,230</u></u>

**HIDALGO COUNTY IRRIGATION DISTRICT NO. SIX  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**D. Capital Assets**

Capital assets activity for the year ended December 31, 2021 was as follows:

<b>Governmental Activities</b>	<b>Beginning Balance 12/31/20</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance 12/31/2021</b>
Capital Assets not being Depreciated				
Land	\$482,573	\$ -	\$ -	\$482,573
Total Capital Assets not being Depreciated	482,573	-	-	482,573
Other Capital Assets				
Buildings	661,581	-	-	661,581
Infrastructure	4,255,376	-	-	4,255,376
Vehicles	467,024	-	-	467,024
Machinery and Equipment	1,105,034	-	-	1,105,034
Equipment	104,121	-	-	104,121
Other Structure	614,251	-	-	614,251
Total Other Capital Assets	7,207,387	-	-	7,207,387
Total Capital Assets -Gross	7,689,960	-	-	7,689,960
Less Accumulated Depreciation for				
Buildings	198,316	13,231	-	211,547
Infrastrucure	1,666,346	78,463	167	1,744,642
Vehicles	460,957	6,067	77,797	389,227
Machinery and Equipment	749,529	31,556	244,373	536,712
Equipment	94,560	1,586	8,850	87,296
Other Structure	160,395	12,705	-	173,100
Total Accumulated Depreciation	3,330,104	143,608	331,187	3,142,525
Total Capital Assets being Depreciated, Net	\$3,877,283	\$143,608	\$331,187	\$4,064,862
Governmental Activities Capital Assets, Total Net Assets	\$4,359,856	143,608	331,187	\$4,547,435

Total Depreciation for the year was \$143,608 and it was fully allocated to the water irrigation services function.



**HIDALGO COUNTY IRRIGATION DISTRICT NO. SIX  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**E. Long Term Obligations**

**A. Compensated Absence**

The following summarizes the changes in compensated absences for the year ended December 31, 2021 in compensated absences:

	Beginning Balances	Increases	Decreases	Ending Balance
Annual Leave	\$ 9,142	\$ 2,343	\$ -	\$ 11,485

**B. Net Pension Liability**

	Beginning Balances	Increases	Decreases	Ending Balance
Net Pension Liability / (Assets)	\$ (190,299)	\$ -	\$ 32,481	\$ (157,818)

**NOTE 4 OTHER INFORMATION**

**A. Risk Management**

The District is exposed to various uncertainties for losses related to intentional or unintentional torts; theft of, damage to and destruction of real and personal property; errors and omissions; catastrophes and pollution claims for which the District carries commercial insurance through Texas Municipal League Intergovernmental Risk Pool, a joint self-insurance pool of Texas Political Subdivisions. There have been no significant reductions in insurance coverage from the previous year. District management is not aware of any pending or alleged claims for which expected liability would exceed the policy limits of the present coverage.

**B. Commitments and Contingencies**

The District is a party to various lawsuits which are pending against the District involving general liability and various contractual matters. The District maintains general, property, and automotive liability, as well as workers compensation insurance in addition to policies designed to minimize the District's exposure. The extent to which insurance coverage may satisfy claims, if any, is not known. The District plans to assert its right in these proceedings. The District, in consultation with its attorney, is presently unable to estimate the District's liability, if any, in any of these matters.

**C. Pension Plan**

1. Plan Description

The District's pension plan ("Plan") is a non-traditional, joint contributory, defined benefit plan which provides retirement, disability and death benefits to Plan members and beneficiaries of Hidalgo County Irrigation District No. Six provides retirement, disability, and death for all of its full time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). TCDRS is a qualified

**HIDALGO COUNTY IRRIGATION DISTRICT NO. SIX  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**C. Pension Plan (Continued)**

pension under section 401 (a) of Internal Revenue Code. The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 535 non-traditional defined benefit plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) is available upon request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, TX. 78768-2034.

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above within 10 or more years of service with 30 years of service regardless of age, or when the sum of their age and years of service equals 80 or more. Members are vested after 8 years of employment with any organization with an accredited plan (not just the County) but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer. Benefit amounts are determined by the sum of the employee's deposits 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, disability, the benefit is calculated by converting the sum of the employee's accumulated deposits and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

2. Contributions

The employer has elected the annually determined contribution rate (variable-rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. It was 7% for the calendar year 2021. The deposit rate payable by the employee members is the rate of 4%, 5%, 6%, or 7.00% of compensation as adopted by the governing body of the employer within the options available in the TCDRS.

