POST OAK SAVANNAH GROUNDWATER CONSERVATION DISTRICT

BASIC FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2017

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Post Oak Savannah Groundwater Conservation District
Milano, Texas

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of Post Oak Savannah Groundwater Conservation District (the District) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which 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 U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of the District as of December 31, 2017, and the respective changes in net position and cash flows 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 (pages 3 – 5), and budgetary comparison information (page 23), be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), 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.

In accordance with compliance to the GASB 68 reporting of defined benefit pension plans, (Note 6, C Retirement Plan beginning on page 15), we have also included required schedules on pages 24-25

Other Information

In accordance with *Government Auditing Standards*, we have also issued our report dated April 6, 2018 on our consideration of Post Oak Savannah Groundwater Conservation District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Prior Period Financial Statements

The audit of the financial statements of Post Oak Savannah Groundwater Conservation District as of December 31, 2016 is presented for comparative purposes and the Board approved audit report, dated April 10, 2017, expressed an unmodified opinion on those statements.

April 26, 2018

Belton, Texas

This section of the Post Oak Savannah Groundwater Conservation District ("District") annual financial report presents management's discussion and analysis of the District's financial performance during the fiscal year ended on December 31, 2017. Please read it in conjunction with the District's basic financial statements and related notes.

FINANCIAL HIGHLIGHTS

** The District's total net position was $ 3,230,860

** Cash and investments had a net decrease of $ (165,989)

** Deferred Outflows of Resources increased by $ 1,199

** Liabilities had a net increase of $ 15,474

** Deferred Inflows of Resources increased $ 2,103.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual financial report consists of two parts: Management's Discussion and Analysis (this section) and the basic financial statements with related notes and required supplemental information. The district is a governmental entity and follows the accrual basis of accounting for a single purpose governmental entity. The District is not funded by property tax levies.

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

B. *Proprietary funds:*
The District maintains one type of proprietary fund; an enterprise fund, considered to be its major fund, used to report business-type activities. The District uses this enterprise fund to account for its water transport, program services, and permit fees in the Proprietary Fund financial statements.

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

FINANCIAL ANALYSIS OF THE DISTRICT

Net Position - Proprietary Fund

	Enterprise Fund		
	2017	2016	Change
Current Assets	$2,749,470	$3,021,316	$(271,846)
Capital Assets (net)	651,628	493,037	158,591
Other Non-Current Assets	37,891	30,271	7,620
Deferred Outflows of resources	28,710	27,511	1,199
Total Assets and Deferred Outflows of Resources	$3,467,699	$3,572,135	$(104,436)
Liabilities	$ 44,218	$ 39,459	$ 4,759
Deferred Inflows of Resources	192,621	190,518	2,103
Net Position			
Investment in Capital Assets	651,628	493,037	158,591
Unrestricted Fund Balance	2,579,232	2,849,121	(269,889)
Total Net Position	3,230,860	3,342,158	(111,298)
Total Liabilities, Deferred Inflows of Resources, and Net Position	$3,467,699	$3,572,135	$(104,436)

The balance of unrestricted net position, (80%) of the total net position, may be used to meet the District's ongoing obligations to the respective entities within the District boundaries. At the end of the 2017 fiscal year, the District reports a favorable balance in the two categories of net position. Net position decreased substantially due primarily to an increase in distributions to grant recipients.

Change in Net Position - Proprietary Fund

	Enterprise Fund		
	2017	2016	Change
Operating Revenues			
Charges for programs, permits, and fees	$2,151,604	$1,807,814	$343,790
Non-operating Revenues			
Investment earnings	15,334	12,871	2,463
Total Revenues	2,166,938	1,820,685	346,253
Operating Expenditures			
Expenditures from business-type activities	2,232,544	1,448,297	784,247
Depreciation	49,113	19,358	29,755
Non-operating expenditures			
Other expenses	-	21	(21)
Total Expenditures	2,281,657	1,467,676	813,981
Other Income			
Gain on disposition of assets	3,422	-	3,422
Increase (decrease) in Unrestricted Net Position	(111,297)	353,009	(464,306)
Adjustments	(1)	1	(2)
Net Position, beginning of the year	3,342,158	2,989,148	353,010
Net Position, end of the year	$3,230,860	$3,342,158	$(111,298)

CAPITAL ASSETS AND DEBT

In 2003 the district purchased an office building in Milano, TX for cash. Then in 2015, the District sold the building to build a new one and the District still has no outstanding liens on any property. See Note 3 for more details regarding capital assets.

** Acquisition of Capital assets had a net increase of $ 197,094
** Accumulated depreciation had a net increase of $ 38,500
** Net change in capital assets is $ 158,594

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The District's budgeted expenditures for the fiscal year of 2018 are expected to be $3,405,295 to be funded by the collections of relevant fees assessed by the district for the production and transport of water within the District's boundaries.

FUTURE EVENTS

In 2006, the District started its conservation and assistance grant program. At December 31, 2017, the total balance to fund was $ 700.877 (net of contractual forfeitures). (See Note 4, Contingent Liability) There were no grants awarded for the 2018 grant year as of this report and could be available in the future if funds are available and the Board of Directors choose to.

