

MEMORANDUM

TO: South Texas Water Authority Board of Directors
FROM: Jose M Graveley, President
DATE: January 24, 2025
SUBJECT: Meeting Notice and Agenda for the South Texas Water Authority

A Regular Meeting of the STWA Board of Directors is scheduled for:

Tuesday, January 28, 2025
5:30 p.m.
Courthouse Annex Law Enforcement Center
1500 E. King
Kingsville TX 78363

The Board will consider and act upon any lawful subject which may come before it, including among others, the following:

Agenda

1. Call to order.
2. Citizen comments. This is an opportunity for citizens to address the Board of Directors concerning an issue of community interest that is not on the agenda. Comments on the agenda items must be made when the agenda item comes before the Board. The President may place a time limit on all comments. The response of the Board to any comment under this heading is limited to making a statement of specific factual information in response to the inquiry, or, reciting existing policy in response to the inquiry. Any deliberation of the issue is limited to a proposal to place it on the agenda for a later meeting.
3. Proposed Fiscal Year 2024 Audit. (Attachment 1)
4. **Resolution 25-01.** Resolution accepting the Fiscal Year 2024 Audit prepared by John Womack & Co., P.C. of Kingsville, Texas. (Attachment 2)
5. Approval of Minutes. (Attachment 3)
6. Treasurer's Report/Payment of Bills. (Attachment 4)
7. Operation and Maintenance Reports. (Attachment 5)
 - O&M Technical Report
8. Petition for Addition of Certain Lands to the South Texas Water Authority and setting of public hearing date, time and place. (Attachment 6)
 - a. Maria Cecilia Lazo –Lot 2 Block F of The Ranch Subdivision as recorded in the map records of Nueces County also recognized as 6303 Branding Iron, Robstown, Texas

and Lot 3 Block F of The Ranch Subdivision as recorded in the map records of Nueces County also recognized as 6297 Branding Iron, Robstown, Texas.

- b. Antonio Perez and Gloria Hernandez Perez – The East One-Half (E. ½) of Tract 2, Tierra Verde Unit Number 2, a subdivision in Nueces County, Texas, according to map or plat thereof recorded in Volume 50, Pages 92-93, of the Map Records of Nueces County, Texas.
9. **Resolution 25-02.** Resolution of determination of validity of Petition for Addition of Certain Lands to the South Texas Water Authority and setting the date, time and place for a public hearing and authorizing publication of public hearing notice. (Maria Cecilia Lazo) (Attachment 7)
 10. **Resolution 25-03.** Resolution of determination of validity of Petition for Addition of Certain Lands to the South Texas Water Authority and setting the date, time and place for a public hearing and authorizing publication of public hearing notice. (Antonio Perez and Gloria Hernandez Perez) (Attachment 8)
 11. Approval of Professional Services Contract for a Consultant of Legislative Affairs. (Attachment 9)
 12. Recess Open Meeting and Convene in Executive Session - In this executive session the board of Directors will deliberate or receive legal advice regarding (1) each of the following matters pursuant to the Section(s) of the Texas Open Meetings in parenthesis at the end of such matter, and (2) any other agenda item announced by the President of the meeting has announced will be considered in this executive session (collectively, the “Executive Session Agenda Items”). The Board of Directors may take action in open session after the executive session on any of the Executive Session Agenda items. The Board of Directors will deliberate the purchase, exchange, lease or value of real property in executive session only if deliberation in an open meeting would have a detrimental effect on South Texas Water Authority’s position in negotiations with a third person.
 - 12.a. Deliberate and receive legal advice regarding acquisition of an alternate source of water for the Authority. (§551.071)
 13. Open Session Items for Post Executive Session Action – The Board of Directors will convene in Open Session and take action on (1) the agenda items listed below, (2) any other items on this agenda that were postponed or tabled until after Executive Session, and (3) any Executive Session Agenda Items.
 14. Job Description/Posting – Finance Manager. (Attachment 10)
 15. Specifications for Fiscal Year 2025 pickup trucks. (Attachment 11)
 16. Texas Water Development Board Funding (Attachment 12)
 - PIF Authorization

17. Water Supply Contract with the City of Corpus Christi.

18. Administration Report.

- Pay/Compensation Update
- Upcoming Board Meeting Dates
- Future Conference/Legislative Event Dates

19. Adjournment.

The Board may go into closed session at any time when permitted by Chapter 551, Government Code. Before going into closed session, a quorum of the Board must be assembled in the meeting room, the meeting must be convened as an open meeting pursuant to proper notice, and the presiding officer must announce that a closed session will be held and must identify the sections of Chapter 551, Government Code, authorizing the closed session.

JMG/JM/fdl
Attachments

This meeting notice was posted on
STWA's website, www.stwa.org and on
indoor and outdoor public boards at
STWA's administrative offices,
2302 East Sage Road, Kingsville, Texas at
4:55 am on January 24, 2025
James De Leon
Assistant Secretary

ATTACHMENT 1

2024 Audit

SOUTH TEXAS WATER AUTHORITY

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2024

STWA

SOUTH TEXAS WATER AUTHORITY

South Texas Water Authority
Annual Financial Report
For The Year Ended September 30, 2024

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SOUTH TEXAS WATER AUTHORITY

Financial Section

STWA

SOUTH TEXAS WATER AUTHORITY

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CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

To the Board of Directors
South Texas Water Authority
2302 East Sage Road
Kingsville, Texas 78363

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the South Texas Water Authority ("the Authority"), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the South Texas Water Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of South Texas Water Authority, as of September 30, 2024, 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. 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 South Texas Water Authority 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.

Emphasis of Matter

Change in Accounting Principle

As described in Note A to the financial statements, in 2024, South Texas Water Authority adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 99, *Omnibus 2022*. Our opinion is not modified with respect to this matter.

As described in Note A to the financial statements, in 2024, South Texas Water Authority early adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 100, *Accounting Changes and Error Corrections - an Amendment of GASB Statement No. 62*. Our opinion is not modified with respect to this matter.



PRIVATE COMPANIES PRACTICE SECTION, AICPA DIVISION FOR CPA FIRMS

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 South Texas Water Authority'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 GAAS 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 GAAS, 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 District'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 Authority'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 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 South Texas Water Authority's basic financial statements. The individual nonmajor fund financial statements, and supplementary information required by the Texas Commission on Environmental Quality (TCEQ), are presented for purposes of additional analysis and are not a required part of the basic financial statements. The individual nonmajor fund financial statements and TCEQ information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. 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 individual nonmajor fund financial statements is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Respectfully submitted,



John Womack & Co., P.C.
Kingsville, TX
December 13, 2024

MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of the South Texas Water Authority’s (“the Authority”) annual financial report represents our discussion and analysis of the Authority’s financial performance during the Fiscal Year ended September 30, 2024. Please read it in conjunction with the Authority’s financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