Employees of Hidalgo County Irrigation District No. Six were required to contribute 7.0% of their annual gross earnings during the fiscal year. The contribution rates for the District were 7.0% and 7.0% in calendar years 2020 and 2021, respectively. Hidalgo County Irrigation District No. Six's contributions to TCDRS for the fiscal year ended December 31, 2020 were \$41,695 and were equal to the required contributions.

3. Discount Rate

The discount rate used to measure the total pension liability was 7.60%. There was a decrease in discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected

**HIDALGO COUNTY IRRIGATION DISTRICT NO. SIX  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**C. Pension Plan (Continued)**

rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2021 information for a 10-year time horizon..

Asset Class	Benchmark	Target Allocation (1)	Geometric Real Rate of Return ( 2)
Us Equities	Dow Jones U.S. Total Stock Market Index	11.5%	4.25%
Global Equities	MSCI World (net) Index	2.5%	4.55%
International Equities - Developed	MSCI World Ex USA (net) Index	5.0%	4.25%
International Equities - Emerging	MSCI Emerging Markets (net) Index	6.0%	4.75%
Investment- Grade Bonds	Bloomberg Barclays U.W. Aggregate Bond Index	3.0%	-0.85%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.0%	2.11%
Direct Lending	S&P/ LSTA Leveraged Loan Index	16.0%	6.70%
Distressed Debt	Cambridged Associates Distressed Securities Index (3)	4.0%	5.70%
REIT Equities	67% FTSE NAREIT Equity REIT's Index + 33% FRSE EPRA/NAREIT Global Real Estate Index	2.0%	3.45%
Master Limited Partnership (MLP's)	Alerian MLP Index	2.0%	5.10%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index (4)	6.0%	4.90%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index (5)	25.0%	
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds	6.0%	3.90%
Cash Equivalents	90-day U.S. Treasury	2.0%	
Total		100.0%	

(1) Target asset allocation adopted at the March 2021 TCDRS board meeting.

(2) Geometric real rates of return equal the expected return for the asset class minus the assumed inflation rate of 2.0% per Cliftwater's 2021 capital market assumptions.

(3) Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

(4) Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

(5) Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

**4. Changes in Net Pension Liability**

On December 31, 2021, Hidalgo County Irrigation District No. Six reported a net pension asset of \$157,817 The changes in net pension liability were as follows:

**HIDALGO COUNTY IRRIGATION DISTRICT NO. SIX  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**C. Pension Plan (Continued)**

	Increase/Decrease		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability / (Asset)
	(a)	(b)	(a) - (b)
Balance at 12/31/2019	\$ 2,527,456	\$ 2,717,755	\$ (190,299)
Changes for the year:			
Service Cost	62,281	-	62,281
Interest on total pension liability (1)	201,266	-	201,266
Effect of plan changes (2)	-	-	-
Effect of economic/demographic gains or losses	18,413		18,413
Effect of assumptions changes or inputs	108,713		108,713
Refund of contributions	(5,264)	(5,264)	-
Benefit payments	(208,842)	(208,842)	-
Net investment income	-		-
Administrative expense	-	(2,094)	2,094
Member Contributions	-	41,695	(41,695)
Net investment income	-	280,495	(280,495)
Employer contributions	-	41,695	(41,695)
Other (3)	-	(3,599)	3,599
Net Changes	<u>176,567</u>	<u>144,086</u>	<u>32,481</u>
Balance at 12/31/2020	<u>\$ 2,704,023</u>	<u>\$ 2,861,841</u>	<u>\$ (157,817)</u>

The net pension liability was measured as of December 31, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date and for the year then ended. There were no changes of the assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

5. 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's 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.

**HIDALGO COUNTY IRRIGATION DISTRICT NO. SIX  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**C. Pension Plan (Continued)**

	1% Decrease in Discount Rate 6.60%	Discount Rate 7.60%	1% Increase in Discount Rate 8.60%
District's net pension liability	\$ 90,877	\$ (157,817)	\$ (373,208)

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

For the year ended December 31, 2021, the District recognized pension expense of \$35,515.

On December 31, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ -	\$ 12,275
Changes assumptions	6,683	72,475
Net difference between projected and actual earnings	107,508	-
Contributions subsequent to the measurement date	N/A	Employer Determined
Total	\$ 114,191	\$ 84,750

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Year ended December 31:	
2021	\$ 6,523
2022	39,324
2023	(55,451)
2024	(13,154)
2025	0
Thereafter	0

**D. Fair Value of Financial Instruments**

The fair Value Measurement and Disclosures Topic of the FASB Accounting Standards Codification (FASB ASC 825-10) require disclosure of the fair value information about financial instruments, whether recognized in the balance sheet. In case where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. The District categorizes its fair value measurements within the fair value hierarchy

**HIDALGO COUNTY IRRIGATION DISTRICT NO. SIX  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**D. Fair Value of Financial Instruments (Continued)**

established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

- Level 1 inputs are quoted prices in active markets for identical assets.
- Level 2 inputs are significant other observable inputs.
- Level 3 inputs are significant unobservable inputs.