FINANCIAL CONTACT

The District's financial statements are designed to present users (citizens, creditors, and regulatory agencies) with a general overview of the District's finances and to demonstrate the District's accountability. If you have questions about the report or need additional financial information, please contact the District's Management at 310 E. Avenue C., PO Box 92, Milano, TX 76556.

FINANCIAL SECTION

POST OAK SAVANNAH GROUNDWATER CONSERVATION DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
DECEMBER 31, 2017

ASSETS	Enterprise Fund Water Programs & Transport Fund 2017	Enterprise Fund Water Programs & Transport Fund 2016
CURRENT ASSETS		
Cash and cash equivalents	$ 2,505,522	$ 2,682,444
Invested funds: TexPool	25,436	25,218
Accounts receivable	218,512	313,654
Total Current Assets	2,749,470	3,021,316
NON-CURRENT ASSETS		
Capital Assets		
Office building and land	5,725	5,725
Field and monitoring equipment	214,133	204,476
District vehicle(s) and related equipment	75,380	24,657
Office equipment	124,896	41,114
New Building	346,431	-
Construction in progress	-	293,502
Total Capital Assets	766,565	569,474
Less accumulated depreciation	(114,937)	(76,437)
Total Capital Assets (net of accumulated depreciation)	651,628	493,037
Net Pension Asset	37,891	30,271
Total Noncurrent Assets	689,519	523,308
Total Assets, Current and Non-current	3,438,989	3,544,624
DEFERRED OUTFLOWS OF RESOURCES		
Pension Benefits	28,710	26,011
Prepaid Rent	-	1,500
Total Deferred Outflows of Resources	28,710	27,511
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 3,467,699	$ 3,572,135
LIABLITIES		
Liabilities		
Current		
Cash overdraft	$ -	$ 10,715
Accounts payable	18,506	6,529
Payroll Liabilities	3,227	2,630
Total Current Liabilities	21,733	19,874
Non-current		
Exempt well permit deposits	22,485	19,585
Total Liabilities, Current and Non-current	44,218	39,459
DEFERRED INFLOWS OF RESOURCES		
Transport and program fees	192,621	190,518
NET POSITION		
Investment in capital assets	651,628	493,037
Unrestricted net position	2,579,232	2,849,121
Total Net Position	3,230,860	3,342,158
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$ 3,467,699	$ 3,572,135

(2016 balances for comparative purposes)

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

See Independent Auditors' Report.

POST OAK SAVANNAH GROUNDWATER CONSERVATION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Enterprise Fund Water Programs & Transport Fund 2017	Enterprise Fund Water Programs & Transport Fund 2016
OPERATING REVENUES		
Program fees	$ 396,722	$ 394,735
Transport permit fees	1,747,619	1,398,240
Drilling permit fees	900	1,900
Miscellaneous income	2,014	12,839
Permit fees other	4,349	100
Total Operating Revenues	2,151,604	1,807,814
OPERATING EXPENDITURES		
Conservation program expense	1,450,137	781,499
Advertising	8,887	8,436
Depreciation	49,113	19,358
Dues	1,993	3,353
Education and public relations	66,718	33,333
Hydrologist and other association expenses	215,392	199,827
Vehicle expense	4,064	4,766
Insurance - bond and liability	4,067	3,294
Rent	1,500	5,000
Office supplies	19,497	9,236
Salaries	266,365	239,735
Payroll taxes and employee benefits	38,915	47,293
Pension expense	11,885	6,904
Postage and delivery	2,127	797
Legal fees	65,827	57,147
Other professional fees	34,862	20,194
Building repairs	3,585	1,732
Telephone	9,097	8,585
Travel and entertainment	21,896	13,188
Utilities	5,731	3,978
Total Operating Expenditures	2,281,658	1,467,655
Excess (deficit) of Operating Revenue over Operating Expenditures	(130,054)	340,159
NONOPERATING REVENUES (EXPENDITURES)		
Interest income	15,335	12,871
Other expense	-	(21)
Gain (Loss) on disposition of assets	3,422	-
Total Nonoperating Revenues (Expenditures)	18,757	12,850
Increase (Decrease) in Net Position	(111,297)	353,009
Adjustment to fund balance	(1)	1
NET POSITION BEGINNING BALANCE	3,342,158	2,989,148
NET POSITION ENDING BALANCE	$ 3,230,860	$ 3,342,158

(2016 balances for comparative purposes)