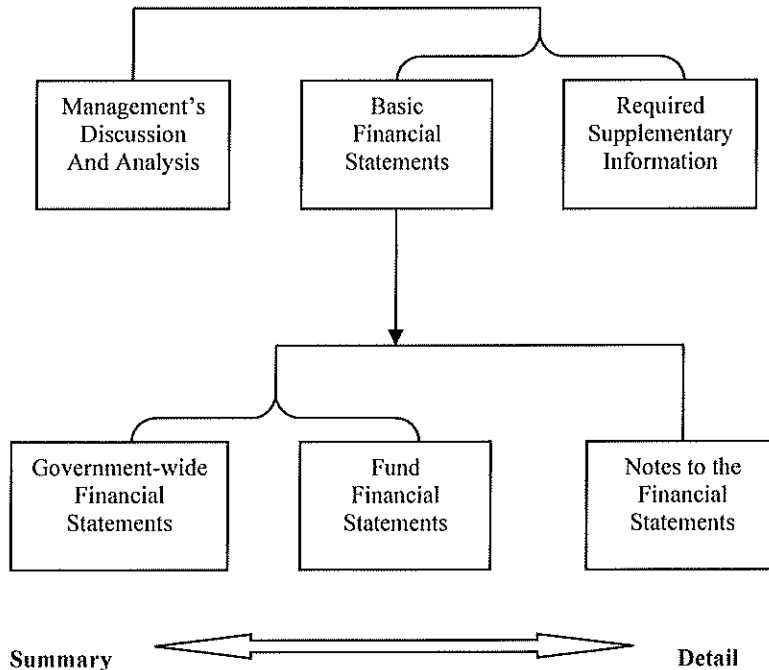
- The Authority’s total net position was \$10,323,858 at September 30, 2024.
- During this year, the Authority’s expenses, including depreciation, were \$289,180 less than the \$4,947,179 generated in taxes and other revenues for water related sales and management fees.
- The General Fund reported a fund balance this year of \$5,244,904.

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 Authority:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the Authority’s *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the Authority’s operation 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.

Figure A-1. Required Components of the Authority’s Annual Financial Report



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-2 summarizes the major features of the Authority’s financial statements, including the portion of the Authority they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the statements.

<i>Type of Statements</i>	Government-Wide	Governmental Funds
<i>Scope</i>	Entire Authority’s government (except fiduciary funds) and the Authority’s component units	The activities of the Authority that are not proprietary or fiduciary
<i>Required financial statement</i>	*Statement of net position	*Balance Sheet
	*Statement of activities	*Statement of revenues, expenditures & changes in fund balances
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included
<i>Type of inflow/outflow information</i>	All revenue and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter

Government-Wide Statements

The government-wide statements report information about the Authority as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the government’s assets and liabilities. All of the current year’s revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

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

The financial statements of the Authority include the Governmental activities. The Authority’s basic service is wholesale water. Water revenue, property taxes and management fees finance most of these activities.

Fund Financial Statements

- The *fund financial statements* focus on individual parts of the Authority, reporting the Authority’s operations in greater detail than the government-wide 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 Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

- All of the funds of the Authority can be divided into two categories: governmental funds and fiduciary funds.

The Authority has two fund types:

- Governmental funds - Most of the Authority's basic services are included in governmental funds, which focus on (1) how cash and other financial assets 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 view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Authority. 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 explains the relationship (or difference) between them.
- Fiduciary funds – These statements provide information about the financial relationships in which the Authority acts solely as a *trustee* or *agent* for the benefit of others, to whom the resources belong. *Fiduciary funds* are used to account for resources held for the benefit of parties outside the governments. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Authority's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

FINANCIAL ANALYSIS OF THE AUTHORITY AS A WHOLE

Net position

The Authority's combined net position were \$10,323,858 at September 30, 2024. (See Table A-1)

Table A-1
The Authority's Net Position

	Governmental Activities		% Change
	2024	2023	
Current and other assets	\$ 5,941,247	\$ 5,747,302	3.37%
Capital and non-current assets	7,494,550	7,738,543	-3.15%
Total Assets	13,435,797	13,485,845	-0.37%
Current liabilities	302,349	373,243	-18.99%
Long-term liabilities	2,809,590	3,077,924	-8.72%
Total Liabilities	3,111,939	3,451,167	-9.83%
Net position			
Net Investment			
in capital assets	4,721,378	4,698,957	0.48%
Restricted	683,804	655,746	4.28%
Unrestricted	4,918,676	4,679,975	5.10%
Total Net Position	\$ 10,323,858	\$ 10,034,678	2.88%

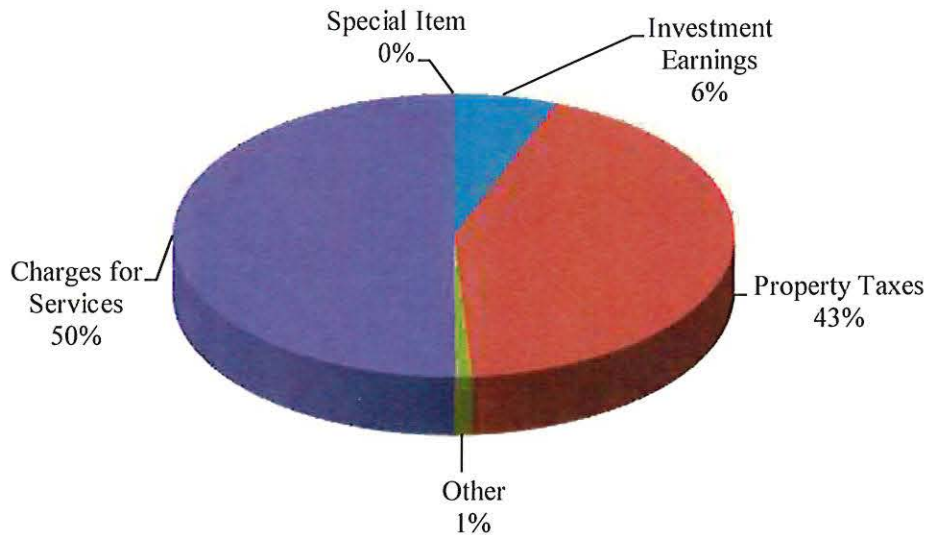
The \$4,918,676 of unrestricted net position represents resources available to fund the operations of the Authority in the next year.

Changes in balance sheet

Current and other assets increased \$193,945, or 3.37%, as a result of operations and ongoing capital projects, and capital assets decreased primarily due to current year depreciation. Current liabilities decreased by \$70,894 or 18.99% due to a decrease in accounts payable.

Changes in net position

The Authority's total revenues were \$4,947,179. A significant portion, 50%, of the Authority's revenue was derived from water and management service revenues. Approximately 43% was from property taxes, and the remaining 7% was generated from investment earnings and other revenues. The total expenses were \$4,657,999, of which \$1,539,861 was for purchased water costs, and that was up by 13.99% from the prior year. Payroll costs increased by \$59,767 or by 4.6% over 2023, to \$1,352,489.