In the regard, the derived fair value estimates cannot be sustained by comparison to independent markets and, cases could not be realized in immediate settlement of the instruments. Certain financial instruments and all nonfinancial instruments are excluded from these disclosure requirements. Accordingly, the aggregate fair value amounts presented do not represent the underlying value of the District.

The following methods as assumptions were used by the District in estimating its fair value disclosure for financial instruments:

*Cash and Cash Equivalents:* The carrying amount reported in the balance sheet for cash and cash equivalents is the fair value:

*Time deposits:* Fair values of certificates of deposit are at cost plus accrued interest.

*Accounts Receivable:* The carrying amount approximates fair value because of the short maturity of these instruments,

*Accounts Payable:* The carrying amount approximates fair value because of the short maturity period.

Cash and Cash Equivalents	\$	3,238,608	\$	3,238,608
Investments		539,372		539,372
Accounts Receivable Flat Rate		275,827		275,827
Accounts Receivable Other		181,108		181,108
Inventory		157,817		157,817
 <b>Financial Liabilities:</b>				
Accounts Payable	\$	44,456		44,456
Payroll Liabilities		7,965		7,965
Unearned Revenues		51,230		51,230

**HIDALGO COUNTY IRRIGATION DISTRICT NO. SIX  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**E. Subsequent Events**

For the purposes of reporting subsequent events, management has considered events occurring up to July 13, 2022, the date the report was available to be issued, and subsequent events were noted.

The 2021 COVID-19 (Coronavirus) pandemic has caused extensive disruptions to businesses in America and the entire World. In the face of these disruptions, the fluid situation has become difficult to assess the likely impact to not only the economy in America but also the local economy. The Hidalgo County Irrigation District No. Six is striving to be highly attuned and is maintaining a heightened state of readiness for the principal risks and increased uncertainties ahead. Given the potential for rapid spreading of the virus, management will be evaluating the current and potential effects on its operations and financial reporting.

**F. Prior Period Adjustment(s)**

At the government-wide financial statement level, the Organization recognized an increase in Net Assets related to accumulated depreciated on capital assets that were removed from the subsidiary records for \$331,186.

**HIDALGO COUNTY IRRIGATION DISTRICT NO. SIX**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**General Fund**  
**For the Year Ended December 31, 2021**

	<u>Budgeted Amounts</u>		<u>Non-GAAP Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable (Unfavorable) Final to Actual</u>
<b>Revenues</b>				
Water Sales	\$ 1,009,357	\$ 1,195,816	\$ 1,682,260	\$ 486,444
Flat Rate Taxes	767,612	717,246	290,893	( 426,353 )
Permits	40,000	13,600	13,600	-
Pentalities and Interest	40,000	23,940	46,792	22,852
Interest Earnings	42,000	37,139	45,748	8,609
Royalties	2,000	4,133	4,360	228
Private Jobs	15,000	10,140	10,365	225
Sales of Assets	4,400	1,195	2,477	1,281
Miscellaneous	7,600	35,726	44,985	9,259
<b>Total Revenues</b>	<u>1,927,969</u>	<u>2,038,936</u>	<u>2,141,480</u>	<u>102,544</u>
<b>Expenditures</b>				
Administrative	663,100	750,568	594,593	155,975
Maintenance	697,524	645,745	749,642	( 103,897 )
Operating	567,345	417,835	517,919	( 100,084 )
Net Pension Expense	-	-	-	-
Capital Outlay	-	-	-	-
Depreciation	-	-	-	-
<b>Total Expenditures</b>	<u>1,927,969</u>	<u>1,814,148</u>	<u>1,862,154</u>	<u>( 48,006 )</u>
<b>Other Financing Uses</b>	-	-	-	-
<b>Total Expenditures and Other Financing Uses</b>	<u>1,927,969</u>	<u>1,814,148</u>	<u>1,862,154</u>	<u>( 48,006 )</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<u>\$ -</u>	<u>224,788</u>	<u>279,326</u>	<u>279,326</u>
<b>Net Change in Fund Balance</b>	-	-	<b>279,326</b>	<b>279,326</b>
Prior Period Adjustment	-	-	-	-
<i>Fund Balance at Beginning of Period</i>	4,018,097	4,018,097	3,902,584	-
<b>Fund Balance at End of Period</b>	<u><u>\$ 4,018,097</u></u>	<u><u>\$ 4,018,097</u></u>	<u><u>\$ 4,181,910</u></u>	<u><u>\$ 163,813</u></u>