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

POST OAK SAVANNAH GROUNDWATER CONSERVATION DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Enterprise Fund Water Programs & Transport Fund 2017	Enterprise Fund Water Programs & Transport Fund 2016
Cash Flows from Operating Activities		
Cash received from customers	$ 2,151,604	$ 1,807,814
Cash payments to suppliers	(1,854,238)	(1,325,593)
Cash payments to employees	(266,365)	(239,735)
Net Cash Provided by Operating Activities	31,001	242,486
Cash Flows from Capital and Related Investing Activities		
Cash provided from investments	(218)	(90)
Cash used to acquire capital assets	(219,833)	(263,462)
Retirement of capital assets	12,128	22,199
Net Cash Provided by (Used in) Capital and Related Investing Activities	(207,923)	(241,353)
Net (Decrease) Increase in Cash and Cash Equivalents	(176,922)	1,133
Cash and cash equivalents - beginning of year	2,682,444	2,681,311
Cash and cash equivalents - end of year	$ 2,505,522	$ 2,682,444
Reconcilliation of operating income to net cash provided by or (used for) operating activities:		
Change in net position	$ (111,297)	$ 353,009
Adjustments to reconcile operating increase in net position to net cash provided by operating activites:		
Depreciation expense	49,113	19,358
(Increase) decrease in accounts receivable	95,142	(65,740)
(Increase) decrease in net pension asset	(7,620)	12,949
(Increase) decrease in deferred outflows of resources	(1,199)	(22,631)
Increase (decrease) in disposition of assets	-	(22,199)
Increase (decrease) in cash overdraft	(10,715)	10,715
Increase (decrease) in accounts payable	11,977	(68,566)
Increase (decrease) in accrued payables	597	(5,587)
Increase (decrease) in permit deposits	2,900	2,100
Increase (decrease) in deferred inflows of resources	2,103	29,078
Total adjustments	142,298	(110,523)
Net Cash Used for Operating Activities	31,001	242,486

(2016 balances for comparative purposes)

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

Note 1 - Reporting Entity

Post Oak Savannah Groundwater Conservation District (the District) was formed April 20, 2001 by the 77th Legislature of the State of Texas with House Bill 1784, Article 3 Section 3.01, under Section 59, Article XVI of the Texas Constitution. Upon recodification by the 84th Texas Legislature, while the former is still true, enabling legislations is now (Texas Codes, Special District local laws code, Title 6, Subtitle H, Chapter 8865). A ten member Board of Directors appointed by the Burleson and Milam County Commissioners governs the District. Each Commissioners Court appoints five directors and must represent various interests in the counties served by the District. Among its duties, the Board of Directors approves the District's budget, approves grant contracts, sets rates for permits and fees, approves or denies any permit, and has other duties as addressed during Board Meetings.

The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and monitoring stations necessary for the purpose of groundwater conservation with respect to the aquifers within the district boundaries. The District provides financial assistance in the form of grants (if funds are available) and educational resources to public and private entities for the purpose of promoting, managing, and educating regarding groundwater resources of the central Carrizo-Wilcox Aquifer area.

In evaluating how to define the District for reporting purposes, The Board of Directors of the District has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board (GASB). The basic, but not the only, criterion for including a potential component unit within the reporting entity, is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of the governing authority, the designation of management, and the significant ability to influence operations of accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no other entities which were included as a component unit in the District's financial statements.

Note 2 - Summary of Significant Accounting Policies

The District's basic financial statements are prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing U.S. GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies, established by U.S. GAAP and used by the District, are discussed below.

In June 1999, the GASB unanimously approved Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (the Statement). The District implements the Statement as applicable. Significant changes made by the Statement include:

A Management Discussion and Analysis (MD&A) section providing an analysis of the District's overall financial position and changes in net position.

Government-wide financial statements are prepared using full accrual accounting for all of the District's activities, including capital assets and long-term liabilities.

A. *Basic Financial Statements*

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for in a separate set of self-balancing accounts that comprises assets, liabilities, fund balances, revenues and expenditures and changes in fund balances. The District's fund balances are reported as restricted and unrestricted. Fund balances that are restricted indicate a portion of the fund balance which is not available for expenditure or is legally segregated for a specific future use. The transactions of the District are accounted for in the following funds:

Proprietary fund – To account for all revenues and expenditures not required to be accounted for in other funds.

Note 2 - Summary of Significant Accounting Policies (continued)

B. *Basis of Accounting*

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting which recognizes all long-term assets and receivables as well as long-term debt and obligations.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become susceptible to accrual. Accrual means that funds are both measurable and available to finance expenditures of the fiscal period. Available means collectable within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized when the related fund liability incurred is measurable.

C. *Accounts Receivable*

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

D. *Capital Assets*

Capital assets, which include property, equipment, and immovable public domain or "infrastructure" assets, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial cost of more than $500 (including installation costs, if any, and associated professional fees) and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated cost if donated to or constructed by the District. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset, or increase the value of an asset, are capitalized. Costs for repairs and maintenance are expensed as incurred.

Depreciation, on capital assets, is computed using the straight-line method over the following estimated useful lives:

Vehicles	5 years
Office and field equipment	3-10 years
Buildings, improvements, and monitoring equipment	5-40 years

E. *Deferred Outflows/Inflows of Resources*

The District implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. In addition to assets, the statement of net position will sometimes report a section for deferred outflow of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditures) until then. The District currently reports information pertaining to relevant disclosures of the defined benefit pension plan as required by the implementation of GASB 68 in this category and also certain prepaid expenses.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two types of items that qualify for reporting in this category; transport fees and program fees. There was a material amount of these fees deferred and was recognized as deferred inflow of resources from the period the amount is collected and remitted to the District.

F. *Equity Classifications*

In the government-wide financial statements, equity is shown as net position and classified into three components; Net Investment in Capital Assets, Restricted, and Unrestricted. The District uses two of these classifications.

1. *Net Investment in Capital Assets* – Capital Assets, net of accumulated depreciation and reduced by any outstanding debt that poses an encumbrance.