Governmental Activities

- The Operation and Maintenance tax rate decreased to \$0.058044 and the Debt Service tax rate decreased to \$0.012330 per \$100 valuation. An increase in assessed valuations of \$312,313,206, or 11.6%, resulted in an increase in tax revenue of \$13,328 which was 0.63% more than tax revenues in the preceding year.
- The cost of all governmental activities this year was \$4,657,999.
- However, the amount that our taxpayers paid for these activities through property taxes was \$2,129,602.
- A majority portion of the costs were paid by those who directly benefited from water service, \$2,481,437, or a 4.84% increase from last year.

Table A-2
Authority Revenues and Expenses

	<u>Governmental Activities</u>		<u>Total % Changes</u>
	<u>2024</u>	<u>2023</u>	
Revenues:			
Program Revenues:			
Charges for service	\$ 2,481,437	\$ 2,366,890	4.84%
General Revenues:			
Property taxes	2,129,602	2,116,274	0.63%
Investment earnings	290,546	255,282	13.81%
Miscellaneous	<u>45,594</u>	<u>48,109</u>	-5.23%
Total Revenue	<u>4,947,179</u>	<u>4,786,555</u>	3.36%
Expenses:			
Cost of water sales	1,539,861	1,350,872	13.99%
Other operating expenses	2,403,654	2,314,909	3.83%
Depreciation	<u>714,484</u>	<u>760,291</u>	-6.02%
Total Expenses	<u>4,657,999</u>	<u>4,426,072</u>	5.24%
Increase (Decrease) in net position	289,180	360,483	-19.78%
Beginning - net position	<u>10,034,678</u>	<u>9,674,195</u>	3.73%
Ending - net position	<u>\$ 10,323,858</u>	<u>\$ 10,034,678</u>	2.88%

Table A-3 presents the cost of each of the Authority's largest functions as well as each function's *net cost* (total cost less fees generated by the charges for services). The net cost reflects what was funded by local tax dollars, and other income.

Table A-3
Net Cost of Selected Authority Functions

	<u>Total Cost of Services</u>		<u>% Change</u>	<u>Net Cost of Services</u>		<u>% Change</u>
	<u>2024</u>	<u>2023</u>		<u>2024</u>	<u>2023</u>	
Water Delivery	\$ 4,657,999	\$ 4,426,072	5.24%	\$ 2,176,562	\$ 2,059,182	5.70%

FINANCIAL ANALYSIS OF THE AUTHORITY'S FUNDS

Revenues from governmental fund types total \$4,942,512. The vast majority of revenues were generated from tax revenues, water sales and management fees.

General Fund. The South Texas Water Authority sold water to all customers at the same rate during Fiscal Year 2024. The wholesale cost of water to the customers included the cost of water from the City of Corpus Christi, which varies slightly since it is based on the number of gallons purchased, and a fixed handling charge of \$0.50 per 1,000 gallons of water. The average charge per 1,000 gallons was \$3.29 including the fixed handling charge of \$0.50.

Nueces County Water Control and Improvement District #5 is outside the Authority's taxing district, therefore, an "in Lieu of Taxes" fee is charged monthly to NCWCID #5. The monthly fee for Fiscal Year 2024 is \$1,071.99.

In Fiscal Year 2024, the Authority paid \$1,539,861 for the purchase of approximately 569,070,000 gallons of treated water from the City of Corpus Christi and the Authority's wholesale customers paid \$1,737,279 for the delivered water, with a difference of \$197,418 from the total paid to the City of Corpus Christi. This compares to Fiscal Year 2023 when the Authority paid \$1,350,872 for the purchase of approximately 590.95 million gallons and the Authority's wholesale customers paid \$1,683,860.

During FY 2017, NewGen Strategies, Inc., a rate consultant, was hired to research whether any financial risk exists for the Authority as a result of wholesale customers that do not enter into a long-term contract. The study found that there is and recommended the adoption of a premium rate increase for those customers. The Board adopted an Order to that effect which was effective as of December 1, 2017. The Nueces County Water Control and Improvement District #5 pays a premium of \$0.50 per 1,000 gallons. NCWCID #5 is the only wholesale customer that has not entered into a long-term contract as of September 30, 2024.

South Texas Water Authority manages Nueces Water Supply Corporation and Ricardo Water Supply Corporation by management contracts. The Authority charges the Corporations for various services including operations, administration, meter readings, billing and notices, water samples, taps, extensions, and repairs. The agreement allows the Authority and Corporations to utilize the equipment and manpower needed to operate efficiently. The Authority analyzes the charges for services to the Corporations biannually to assure that the Authority is fully compensated by the Corporations.

BUDGETARY HIGHLIGHTS

General Fund. The Authority amended its budget after six months and at the end of the Fiscal Year. Even with these adjustments, actual expenditures were \$369,969 below final budget amounts. The most significant positive variance resulted from payroll costs, which were \$289,128 below the final budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The South Texas Water Authority's investment in capital assets as of September 30, 2024 amounts to \$28,972,930, which includes land, buildings, water systems and vehicles. This amount represents a net increase, including additions and deductions, of \$399,633 compared to last year. The Authority's policy is to capitalize all individual capital items over \$5,000. Accumulated depreciation increased by \$641,645 which includes additions and deductions.

**Table A-4
Authority's Capital Assets**

	<u>Governmental Activities</u>		<u>Total % Change</u>
	<u>2024</u>	<u>2023</u>	
Land and easements and right of ways	\$ 1,242,369	\$ 1,242,369	0.00%
Construction in progress	1,584,131	1,316,248	20.35%
Total capital assets not being depreciated	<u>2,826,500</u>	<u>2,558,617</u>	10.47%
Buildings	843,772	843,772	0.00%
Water system	24,017,491	23,974,270	0.18%
Machinery and equipment	609,677	578,300	5.43%
Vehicles	529,976	475,264	11.51%
Furniture and fixtures	145,514	143,074	1.71%
Total Depreciable Assets	<u>26,146,430</u>	<u>26,014,680</u>	0.51%
Totals at historical cost	28,972,930	28,573,297	1.40%
Total accumulated depreciation	<u>(21,511,086)</u>	<u>(20,869,441)</u>	3.07%
Net capital assets	<u>\$ 7,461,844</u>	<u>\$ 7,703,856</u>	-3.14%

The Authority had general obligation bonds of \$2,665,000, related premium and discount of \$75,466 and \$69,124 in long-term outstanding compensated absences at year end.

**Table A-5
Authority's Long-Term Debt**

	<u>2024</u>	<u>2023</u>	<u>Total % Change</u>
General Obligation Bonds			
Series 2013	\$ 2,665,000	\$ 2,920,000	-8.73%
Premium & Discount	75,466	84,899	-11.11%
Accrued Compensated Absences	69,124	78,924	-12.42%
Total Long-Term Debt	<u>\$ 2,809,590</u>	<u>\$ 3,083,823</u>	-8.89%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATE

General Fund

- Appraised values used for the 2024 tax year are up by \$219,553,893, or 7.32% from the 2023 tax year.
- The taxes collected are for Operations and Maintenance and Debt Service, and the combined tax rate is at \$0.065695 per \$100 valuation.
- The cost per 1,000 gallons is the handling charge of \$0.50 plus the monthly cost of water from the City of Corpus Christi except for Nueces County Water Control & Improvement District #5, which pays an additional in lieu of taxes rate of \$1,020.39 per month.