## Schedule of Changes in Net Pension Liability and Related Ratios

	Year Ended December 31									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Total Pension Liability</b>										
Service cost	\$62,281	\$51,974	\$65,832	\$54,318	\$68,175	\$74,228	\$75,495	N/A	N/A	N/A
Interest on total pension liability	201,266	195,568	201,356	195,840	201,472	203,534	200,737	N/A	N/A	N/A
Effect of plan changes	0	0	0	0	0	(8,334)	0	N/A	N/A	N/A
Effect of assumption changes or inputs	108,713	0	0	20,047	0	19,810	0	N/A	N/A	N/A
Effect of economic/demographic (gains) or losses	18,413	29,220	(105,512)	3,463	(84,965)	(28,299)	(24,500)	N/A	N/A	N/A
Benefit payments/refunds of contributions	<u>(214,106)</u>	<u>(219,231)</u>	<u>(219,316)</u>	<u>(214,935)</u>	<u>(332,993)</u>	<u>(224,705)</u>	<u>(219,798)</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Net change in total pension liability	176,567	57,531	(57,641)	58,733	(148,311)	36,234	31,934	N/A	N/A	N/A
Total pension liability, beginning	<u>2,527,456</u>	<u>2,469,925</u>	<u>2,527,565</u>	<u>2,468,833</u>	<u>2,617,144</u>	<u>2,580,910</u>	<u>2,548,977</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Total pension liability, ending (a)	<u>\$2,704,023</u>	<u>\$2,527,456</u>	<u>\$2,469,925</u>	<u>\$2,527,565</u>	<u>\$2,468,833</u>	<u>\$2,617,144</u>	<u>\$2,580,910</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
<b>Fiduciary Net Position</b>										
Employer contributions	\$41,695	\$36,187	\$33,703	\$34,351	\$39,051	\$39,554	\$46,289	N/A	N/A	N/A
Member contributions	41,695	36,187	33,703	33,305	36,991	36,384	43,031	N/A	N/A	N/A
Investment income net of investment expenses	280,495	405,146	(51,548)	358,008	187,653	9,380	175,766	N/A	N/A	N/A
Benefit payments/refunds of contributions	(214,106)	(219,231)	(219,316)	(214,935)	(332,993)	(224,705)	(219,798)	N/A	N/A	N/A
Administrative expenses	(2,094)	(2,071)	(1,981)	(1,780)	(2,036)	(1,872)	(2,041)	N/A	N/A	N/A
Other	<u>(3,599)</u>	<u>(4,649)</u>	<u>(4,257)</u>	<u>(1,991)</u>	<u>761</u>	<u>4,749</u>	<u>4,324</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Net change in fiduciary net position	144,086	251,569	(209,696)	206,959	(70,574)	(136,510)	47,570	N/A	N/A	N/A
Fiduciary net position, beginning	<u>2,717,754</u>	<u>2,466,186</u>	<u>2,675,882</u>	<u>2,468,923</u>	<u>2,539,497</u>	<u>2,676,007</u>	<u>2,628,437</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Fiduciary net position, ending (b)	<u>\$2,861,840</u>	<u>\$2,717,754</u>	<u>\$2,466,186</u>	<u>\$2,675,882</u>	<u>\$2,468,923</u>	<u>\$2,539,497</u>	<u>\$2,676,007</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Net pension liability / (asset), ending = (a) - (b)	<u>(\$157,817)</u>	<u>(\$190,299)</u>	<u>\$3,739</u>	<u>(\$148,316)</u>	<u>(\$91)</u>	<u>\$77,647</u>	<u>(\$95,097)</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Fiduciary net position as a % of total pension liability	105.84%	107.53%	99.85%	105.87%	100.00%	97.03%	103.68%	N/A	N/A	N/A
Pensionable covered payroll	\$595,640	\$516,953	\$481,470	\$475,779	\$528,438	\$519,769	\$614,724	N/A	N/A	N/A
Net pension liability/(asset) as % of covered payroll	-26.50%	-36.81%	0.78%	-31.17%	-0.02%	14.94%	-15.47%	N/A	N/A	N/A

*This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 67/68, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been implemented.*