2. *Unrestricted* – All other assets that do not meet the definition of net investment in capital assets.

Note 2 - Summary of Significant Accounting Policies (continued)

The District can also report portions of the proprietary fund balance as unassigned if not reported as:

1. *Non-spendable* – Amounts that cannot be spent because they are either not in a spendable form or, legally or contractually required to be maintained intact.
2. *Restricted* – Amounts with restrictions imposed externally by creditors, grantors, contributors, or laws or regulations of other governments, constitutional provisions or enabling legislation.
3. *Committed* – Amounts that can only be used for specific purposes and imposed by formal action of the board of directors.
4. *Assigned* – Amounts informally constrained by District management but not formally reserved by the board of directors.

G. *Risks, uncertainties, and use of estimates*
The preparation of government-wide financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Note 3 - Capital Assets
Capital asset activity for the year ended December 31, 2017 was as follows:

	Balance January 1, 2017	Additions	Deletions	Balance December 31, 2017
Business-type activities				
Capital assets, not being depreciated:				
Land	$ 3,225	$ -	$ -	$ 3,225
Construction in progress	293,502	-	(293,502)	-
Total not depreciated	$ 296,727	$ -	$ (293,502)	$ 3,225
Capital assets, to be depreciated:				
Buildings and Improvements	$ 2,500	$ 346,431	$ -	$ 348,931
Office Equipment	41,114	39,582	-	80,696
District Vehicles	24,657	73,464	(22,741)	75,380
GIS Software	-	44,200	-	44,200
Monitoring Equipment	204,476	9,657	-	214,133
Investment in Capital Assets to be depreciated	272,747	513,334	(22,741)	763,340
Less accumulated depreciation:				
Buildings and Improvements	(99)	(9,748)	-	(9,847)
Office Equipment	(29,272)	(8,897)	-	(38,169)
District Vehicles	(10,904)	(10,895)	10,612	(11,187)
GIS Software	-	(8,103)	-	(8,103)
Monitoring Equipment	(36,162)	(11,469)	-	(47,631)
Total accumulated depreciation	(76,437)	(49,112)	10,612	(114,937)
Total capital assets depreciated, net of accumulated depreciation	196,310	464,222	(12,129)	648,403
Business-type activities Capital assets, net of accumulated depreciation	$ 493,037	$ 464,222	$(305,631)	$ 651,628

Note 3 - Capital Assets (continued)

Capital asset activity for the year ended December 31, 2016 was as follows:

	Balance January 1, 2016	Additions	Deletions	Balance December 31, 2016
Business-type activities				
Capital assets, not being depreciated:				
Land	$ 3,225	$ -	$ -	$ 3,225
Construction in progress	49,968	243,534	-	293,502
Total not depreciated	$ 53,193	$ 243,534	$ -	$ 296,727
Capital assets, to be depreciated:				
Buildings and Improvements	$ 2,500	$ -	$ -	$ 2,500
Office Equipment	53,422	5,024	(17,332)	41,114
District Vehicles	24,657	-	-	24,657
Field Equipment	4,867	-	(4,867)	-
Monitoring Equipment	189,573	14,903	-	204,476
Investment in Capital Assets to be depreciated	275,019	19,927	(22,199)	272,747
Less accumulated depreciation:				
Buildings and Improvements	(36)	(63)	-	(99)
Office Equipment	(42,299)	(4,305)	17,332	(29,272)
District Vehicles	(5,973)	(4,931)	-	(10,904)
Field Equipment	(4,867)	-	4,867	-
Monitoring Equipment	(26,103)	(10,059)	-	(36,162)
Total accumulated depreciation	(79,278)	(19,358)	22,199	(76,437)
Total capital assets depreciated, net of accumulated depreciation	195,741	569	-	196,310
Business-type activities Capital assets, net of accumulated depreciation	$ 248,934	$ 244,103	$ -	$ 493,037

Note 4 - Long-Term Liabilities and Contingent Liabilities

The District has no long-term debt for the fiscal year ended December 31, 2017.

Contingent Liabilities

The District is obligated to fund remaining water conservation grant distributions, net of forfeitures, as follows:

Water Conservation Grants	
2014 Grant Awards	$ 141,616
2016 Grant Awards	119,699
2017 Grant Awards	533,575
Gross Total to Fund	794,890
Forfeitures	(94,013)
Remaining Balance to Fund (net)	$ 700,877

This contingent liability is dependent on available funding and approval by the board of directors. The above table reflects committed funds awaiting distribution when appropriate documentation is submitted by the grantees.

Note 5 – Cash Deposits and Investments with Financial Institutions

The District's cash and cash equivalents at December 31, 2017 were fully covered by federal depository insurance or pledged securities. The Texas Treasury Safekeeping Trust Company (TexPool) investments were not covered by federal depository insurance or pledged securities. In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and External Investment Pools*, the District reports all investments at fair value.

The District's cash, cash equivalents, and temporary investments at December 31, 2017 are shown below.