These indicators were taken into account when adopting the General Fund Budget for FY 2025. Budgeted revenues are \$4,848,193, an increase of \$311,309 from actual Fiscal Year 2024. The anticipated tax revenues for the Fiscal Year 2025 at a 95.30% collection rate are \$1,665,196 which will be used to cover a portion of the Authority's fixed costs such as insurance, payroll, legal, repairs, capital expenditures, appraisal district and tax assessor collector fees.

Expenditures are budgeted to increase in capital outlays, and to increase, primarily, in recurring operating costs due to the inflationary outlook.

The 2025 adopted budget indicates that South Texas Water Authority is operating under a budget with a \$48,097 ending fund balance. This includes \$277,500 for capital outlays for 2 new trucks, technology upgrades, a new office car, a hydro-vac on a trailer, and \$50,000 for engineering / architecture for a new office building. An additional \$50,000 was included for engineering / architecture for a new office building.

Beginning October 1, 2005, South Texas Water Authority implemented a different method of charging for water whereby the customers are billed a variable rate based on the monthly cost of water from the City of Corpus Christi, plus a handling charge, which, for fiscal year 2024, remained steady at \$0.50 per 1,000 gallons.

The City of Agua Dulce, Ricardo Water Supply Corporation and Nueces Water Supply Corporation signed 20-year contracts during Fiscal Year 2015. During FY 2017, negotiations for a long-term contract continued with the City of Kingsville, City of Bishop, City of Driscoll and the Nueces County Water Control and Improvement District #5. These negotiations resulted in a long-term contract with the City of Kingsville with an initial 5-year term. The City of Kingsville contract stipulates that it will, beginning in 2018, purchase \$350,000 of water at the rate described above, increasing \$10,000 per year over the next five years, reaching a total of \$400,000, at the end of the initial 5 years with three (3) automatic 5-year renewals, provided neither party gives notice of termination or a desire to re-negotiate the contract provisions. In addition, a similar contract has been accepted by the City of Bishop; but, is contingent on a license agreement for the usage of the Bishop East location. In FY 2020, the City of Driscoll also accepted a contract with an additional agreement for STWA to provide O&M services for the City at a cost contingent on 5 year average repairs divided by water usage.

Nueces County Water Control and Improvement District #5 is outside the Authority's taxing district. Therefore, an "in Lieu of Taxes" fee is charged monthly to NCWCID #5. This is calculated by multiplying NCWCID #5's taxable value, obtained from the Nueces County Appraisal District, by STWA's tax rate. The fee is divided into 12 monthly payments. The fee for fiscal year 2025 is \$1,020.39 per month. Negotiations continue on a long-term contract with NCWCID #5.

Debt Service Fund

STWA also collects a Debt Service tax to pay for the \$5,110,000 in bonds that sold in May 2013. Anticipated tax revenue of \$367,927 to cover Fiscal Year 2025 principal and interest payment on the bonds will be collected.

Capital Projects Fund

On November 6, 2012, South Texas Water Authority had three bond proposals on the ballot of the General Election. Proposition #1 was for the issuance of \$1,900,000 water system improvement bonds for relocation of the Authority's regional water transmission line as a result of TXDOT's upgrade of US Hwy 77 to interstate standards and the levy of taxes in payment of the bonds. Proposition #2 was for the issuance of \$2,925,000 water system improvement bonds for storage tank and pump improvements at the Kingsville Pump Station and the levy of taxes in payment of the bonds. Proposition #3 was for the issuance of \$375,000 water system improvement bonds for installation of pumps at the Bishop pump station and facility improvements at the Bishop Westside pump station and the levy of taxes in payment of the bonds.

All three propositions passed. Proposition 3 was completed in Fiscal Year 2015 while Proposition 1 was completed in Fiscal Year 2016. Proposition 2 was completed in Fiscal Year 2017. A portion of those remaining funds were used to complete construction of the Driscoll LAS Booster Station which will enable injection of chloramines into the 42" transmission line. This project is a direct result of the TCEQ Order which requires a 0.5 mg/l chloramine residual to be maintained in all portions of STWA's waterlines. STWA also contributed to a new pump station in Banquete for the rural system. The remaining funds will be used on Cathodic Protection for the 42" distribution line and other improvements to the South Texas Water Authority's regional system.

The Authority sold \$5,110,000 of water system improvement bonds for the above three mentioned projects.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have any questions about this report or need additional information, contact the South Texas Water Authority at (361) 592-9323.

Basic Financial Statements

STWA

SOUTH TEXAS WATER AUTHORITY

SOUTH TEXAS WATER AUTHORITYSTATEMENT OF NET POSITION
SEPTEMBER 30, 2024

	<u>Governmental Activities</u>
ASSETS	
Assets:	
Cash and Investments	\$ 5,460,489
Receivables:	
Property Taxes	266,827
Allowance for Uncollectible Taxes	(99,946)
Service Accounts	287,049
Allowance for Uncollectible Accounts	(18,255)
Current Portion of Note Receivable	152
Due from Other Governments	1,259
Inventory	42,277
Note Receivable	1,395
Capital Assets, net	7,461,844
Other Assets	32,706
Total Assets	<u>13,435,797</u>
LIABILITIES AND EQUITY	
Liabilities:	
Accounts Payable	291,704
Accrued Interest Payable	10,645
Current Portion of Long-Term Liabilities:	
Bonded Debt Payable	260,000
Accumulated Unpaid Compensated Absences	13,825
Non-current Portion of Long-Term Liabilities:	
Bonded Debt Payable	2,480,466
Accumulated Unpaid Compensated Absences	55,299
Total Liabilities	<u>3,111,939</u>
NET POSITION:	
Net Investment in Capital Assets	4,721,378
Restricted For:	
Debt Service	389,869
Construction	293,935
Unrestricted	4,918,676
Total Net Position	<u>\$ 10,323,858</u>

The accompanying notes are an integral part of this statement.

SOUTH TEXAS WATER AUTHORITY
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED SEPTEMBER 30, 2024

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Governmental Activities</u>
Government Activities:			
Water Delivery	\$ 4,657,999	\$ 2,481,437	\$ (2,176,562)
Total Government Activities	<u>4,657,999</u>	<u>2,481,437</u>	<u>(2,176,562)</u>
Total Primary Government	<u>\$ 4,657,999</u>	<u>\$ 2,481,437</u>	<u>(2,176,562)</u>
General Revenues:			
Property Taxes			2,129,602
Unrestricted Investment Earnings			290,546
Miscellaneous Income			45,594
Transfers			--
Total General Revenues and Transfers			<u>2,465,742</u>
Change in Net Assets			289,180
Net Assets - Beginning			<u>10,034,678</u>
Net Assets - Ending			<u>\$ 10,323,858</u>

The accompanying notes are an integral part of this statement.