## Schedule of Employer Contributions<sup>(1)</sup>

Year Ending December 31	Actuarially Determined Contribution <sup>(1)</sup>	Actual Employer Contribution <sup>(1)</sup>	Contribution Deficiency (Excess)	Pensionable Covered Payroll <sup>(2)</sup>	Actual Contribution as a % of Covered Payroll
2011	\$42,987	\$47,388	\$(4,401)	\$676,961	7.0%
2012	49,442	49,442	0	706,283	7.0%
2013	41,096	43,390	(2,293)	619,855	7.0%
2014	46,289	46,289	0	614,724	7.5%
2015	39,554	39,554	0	519,769	7.6%
2016	39,051	39,051	0	528,438	7.4%
2017	34,351	34,351	0	475,779	7.2%
2018	30,140	33,703	(3,563)	481,470	7.0%
2019	33,447	36,187	(2,740)	516,953	7.0%
2020	26,804	41,695	(14,891)	595,640	7.0%

<sup>(1)</sup> TCDRS calculates actuarially determined contributions on a calendar year basis. GASB Statement No. 68 indicates the employer should report employer contribution amounts on a fiscal year basis. If additional assistance is needed, please contact TCDRS.

<sup>(2)</sup> Payroll is calculated based on contributions as reported to TCDRS.

## Notes to Schedule

Valuation Date: Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which contributions are reported.

### Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	0.0 years (based on contribution rate calculated in 12/31/2020 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
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 Contributions*	2015: New inflation, mortality and other assumptions were reflected.
	2017: New mortality assumptions were reflected.
	2019: New inflation, mortality and other assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	2015: No changes in plan provisions were reflected in the Schedule.
	2016: No changes in plan provisions were reflected in the Schedule.
	2017: New Annuity Purchase Rates were reflected for benefits earned after 2017.
	2018: No changes in plan provisions were reflected in the Schedule.
	2019: No changes in plan provisions were reflected in the Schedule.
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.*



**GUILLERMO REYNA**  
CERTIFIED PUBLIC ACCOUNTANT

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

To the Board of Directors' of  
Hidalgo County Irrigation District No. Six  
Mission, Texas

We have audited, in accordance with the 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 financial statements of the governmental activities of Hidalgo County Irrigation District No. Six, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Hidalgo County Irrigation District No. Six's basic financial statements, and have issued our report thereon dated July 13, 2022.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Hidalgo County Irrigation District No. Six's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Hidalgo County Irrigation District No. Six's internal control. Accordingly, we do not express an opinion on the effectiveness of Hidalgo County Irrigation District No. Six'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 or significant deficiencies may exist that were not identified.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Hidalgo County Irrigation District No. Six's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 or other matters 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.

***Guillermo Reyna, CPA***

Guillermo Reyna, CPA  
McAllen, Texas  
July 13, 2022

**HIDALGO COUNTY IRRIGATION DISTRICT NO. SIX  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified?  Yes  No

One or more significant deficiencies identified that are not considered to be material weaknesses?  Yes  None Reported

Noncompliance material to financial statements noted?  Yes  No

2. Federal Awards - N/A

Internal control over major programs:

One or more material weaknesses identified?  Yes  No

One or more significant deficiencies identified that are not considered to be material weaknesses?  Yes  None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200?  Yes  No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
N/A	

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? N/A  Yes  No

**HIDALGO COUNTY IRRIGATION DISTRICT NO. SIX  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

None Noted.

**Hidalgo County Irrigation District No. Six**  
**Schedule of Cash, Cash Equivalents, and Investments**  
**December 31, 2021**

**Cash:**

Petty Cash	\$	1,000
Checking		556,485
Money Market		2,678,004
Payroll		3,119
<b>Total Cash</b>		<u>3,238,608</u>

**Cash Equivalents:**

TexPool-Money Market		<u>-</u>
<b>Total Cash Equivalents</b>		<u>-</u>

**Total Cash and Cash Equivalents**

3,238,608

**Investments**

Texas Regional Certificates of Deposit	\$	539,372
<b>Total Investments</b>		<u><u>539,372</u></u>



Hidalgo County Irrigation District No. Six  
 Schedule of Expenditures  
 December 31, 2021

**Administration Expenditures:**

Fringe Benefits	51,870
Personnel	492,183
Directors Compensation	12,000
Supplies and Materials	11,198
Utilities	11,654
Insurance	7,001
Motor Vehicles	2,886
Other	5,801
Total	\$ 594,594

**Maintenance Expenditures:**

Fringe Benefits	119,878
Contractual Services and Repairs	93,370
Personnel	279,455
Motor Vehicles	172,428
Supplies and Materials	1,656
Equipment	80,670
Other	2,185
Total	\$ 749,642

**Operating Expenditures:**

Fringe Benefits	35,909
Personnel	152,094
Contractual Services	273,648
Motor Vehicles	18,345
Water Assessment	23,621
Insurance	14,219
Other	83
Total	517,919