	Proprietary Fund			
	2017	2016		$ Change
Citizen's National Bank				
Cash				
Operating Account	$ 16,737	$ (10,715)	(1)	$ 27,452
Petty Cash (on hand)	100	100		-
	16,837	(10,615)		27,452
Cash Equivalents				
Money Market Account	2,466,645	2,663,204		(196,559)
Well Account	22,040	19,140		2,900
	2,488,685	2,682,344		(193,659)
Investment in:				
TexPool	25,436	25,218		218
Total Cash, Cash Equivalents, and Invested	$2,530,858	$2,696,847		$(165,989)

(1) Prior year overdraft reported as a liability

The market value for the above listed accounts is not materially different from the carrying value of the accounts.

A. *Policies Governing Deposits and Investments*

The District has implemented an investment policy and is authorized, according to the *Public Funds Investment Act* (PFIA) (Government Code Chapter 2256), to invest any and all of its funds in certificates of deposit, direct debt securities of the United States of America or the State of Texas, fully collateralized repurchase agreements, certain types of commercial paper, certain types of municipal bonds and local government investment pools created under the *Interlocal Cooperation Act*, wherein all funds were invested as listed above.

In compliance with the PFIA, the District has adopted a deposit and investment policy to address the following risks:

1. *Custodial Credit Risk – Deposits*: This is the risk that in the event of bank failure, the District's deposits may not be returned to it. The District was not exposed to custodial credit risk, since its deposits at year-end and during the year ended December 31, 2017 were covered by depository insurance or by pledged collateral held by the District's agent bank in the District's name.

2. *Custodial Credit Risk – Investments*: This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are subject to custodial credit risk only if they are evidenced by securities that exist in physical or book entry form. Thus positions in external investment pools are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.

Note 6 – Employee Benefits

A. *Annual Leave*

Annual leave (vacation) is a benefit provided to eligible, full-time, employees of the District. A full-time employee is one who is regularly scheduled to work forty hours per week. Annual leave is awarded at five business days (40 hours) after six months of employment and cannot be taken until the employee has reached the six month probationary period. An additional five business days (40 hours) is awarded after continuous employment of one year based on the hire date of the employee. The award maximum is fifteen business days (120 hours) for an employee after five years of continuous service. An employee may not carry-over annual leave to the next available period. Remaining leave is paid if unused before their anniversary date or upon termination. Compensated absences accrual at fiscal year-end was not material to these financial statements.

B. *Sick Leave*

A full-time employee, as previously defined, is entitled to six business days (48 hours) per calendar year. Accrual of sick leave is at one-half day (4 hours) per month and cannot be used until after six months of continuous employment. No sick leave may be accumulated beyond six days (48 hours) in a calendar year and upon separation from employment, no unused sick leave will be paid. Unused sick leave at fiscal year-end was not material to these financial statements.

C. *Retirement Plan*

Plan Description

The District provides pension benefits for all of its full-time employees through a cash balance-account type defined benefit pension plan (401(a)) in the statewide Texas County and District Retirement System (TCDRS). The TCDRS Board of Trustees is responsible for the administration of a statewide, agent multiple-employer, and public employee retirement system consisting of over 600 cash balance-like defined benefit pension plans. Each of the participating entities has an annual, individual actuarial valuation performed. All assumptions for the valuations are contained in the relevant TCDRS Comprehensive Annual Financial Report (CAFR), a current copy of which may be obtained by writing to TCDRS, PO Box 2034, Austin, TX 78768-2034 or by visiting their website www.tcdrs.org.

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas State statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 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 5 years 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 employee's personal account balance and employer-financed monetary credits. The level of these monetary credits is within the actuarial constraints imposed by the TCDRS Act so that the expected benefits can be adequately financed by the District's commitment to contribute. At retirement, death or disability, the benefit is calculated by converting the sum of the employee's personal account balance, and the employer-financed monetary credits to a monthly annuity using the actuarial equivalent as prescribed by the TCDRS Act.

The District will match the employee contribution of 7% of their salaries up to 2.73%, lowered from the 6.5% previously contributed upon recommendation of TCDRS. As of the years ended December 31, 2017 and 2016, the District match was $7,064 and $15,140 respectively.

Funding Policy

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 will be actuarially determined annually. It was 2.73% for the calendar year 2017. The contribution rate payable by the employee members is the rate of 7.00% as adopted by the governing body of the employer. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

Note 6 – Employee Benefits (continued)

C Retirement Plan (continued)

Net Pension Liability / (Asset)

Net Pension Liability / (Asset)	December 31, 2015	December 31, 2016
Total pension liability	$253,418	$300,867
Fiduciary net position	283,689	338,758
Net pension liability / (asset)	(30,271)	(37,891)
Fiduciary net position as a % of total pension liability	111.95%	112.59%
Pensionable covered payroll (1)	$232,101	$232,926
Net pension liability as a % of covered payroll	(13.04%)	(16.27%)

The total pension liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below.

Note: Rounding differences may exist above or in other tables in this report.
(1) Payroll is calculated based on contributions as reported to TCDRS.