SOUTH TEXAS WATER AUTHORITYBALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024

	General Fund	Capital Improvements Fund	Debt Service Fund	Total Governmental Funds
ASSETS				
Assets:				
Cash and Investments	\$ 5,016,075	\$ 294,764	\$ 149,650	\$ 5,460,489
Receivables:				
Property Taxes	211,474	--	55,353	266,827
Allowance for Uncollectible Taxes	(88,575)	--	(11,371)	(99,946)
Service Accounts	287,049	--	--	287,049
Allowance for Uncollectible Accounts	(18,255)	--	--	(18,255)
Current Portion of Note Receivable	152	--	--	152
Due from Other Governments	1,031	--	228	1,259
Due from Other Funds	190,430	--	2,428	192,858
Inventory	42,277	--	--	42,277
Note Receivable	1,395	--	--	1,395
Other Assets	32,706	--	--	32,706
Total Assets	\$ 5,675,759	\$ 294,764	\$ 196,288	\$ 6,166,811
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 291,704	\$ --	\$ --	\$ 291,704
Compensated Absences	13,825	--	--	13,825
Due to Other Funds	2,428	171,918	18,512	192,858
Total Liabilities	307,957	171,918	18,512	498,387
DEFERRED INFLOWS OF RESOURCES:				
Deferred Tax Revenue	122,898	--	43,982	166,880
Total Deferred Inflows of Resources	122,898	--	43,982	166,880
FUND BALANCES:				
Restricted for Capital Projects	--	122,846	--	122,846
Restricted for Debt Service	--	--	133,794	133,794
Nonspendable - Inventory	42,277	--	--	42,277
Unassigned Fund Balance	5,202,627	--	--	5,202,627
Total Fund Balances	5,244,904	122,846	133,794	5,501,544
Total Liabilities, Deferred Inflows, and Equity	\$ 5,675,759	\$ 294,764	\$ 196,288	\$ 6,166,811

The accompanying notes are an integral part of this statement.

SOUTH TEXAS WATER AUTHORITY
*RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2024*

Total fund balances - governmental funds balance sheet	\$ 5,501,544
Amounts reported for governmental activities in the Statement of Net Position ("SNP") are different because:	
Capital assets used in governmental activities are not reported in the funds.	7,461,844
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	166,881
Payables for bond principal which are not due in the current period are not reported in the funds.	(2,665,000)
Payables for debt interest which are not due in the current period are not reported in the funds.	(10,646)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(55,299)
Bond premiums are amortized in the SNA but not in the funds.	<u>(75,466)</u>
Net position of governmental activities - Statement of Net Position	<u>\$ 10,323,858</u>

The accompanying notes are an integral part of this statement.

SOUTH TEXAS WATER AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	General Fund	Capital Improvements Fund	Debt Service Fund	Total Governmental Funds
Revenue:				
Water Service Revenue	\$ 1,737,279	\$ --	\$ 2,255	\$ 1,739,534
Tax Revenue	1,745,452	--	371,480	2,116,932
Interest	259,152	15,218	16,176	290,546
Service Revenue	723,603	--	--	723,603
Other Revenue	71,398	--	499	71,897
Total revenues	<u>4,536,884</u>	<u>15,218</u>	<u>390,410</u>	<u>4,942,512</u>
Expenditures:				
Current:				
Water Service Expenditure:				
Purchased Water	1,539,861	--	--	1,539,861
Payroll Cost	1,352,489	--	--	1,352,489
Supplies and Materials	124,775	--	--	124,775
Other Operating Expenditures:				
Professional Fees	320,360	--	16,606	336,966
Supplies and Materials	215,196	--	--	215,196
Recurring Operating Cost	285,942	--	--	285,942
Debt Service & Related Costs	--	--	349,100	349,100
Miscellaneous	7,684	--	--	7,684
Capital outlay	309,386	171,089	--	480,475
Total expenditures	<u>4,155,693</u>	<u>171,089</u>	<u>365,706</u>	<u>4,692,488</u>
Net Change in Fund Balance	381,191	(155,871)	24,704	250,024
Fund balances/equity, October 1	4,863,713	278,717	109,090	5,251,520
Fund balances/equity, September 30	<u>\$ 5,244,904</u>	<u>\$ 122,846</u>	<u>\$ 133,794</u>	<u>\$ 5,501,544</u>

The accompanying notes are an integral part of this statement.

SOUTH TEXAS WATER AUTHORITY

*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024*

Net change in fund balances - total governmental funds	\$ 250,024
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	480,475
The depreciation of capital assets used in governmental activities is not reported in the funds.	(714,484)
Trade-in or disposal of capital assets decrease net position in the SOA but not in the funds.	(8,004)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	12,671
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	255,000
(Increase) decrease in accrued interest from beginning of period to end of period.	943
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	3,122
Bond premiums are reported in the funds but not in the SOA.	<u>9,433</u>
Change in net position of governmental activities - Statement of Activities	<u>\$ 289,180</u>

The accompanying notes are an integral part of this statement.

SOUTH TEXAS WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

A. Summary of Significant Accounting Policies

The combined financial statements of South Texas Water Authority (the "Authority") have been prepared in conformity with accounting principles applicable to governmental units which are generally accepted in the United States of America. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. Reporting Entity

The Authority's basic financial statements include the accounts of all its operations. The Authority evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the Authority's reporting entity, as set forth in GASB Statement No. 14, "The Financial Reporting Entity," include whether:

- the organization is legally separate (can sue and be sued in its name)
- the Authority holds the corporate powers of the organization
- the Authority appoints a voting majority of the organization's board
- the Authority is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Authority
- there is fiscal dependency by the organization on the Authority
- the exclusion of the organization would result in misleading or incomplete financial statements

Based on these criteria, the Authority has no component units. Additionally, the Authority is not a component unit of any other reporting entity as defined by the GASB Statement.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities include the financial activities of the overall government. Eliminations been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Authority's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The Authority does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Authority's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The Authority reports the following major governmental funds:

General Fund. This is the Authority's primary operating fund. It accounts for all financial resources of the Authority except those required to be accounted for in another fund.

Debt Service Fund. The Authority accounts for revenues collected to pay interest on and retire long-term debt, including bonds, long-term mortgage notes, etc., in this fund, which is a budgeted fund.

SOUTH TEXAS WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Capital Projects Fund: The Authority accounts for proceeds from the sale of bonds, and related expenditures for capital improvements, in this fund.

b. Measurement Focus, Basis of Accounting

Government-wide Financial Statements: These financial statements are reported using the economic resources measurement focus. They are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Authority gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Authority considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end, with the exception of property taxes which are fully deferred. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under lease contracts and subscription-based information technology arrangements are reported as other financing sources.

When the Authority incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the Authority's policy to use restricted resources first, then unrestricted resources.

3. Financial Statement Amounts

a. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period.

The assessed value of the roll on January 1, 2023, upon which the levy for the 2024 fiscal year was based, was \$2,995,696,591, net of exemptions.

The tax rate assessed for the year ended September 30, 2024, to finance General Fund operations was \$.070374 per \$100 valuation, and the Debt Service Fund tax rate was \$0.012330 per \$100 valuation.

Current tax collections for the year ended September 30, 2023 were 98.70% of the year-end adjusted tax levy.

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the Authority is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

SOUTH TEXAS WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

The following table shows a schedule of delinquent taxes receivable and the allowance for uncollectible taxes for the Authority:

	Balance 10/01/23	Current Year Levy(1)	Total Collections	Yearly Adjustments	Balance 09/30/24
Delinquent Taxes					
Receivable	\$ 254,155	\$ 2,110,518	\$ 2,082,953	\$ (14,893)	\$ 266,827
Allowance for Uncollectible Taxes	(99,945)				(99,945)
Net Delinquent Taxes Receivable	\$ 154,210	\$ 2,110,518	\$ 2,082,953	\$ (14,893)	\$ 166,882

(1) Year-end adjusted tax levy.

b. Inventories and Prepaid Items

The Authority records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory.

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

c. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings	50
Building Improvements	20
Vehicles	3-15
Furniture and Equipment	5-10
Computer Equipment	3-15
Right-to-use Lease Assets	5
Right-to-use Subscription Assets	5

Impairment losses related to capital assets are recognized and measured when there has been a significant, unexpected decline in the service utility of capital assets. The events or changes in circumstances which lead to impairment determinations are not considered to be normal or ordinary. The service utility of a capital asset is the usable capacity which, at acquisition, was expected to be used or provide service. Common indicators of impairment include - evidence of physical damage where the level of damage is such that restoration efforts are needed to restore service utility; enactment of laws or approval of regulations as well as changes in environmental factors; technological developments, or other evidence of obsolescence; changes in the manner of duration or use of capital assets; or construction stoppage due to lack of funding. There were no impairment charges during fiscal year 2024.

SOUTH TEXAS WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

d. **Receivable and Payable Balances**

The Authority believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of year end.

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

In addition to assets, the statements of financial position (the government-wide and proprietary Statements of Net Position and governmental funds balance sheet) will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and/or fund balance that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statements of financial position will sometimes 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 one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time.

f. **Compensated Absences**

The Authority provides vacation time for employees at the rate of 8 hours per month up to 5 years of service at which time it increases to 10 hours per month, and over 10 years of service, a one-time longevity adjustment is made to the salary equal to 80 hours of pay divided by 2,080 hours. This compensation is for two weeks of vacation no longer given after ten years. Sick leave accumulates at the rate of 2 hours per week, and personal leave accumulates at the rate of 2 hours per month. 100% of accumulated vacation (up to 480 hours), personal, and compensatory time (up to 240 hours) is paid upon termination of employment for any reason, but accumulated unpaid sick leave is not paid upon termination.

g. **Interfund Activity**

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

h. **Fund Balances - Governmental Funds**

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance - represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

SOUTH TEXAS WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of a formal action by the Authority's Board of Directors. Committed amounts cannot be used for any other purpose unless the Board of Directors removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the Board of Directors. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance - represents amounts which the Authority intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the Board of Directors or by an official or body to which the Board of Directors delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the Authority itself.

Unassigned Fund Balance - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the Authority considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Authority considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

i. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

6. Implementation of New Standards

In the current fiscal year, the Authority implemented the following new standards. The applicable provisions of the new standards are summarized below. Implementation is reflected in the financial statements and the notes to the financial statements.

GASB Statement No. 99, Omnibus 2022

The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are as follows:

- Classification and reporting of derivative instruments that do not meet the definition of either an investment or a hedge
- Guidance clarification for short-term leases when there is a modification of terms
- Considerations for public-private partnerships (PPP) terminology as well as recognizing installment payments and transferring underlying PPP assets
- Clarifications of subscription-based information technology arrangement (SBITA) terms, and liability measurement and recognition
- Disclosures related to nonmonetary transactions
- Certain provisions of GASB Statement No. 34
- Pledges of future revenues when resources are not received by the pledging government
- Terminology updates related to deferred inflows and outflows of resources and net position
- Resource flows statements terminology related to GASB Statement No. 53

SOUTH TEXAS WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

- Accounting for SNAP distributions
- Requirements related to the extension of the use of LIBOR

The requirements of GASB Statement No. 99 that relate to the extension of the use of LIBOR , accounting for SNAP distributions, disclosures for nonmonetary transactions, pledges of future revenues by pledging governments, clarifications of certain provisions in Statement 34, and terminology updates took effect upon issuance.

The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The Authority implemented this Statement during the current year.

GASB Statement No. 100, Accounting Changes and Error Corrections - An Amendment of GASB Statement No. 62

The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is effected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). For periods that are earlier than those included in the basic financial statements, information presented in RSI or SI should be restated for error corrections, if practicable, but not for changes in accounting principles.

The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The Authority implemented this Statement during the current year.

These statements had no effect on the Authority's financial statements.

B. Compliance and Accountability

1. 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>
Excess Expenditures over Appropriations	Management review of budgeting procedures
<u>Fund/Category</u>	<u>Amount</u>
General Fund/Purchased Water	\$ 29,861
General Fund/Professional Fees	2,360
General Fund/Recurring Operating Costs	4,942
General Fund/Capital Outlay	18,886

SOUTH TEXAS WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

2. Deficit Fund Balance or Fund Net Position of Individual Funds

Following are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

Fund Name	Deficit Amount	Remarks
None reported	Not applicable	Not applicable

C. Deposits and Investments

The Authority's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the Authority's agent bank approved pledged securities in an amount sufficient to protect Authority funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

Cash Deposits:

At September 30, 2024, the carrying amount of the Authority's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$275,039 and the bank balance was \$283,891. The Authority's cash deposits at September 30, 2024 and during the year ended September 30, 2024, were entirely covered by FDIC insurance or by pledged collateral held by the Authority's agent bank in the Authority's name.

Investments:

The Authority is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must be written; primarily emphasize safety of principal and liquidity; address investment diversification, yield, and maturity and the quality and capability of investment management; and include a list of the types of authorized investments in which the investing entity's funds may be invested; and the maximum allowable stated maturity of any individual investment owned by the entity.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the general purpose financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the Authority adhered to the requirements of the Act. Additionally, investment practices of the Authority were in accordance with local policies.

The Act determines the types of investments which are allowable for the Authority. These include, with certain restrictions, (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds.

The Authority's investment at September 30, 2024 are shown below.

Investment or Investment Type	Maturity	Fair Value
TexPool, rated AAAM	N/A	\$ 4,890,537
TexStar Investment Pool, rated AAAM	N/A	294,764
Total Investments		\$ <u>5,185,301</u>

Analysis of Specific Deposit and Investment Risks:

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

SOUTH TEXAS WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

a. 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 rating agencies are designed to give an indication of credit risk. At year end, the Authority was not significantly exposed to credit risk.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits 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 Authority's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the Authority's name.