Changes in Net Pension Liability / (Asset)

Changes in Net Pension Liability / (Asset)	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) – (b)
Balances as of December 31, 2015	$ 253,418	$ 283,689	$ (30,271)
Changes for the year:			
Service cost	26,716	-	26,716
Interest on total pension liability(1)	21,588	-	21,588
Effect of plan changes(2)	-	-	-
Effect of economic/demographic gains or losses	(855)	-	(855)
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	-	-	-
Benefit payments	-	-	-
Administrative expenses	-	(230)	230
Member contributions	-	16,305	(16,305)
Net investment income	-	21,166	(21,166)
Employer contributions	-	15,140	(15,140)
Other(3)	-	2,688	(2,688)
Balances as of December 31, 2016	$ 300,867	$ 338,758	$ (37,891)

(1) Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

(2) No plan changes valued.

(3) Relates to allocation of system-wide items.

Note 6 – Employee Benefits (continued)

C *Retirement Plan (continued)*

Discount Rate

Discount rate[2]	8.10%	8.10%
Long-term expected rate of return, net of investment expense[2]	8.10%	8.10%
Municipal bond rate[3]	Does not apply	Does not apply

[2] This rate reflects the long-term rate of return funding valuation assumption of 8.00%, plus 0.10% adjustment to be gross of administrative expenses as required by GASB 68.

[3] The plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active, inactive, and retired members. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return, and the municipal bond rate does not apply. See page 6 of TCDRS report for further details.

Sensitivity of the Net Pension Liability/(Asset) to the Discount Rate

The following presents the net pension liability of the county/district, calculated using the discount rate of 8.10%, as well as what the Post Oak Savannah Groundwater Conservation District net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.10%) or 1 percentage point higher (9.10%) than the current rate.

	1% Decrease 7.10%	Current Discount Rate 8.10%	1% Increase 9.10%
Total pension liability	$ 341,112	$ 300,867	$ 266,940
Fiduciary net position	338,758	338,758	338,758
Net pension liability / (asset)	$ 2,354	$ (37,891)	$ (71,818)

Note 6 – Employee Benefits (continued)

C Retirement Plan (continued)

Long Term Expected Rate of Return

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 2017 information for a 7-10 year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years and is set based on a 30-year time horizon; the most recent analysis was performed in 2013. See Milliman's TCDRS Investigation of Experience report for the period January 1, 2009 – December 31, 2012 for more details.

Asset Class	Benchmark	Target Allocation[1]	Geometric Real Rate of Return (Expected Minus Inflation)[2]
US Equities	Dow Jones U.S. Total Stock Market Index	13.50%	4.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index[3]	16.00%	7.70%
Global Equities	MSCI World (net) Index	1.50%	5.00%
International Equities - Developed	MSCI World Ex USA (net)	10.00%	4.70%
International Equities - Emerging	MSCI World Ex USA (net)	7.00%	5.70%
Investment-Grade Bonds	Barclays Capital Aggregate Bond Index	3.00%	0.60%
High-Yield Bonds	Citigroup High-Yield Cash-Pay Capped Index	3.00%	3.70%
Opportunistic Credit	Citigroup High-Yield Cash-Pay Capped Index	2.00%	3.83%
Direct Lending	S&P/LSTA Leveraged Loan Index	10.00%	8.15%
Distressed Debt	Cambridge Associates Distressed Securities Index[4]	3.00%	6.70%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FRSE	2.00%	3.85%
Master Limited Partnerships (MLPs)	EPRA/NAREIT Global Real Estate Index Alerian MLP Index	3.00%	5.60%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index[5]	6.00%	7.20%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	20.00%	3.85%
		100.00%	

(1) Target asset allocation adopted at the April 2017 TCDRS Board meeting.

(2) Geometric real rates of return in addition to assumed inflation of 2.0%, per Cliffwater's 2017 capital market assumptions.

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

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

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

Note 6 – Employee Benefits (continued)

C Retirement Plan (continued)

Deferred Outflows and Inflows of Resources Related to Pensions

As of December 31, 2016, the deferred inflows and outflows of resources are as follows:

Deferred Inflows/Outflows of Resources	Deferred Inflows Of Resources	Deferred Outflows Of Resources
Differences between expected and actual experience	$879	$1,466
Changes of assumptions	-	2,026
Net difference between projected and actual earnings	-	19,033
Contributions made subsequent to measurement date[3]	-	7,064
	$879	$29,589
Net of Deferred Inflows to Deferred Outflows		28,710

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:	2017	$6,669
	2018	6,669
	2019	5,897
	2020	909
	2021	278
	Thereafter[4]	1,225

[3] Any eligible employer contributions made subsequent to the measurement date through the employer's fiscal year end should be reflected as outlined in Appendix D of the TCDRS GASB 68 report.

[4] Total remaining balance to be recognized in future years, if any. Note that additional future deferred inflows and outflows of resources may impact these numbers.

Pension Expense / (Income)

Pension Expense / (Income)	January 1, 2016 to December 31, 2016
Service Cost	$ 26,716
Interest on total pension liability [1]	21,588
Effect of plan changes	-
Administrative expenses	230
Member contributions	(16,305)
Expected investment return net of investment expenses	(24,325)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	75
Recognition of assumption changes or inputs	203
Recognition of investment gains or losses	6,391
Other[2]	(2,688)
Pension Expense / (Income)	$ 11,885

[1] Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.
[2] Relates to allocation of system-wide items.