At year end, the Authority was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the Authority was not exposed to concentration of credit risk.

d. 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 Authority was not exposed to interest rate risk.

e. Foreign Currency Risk

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

Investment Accounting Policy

The Authority's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

SOUTH TEXAS WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

The Authority's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

D. Capital Assets

Capital asset activity for the year ended September 30, 2022, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
<i>Capital assets not being depreciated:</i>				
Land, Easements, & Right of Ways	\$ 1,242,369	\$ --	\$ --	\$ 1,242,369
Construction in progress	1,316,248	267,883	--	1,584,131
Total capital assets not being depreciated	<u>2,558,617</u>	<u>267,883</u>	<u>--</u>	<u>2,826,500</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	843,772	--	--	843,772
Water Systems	23,974,270	43,221	--	24,017,491
Machinery & Equipment	578,300	71,390	40,013	609,677
Autos & Trucks	475,263	95,541	40,828	529,976
Furniture & Fixtures	143,074	2,440	--	145,514
Total capital assets being depreciated	<u>26,014,679</u>	<u>212,592</u>	<u>80,841</u>	<u>26,146,430</u>
Less accumulated depreciation for:				
Buildings and improvements	(569,492)	(20,089)	--	(589,581)
Water Systems	(19,443,916)	(581,852)	--	(20,025,768)
Machinery & Equipment	(419,228)	(31,381)	(32,010)	(418,599)
Autos & Trucks	(322,353)	(64,252)	(40,828)	(345,777)
Furniture & Fixtures	(114,451)	(16,910)	--	(131,361)
Total accumulated depreciation	<u>(20,869,440)</u>	<u>(714,484)</u>	<u>(72,838)</u>	<u>(21,511,086)</u>
Total capital assets being depreciated, net	<u>5,145,239</u>	<u>(501,892)</u>	<u>8,003</u>	<u>4,635,344</u>
Governmental activities capital assets, net	<u>\$ 7,703,856</u>	<u>\$ (234,009)</u>	<u>\$ 8,003</u>	<u>\$ 7,461,844</u>

E. Interfund Balances and Activity

1. Due To and From Other Funds

Balances due to and due from other funds at September 30, 2024, consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Capital Projects Fund	\$ 171,918	Capital projects expenditures
General Fund	Debt Service Fund	18,512	Short-term loans
Debt Service Fund	General Fund	2,428	Short-term loans
	Total	<u>\$ 192,858</u>	

All amounts due are scheduled to be repaid within one year.

2. Transfers To and From Other Funds

There were no transfers to or from other funds during the year ended September 30, 2024.

SOUTH TEXAS WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

F. Long-Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended September 30, 2024 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
General obligation bonds:					
Series 2013	\$ 2,920,000	\$ --	\$ 255,000	\$ 2,665,000	\$ 260,000
Premium & Discount	84,899	--	9,433	75,466	--
Compensated absences	73,026	39,868	43,770	69,124	13,825
Total governmental activities	\$ 3,077,925	\$ 39,868	\$ 308,203	\$ 2,809,590	\$ 273,825

Bonds Payable consist of the following:

\$5,110,000 General Obligation Bonds Series 2013, payable in annual installments of \$348,550 to \$346,350 including interest at 2.00% to 3.50%, for various construction projects, maturing on August 15, 2033.

	2024	2023
	\$ 2,665,000	\$ 2,920,000

2. Debt Service Requirements

Debt service requirements on long-term debt at September 30, 2023, are as follows:

Year Ended September 31,	Governmental Activities		
	Principal	Interest	Total
2024	\$ 260,000	\$ 86,350	\$ 346,350
2025	270,000	78,550	348,550
2026	275,000	70,450	345,450
2027	285,000	62,200	347,200
2028	295,000	53,650	348,650
2029-2033	1,280,000	113,750	1,393,750
Totals	\$ 2,665,000	\$ 464,950	\$ 3,129,950

G. Leases

Lease activity for the year ended September 30, 2024 was as follows:

The Authority had no contracts that qualify as leases under GASB 87 at September 30, 2024.

Subscription-Based Information Technology Arrangement (SBITA) activity for the year ended September 30, 2024 was as follows:

The Authority had no contracts that qualify as SBITAs under GASB 96 at September 30, 2024.

H. Risk Management

The Authority is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2024, the Authority obtained general liability coverage at a cost that is considered to be economically justifiable by joining together with other

SOUTH TEXAS WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

governmental entities in the State as a member of the Texas Municipal League Intergovernmental Risk Pool ("TML"). TML is a self-funded pool operating as a common risk management and insurance program. The Authority pays an annual premium to TML for its above insurance coverage. The agreement for the formation of TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of acceptable risk levels; however, each category of coverage has its own level of reinsurance. The Authority continues to carry commercial insurance for other risks of loss. There were no significant reductions in commercial insurance coverage in the past fiscal year and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

I. Health Care Coverage

During the year ended September 30, 2024, employees of the Authority were covered by a health insurance plan (the Plan). The Authority paid premiums of \$2,224 per month per employee and dependents to the Plan. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

The contract between the Authority and the licensed insurer is renewable November 1, 2024, and terms of coverage and premium costs are included in the contractual provisions.

Latest financial statements for the Blue Cross Blue Shield of Texas are available for the year ended December 31, 2023, have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

J. Commitments and Contingencies

1. Contingencies

The Authority participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Authority has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable may be impaired. In the opinion of the Authority, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

2. Litigation

No reportable litigation was pending against the Authority at September 30, 2024.

K. Subsequent Events

Management has reviewed subsequent events and transactions that occurred after the balance sheet date through December 13, 2024 (the date of the audit report). The financial statements include all Type I events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles. Management and those charged with governance have determined that there are no non-recognized Type II subsequent events that require additional disclosure.

L. Pension Plan

Plan Description

All full-time employees are covered under the South Texas Water Authority Thrift Plan and Trust, a defined contribution pension plan, established October 1, 1983. As of September 30, 2024, there were 16 plan members. Eligible employees contribute 7.5% of their pre-tax earnings, and may elect to contribute up to 4.5% of their post-tax earnings (for a total of up to 12%), which are matched dollar for dollar by the Authority. The participants become 20% vested in employer contributions after two years of participation and an additional 20% for each year of service thereafter. Employees may receive their vested portion of benefits upon termination. Contributions to the plan by the Authority for the years ended September 30,

SOUTH TEXAS WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

2024 and 2023 amounted to \$92,854 and \$92,462, respectively, or 11.4% and 11.2% based on payroll expense of \$814,510 and \$825,554 respectively. The Plan is administered by C&M Administrators, Inc. (formerly Carley and McCaw, Inc.). Plan provisions and contribution requirements are established and may be amended by the Authority's board of directors. There were no forfeitures in fiscal years ending September 30, 2024 or 2023.

M. Water Service Contracts

1. Wholesale Water Rates

Beginning October 1, 2005, South Texas Water Authority implemented a different method of charging for water whereby the customers are billed a variable rate based on the monthly cost of water from the City of Corpus Christi (see below) plus a handling charge, which, for fiscal year 2024, is \$.50 per 1,000 gallons. These contracts expired on 10/01/2012. The City of Kingsville, the City of Agua Dulce, the City of Bishop, the City of Driscoll, the Nueces Water Supply Corporation, and the Ricardo Water Supply Corporation have entered into twenty year contracts that are based on the rate described above. The remaining customer, Nueces County Water Control and Improvement District #5, is currently paying monthly based on the terms of the expired contracts plus a premium fee adopted by the Board.