Note 6 – Employee Benefits (continued)

C Retirement Plan (continued)

Schedule of Deferred Inflows and Outflows of Resources

Original Amount (a)	Date Established (b)	Original Recognition Period[1] (c)	Amount Recognized for 2016 Expense[1] (a) ÷ (c)	Balance of Deferred Inflows 12/31/2016	Balance of Deferred Outflows 12/31/2016
Investment (gains) or losses					
$3,159	12/31/2016	5.0	$ 632	$ -	$ 2,527
24,936	12/31/2015	5.0	4,987	-	14,962
3,860	12/31/2014	5.0	772	-	1,544
Economic/ demographic (gains) or losses					
(855)	12/31/2016	11.0	(78)	778	-
(122)	12/31/2015	12.0	(10)	102	-
1,955	12/31/2014	12.0	163	-	1,466
Assumption changes or inputs					
-	12/31/2016	11.0	-	-	-
2,431	12/31/2015	12.0	203	-	2,026
-	12/31/2014	12.0	-	-	-
Employer contributions made subsequent to measurement date[2]					
	12/31/2017		-	-	7,064
Total			$ 6,037	$ 880 (*)	$ 29,589
Net Deferred Outflows				$28,709	

[1] Investment (gains)/losses are recognized in pension expense over a period of five years; economic/demographic (gains)/losses and assumption changes or inputs are recognized over the average remaining service life for all active, inactive, and retired members.

[2] Any eligible employer contributions made subsequent to the measurement date through the employer's fiscal year end should be reflected as deferred outflows as outlined in Appendix D of the TCDRS GASB 68 Report.

(*) balances may not agree due to rounding issues in the TCDRS report

Note 7 – Economic Dependence

The District has two entities whose combined revenue represents 99% of the transport fees collected. Of the $1,747,619 transport revenue, $1,734,986 was collected from the two entities. There are three entities whose combined revenue represents 91% of the production fees collected. Two of these three are also the two previously referred to as responsible for the majority of the transport fees. Of the $396,722 production fee revenue, $357,672 was collected from the three entities. These entities are under contract for these fees as outlined in the District fee schedule.

Note 8 – Prior Period Adjustments

In order to ascertain reasonable assurance, the District's beginning account balances in QuickBooks (books) at January 1, 2017 were in agreement with the results of the previous audit, adjustments to the prior period were needed. Detailed information on these adjustments is available from management on request.

Note 9 – Subsequent Events

Management has evaluated subsequent events through date of the ***Independent Auditors' Report***; the date the financial statements were available to be issued. As a result of this evaluation, there were no events that warrant a change to the financial statements for the fiscal year ending December 31, 2017.

REQUIRED COMPLIANCE AND SUPPLEMENTARY INFORMATION

ALTON D. THIELE, P.C
CERTIFIED PUBLIC ACCOUNTANT
300 E. AVENUE C
P.O. BOX 808
BELTON, TX 76513-0808

INDEPENDENT AUDITORS' 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*

Board of Directors
Post Oak Savannah Groundwater Conservation District
Milano, TX

We have audited, in accordance with, auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate remaining fund information of Post Oak Savannah Groundwater Conservation District as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated April 26, 2018.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility a material misstatement of the District'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designated 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 over financial reporting that we believe to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Alton D. Thiele P.C.

Belton, Texas
April 26, 2018

POST OAK SAVANNAH GROUNDWATER CONSERVATION DISTRICT
STATEMENT OF REVENUES AND EXPENDITURES-BUDGET (GAAP) AND ACTUAL
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Adpoted Budget	Amendments	Final Budget		Actual	Variance Favorable (Unfavorable)
REVENUES	$ 2,160,270	$ 22,485	$ 2,182,755		$ 2,170,360	$ (12,395)
EXPENDITURES						
Advertising	5,000	4,000	9,000		8,887	113
Depreciation	-	-	-		49,113	(49,113)
Education and public relations	30,000	38,000	68,000		66,718	1,282
GMA 12	172,456	(27,456)	145,000		140,338	4,662
GMA 8	5,000	(1,700)	3,300		3,282	18
Hydrologist	35,000	45,000	80,000		71,773	8,227
Miscellaneous tools and equipment	10,000	(2,000)	8,000		5	7,995
Automobile expense	7,000	(3,400)	3,600	(4)	4,064	(464)
Dues and subscriptions	3,500	(1,500)	2,000		1,993	7
Insurance	30,000	(5,000)	25,000		37,488	(12,488)
Miscellaneous	500	-	500		409	91
Postage and delivery	2,500	(300)	2,200		2,127	73
Professional fees	96,000	3,000	99,000		100,690	(1,690)
Rent	-	-	-		1,500	(1,500)
Repairs and remodel	40,000	(36,000)	4,000	(1)	3,171	829
Telephone	8,500	1,000	9,500		9,097	403
Travel and entertainment	15,000	7,000	22,000		21,895	105
Utilities	7,500	-	7,500		5,731	1,769
Office supplies	13,000	46,000	59,000	(3)	49,883	9,117
Payroll expenses	285,000	14,950	299,950		283,744	16,206
Program expenses	2,256,516	-	2,256,516	(2)	1,419,749	836,767
	3,022,472	81,594	3,104,066		2,281,657	822,409
Excess (Deficit) of Revenues Over Expenditures (from operations)	$ (862,202)	$ (59,109)	$ (921,311)		$ (111,297)	$ 810,014
(for additional budgetary analysis)						
Capital Expenditures:						
New Building	-	108,000	108,000	(1)	97,129	10,871
Monitoring equipment	-	20,000	20,000	(2)	9,657	10,343
Office equipment	-	60,499	60,499	(3)	39,583	20,916
District Vehicles	-	59,400	59,400	(4)	50,722	8,678
Total Capital Ependitures	-	247,899	247,899		197,091	42,130
Encumberances:						
Outstanding conservation grant awards	2,194,980	(1,400,091)	794,889		794,889	-
Forfeitures	-	(94,013)	(94,013)		(94,013)	-
Monitoring program	-	50,000	50,000		-	50,000
Rainwater harvesting	30,000	9,000	39,000		-	39,000
Groundwater well assistance program	-	75,000	75,000		-	75,000
Total Outsanding Encumberances (net of forfeitures)	2,224,980	(1,360,104)	864,876		700,876	164,000

(1) Capital Expenditures for the New building impact on budget
(2) Capital Expenditures for the Monitoring Equipment impact on budget
(3) Misc Tools and Equipment Budget amended to accommodate changes in (1) and expenditures for Office Equipment
(4) Capital Expenditures for New District Vehicles

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

POST OAK SAVANNAH GROUNDWATER CONSERVATION DISTRICT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - EMPLOYEES' PENSION PLAN

For the Fical Year Ended December 31, 2017

	Year Ended December 31		
	2016	**2015**	**2014**
Total pension liability			
Service cost	$ 26,716	$ 25,104	$ 22,827
Interest (on the Total Pension Liability)	21,588	18,110	14,880
Effect of plan changes	-	(4,278)	-
Effect of assumption changes or inputs	-	2,431	-
Effect of economic/demographic (gains) or losses	(855)	(122)	1,955
Benefit payments, including refunds of employee contributions	-	-	-
Net Change in Pension Liability	47,449	41,245	39,662
Total Pension Liability - Beginning	253,418	212,173	172,511
Total Pension Liability - Ending (a)	$ 300,867	$ 253,418	$ 212,173
Plan Fiduciary Net Position			
Contributions - Employer	$ 15,140	$ 15,086	$ 13,978
Contributions - Employee	16,305	16,247	15,054
Net investment income	21,166	(2,818)	14,632
Benefit payments, including refunds of employee contributions	-	-	-
Administrative expense	(230)	(196)	(181)
Other	2,688	(23)	(13)
Net Change in Plan Fiduciary Net Position	55,069	28,296	43,470
Plan Fiduciary Net Position - Beginning	283,689	255,393	211,923
Plan Fiduciary Net Position - Ending (b)	$ 338,758	$ 283,689	$ 255,393
Net Pension Liability - Ending (a) - (b)	$ (37,891)	$ (30,271)	$ (43,220)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	112.59%	111.95%	120.37%
Covered Employee Payroll	$ 232,926	$ 232,101	$ 215,051
Net Pension Liability as a Percentage of Covered Employee Payroll	(16.27%)	(13.04%)	(20.10%)

Notes to Schedule:
As accumulated data is available, ten year history will be disclosed.

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

POST OAK SAVANNAH GROUNDWATER CONSERVATION DISTRICT
SCHEDULE OF EMPLOYER CONTRIBUTIONS-EMPLOYEES' PENSION PLAN
Year Ended December 31, 2017

Year Ending December 31	Actuarilly Determined Contribution [1]	Actual Employer Contribution [1]	Contribution Deficiency (Excess)	Pensionable Covered Payroll [2]	Actual contribution as a % of Covered Payroll
2007	$ 5,184	$ 5,850	$ (666)	$ 90,004	6.5%
2008	5,525	6,338	(809)	97,501	6.5%
2009	7,094	8,147	(1,053)	125,334	6.5%
2010	8,080	9,230	(1,150)	142,001	6.5%
2011	9,361	11,416	(2,055)	175,626	6.5%
2012	9,557	11,923	(2,366)	183,427	6.5%
2013	10,053	12,688	(2,635)	195,199	6.5%
2014	10,043	13,978	(3,935)	215,051	6.5%
2015	10,050	15,086	(5,036)	232,101	6.5%
2016	9,643	15,140	(5,497)	232,926	6.5%

[1] 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.

[2] Payroll is calculated based on contributions as reported to TCDRS.

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date: Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which 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 12/31/2016 valuation)
Asset valuation method	5 year smoothed market
Inflation	3.0%
Salary increases	Varies by age and service. 4.9% average over career (including inflation)
Investment rate of return	8.00%, net of 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	In the 2015 actuarial valuation, assumed life expectancies were adjusted as a result of adopting a new projection scale (110% of the MP-2014 Ultimate Scale) for 2014 and later. Previously Scale AA had been used. The base table is the RP-2000 table projected with Scale AA to 2014.
Changes in Plan Provisions Reflected in the Schedule*	2015: No changes in plan provisions 2016: No changes in plan provisions

*Only changes effective 2015 and later are shown in the Notes to Schedule.

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