The City of Kingsville contract stipulates that it will, beginning in 2018, purchase \$350,000 of water at the rate described above, increasing \$10,000 per year over the next five years reaching a total of \$400,000.

Nueces County Water Control and Improvement District #5 is outside the Authority's taxing district. Therefore, an "In Lieu of Taxes" fee is charged monthly to NCWCID #5. This is calculated by multiplying NCWCID #5's taxable value, obtained from the Nueces County Appraisal District, by STWA's tax rate. The fee is divided into 12 monthly payments. The fee for fiscal year 2023 is \$1,071.99 per month.

2. Purchased Water Rates

In 1980, the South Texas Water Authority entered into an agreement to purchase water from the City of Corpus Christi. The purchase agreement is for a period of forty years commencing with the date on which water was first delivered to the Authority. The water rates beginning August 1, 1998, reflected treatment cost calculated on a declining block rate schedule. Beginning August 1, 2008, the treated water is no longer being calculated on a declining block schedule. The treated water is charged at a fixed rate per 1,000 gallons after the first 2,000 gallons. An additional cost for raw water is still charged using a fixed rate per 1,000 gallons.

Purchased water rates from the City of Corpus Christi are as follows:

Gallons	Rates as of 1/1/24	Rates as of 1/1/23
First 2,000	minimum of \$1,744.20	minimum of \$969.00
Over 2,000	\$1.74 per 1,000 gallons	\$1.28 per 1,000 gallons
Raw Water	\$1.02 per 1,000 gallons	\$1.03 per 1,000 gallons

N. Economic Dependency

The Authority has a very small base of seven customers that purchase water. Nueces Water Supply Corporation accounts for 26.52% (\$457,898) of the Authority's water related revenue, the City of Kingsville accounts for 23.17% (\$400,000) of the Authority's water related revenue, and Ricardo Water Supply Corporation account for 21.23% (\$366,605) of the Authority's water related revenue. Total water related revenue in the General Fund was \$1,726,668.

Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

STWA

SOUTH TEXAS WATER AUTHORITY

SOUTH TEXAS WATER AUTHORITY

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2024

EXHIBIT B-1

	1	2	3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenue:				
Water Service Revenue	\$ 1,789,002	\$ 1,720,200	\$ 1,737,279	\$ 17,079
Tax Revenue	1,722,615	1,737,825	1,745,452	7,627
Interest	220,175	255,675	259,152	3,477
Service Revenue	933,479	761,000	723,603	(37,397)
Other Revenue	13,500	35,500	71,398	35,898
Total revenues	<u>4,678,771</u>	<u>4,510,200</u>	<u>4,536,884</u>	<u>26,684</u>
Expenditures:				
Current:				
Water Service Expenditure:				
Purchased Water	1,489,786	1,510,000	1,539,861	(29,861)
Payroll Cost	1,596,113	1,641,617	1,352,489	289,128
Supplies and Materials	210,000	192,500	124,775	67,225
Other Operating Expenditures:				
Professional Fees	304,891	318,000	320,360	(2,360)
Supplies and Materials	283,045	277,045	215,196	61,849
Recurring Operating Cost	283,500	281,000	285,942	(4,942)
Miscellaneous	15,000	15,000	7,684	7,316
Capital outlay	280,500	290,500	309,386	(18,886)
Total expenditures	<u>4,462,835</u>	<u>4,525,662</u>	<u>4,155,693</u>	<u>369,969</u>
Net Change in Fund Balance	215,936	(15,462)	381,191	396,653
Fund balances/equity, October 1	4,863,713	4,863,713	4,863,713	--
Fund balances/equity, September 30	<u>\$ 5,079,649</u>	<u>\$ 4,848,251</u>	<u>\$ 5,244,904</u>	<u>\$ 396,653</u>

SOUTH TEXAS WATER AUTHORITY

DEBT SERVICE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2024

EXHIBIT B-2

	1	2	3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenue:				
Water Service Revenue	\$ 2,250	\$ 1,370	\$ 2,255	\$ 885
Tax Revenue	370,450	383,941	371,480	(12,461)
Interest	16,000	9,000	16,176	7,176
Other Revenue	--	--	499	499
Total revenues	<u>388,700</u>	<u>394,311</u>	<u>390,410</u>	<u>(3,901)</u>
Expenditures:				
Other Operating Expenditures:				
Professional Fees	24,500	20,941	16,606	4,335
Debt Service & Related Costs	349,200	349,200	349,100	100
Total expenditures	<u>373,700</u>	<u>370,141</u>	<u>365,706</u>	<u>4,435</u>
Net Change in Fund Balance	15,000	24,170	24,704	534
Fund balances/equity, October 1	109,090	109,090	109,090	--
Fund balances/equity, September 30	<u>\$ 124,090</u>	<u>\$ 133,260</u>	<u>\$ 133,794</u>	<u>\$ 534</u>

SOUTH TEXAS WATER AUTHORITY
CAPITAL IMPROVEMENTS FUND
CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2024

EXHIBIT B-3

	1	2	3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenue:				
Interest	\$ 9,500	\$ 15,200	\$ 15,218	\$ 18
Total revenues	9,500	15,200	15,218	18
Expenditures:				
Capital outlay	269,855	180,000	171,089	8,911
Total expenditures	269,855	180,000	171,089	8,911
Net Change in Fund Balance	(260,355)	(164,800)	(155,871)	8,929
Fund balances/equity, October 1	278,716	278,717	278,717	--
Fund balances/equity, September 30	\$ 18,361	\$ 113,917	\$ 122,846	\$ 8,929

STWA

SOUTH TEXAS WATER AUTHORITY

Other Supplementary Information

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

STWA

SOUTH TEXAS WATER AUTHORITY

SOUTH TEXAS WATER AUTHORITY
 SCHEDULE OF RATES AND SERVICES
 FOR THE YEAR ENDED SEPTEMBER 30, 2024

1. Services Provided by the District:

- | | | |
|---|---|-------------------------------------|
| <input type="checkbox"/> Retail Water | <input checked="" type="checkbox"/> Wholesale Water | <input type="checkbox"/> Drainage |
| <input type="checkbox"/> Retail Wastewater | <input type="checkbox"/> Wholesale Wastewater | <input type="checkbox"/> Irrigation |
| <input type="checkbox"/> Parks/Recreation | <input type="checkbox"/> Fire Protection | <input type="checkbox"/> Security |
| <input type="checkbox"/> Solid Waste/Garbage | <input type="checkbox"/> Flood Control | <input type="checkbox"/> Roads |
| <input type="checkbox"/> Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect) | | |
| <input checked="" type="checkbox"/> Other (specify) <u>Management Services - Nueces and Ricardo Water Supply Corporations</u> | | |

2. Retail Rates Based on 5/8" Meter: Retail Rates Not Applicable

3. Retail Service Providers: This Section Not Applicable

4. Total Water Consumption (In Thousands) During the Fiscal Year:

Gallons pumped into system:	569,070,000
Gallons billed to customers:	535,943,089

5. Standby Fees: Does the District assess standby fees: Yes
 No

For the most recent full fiscal year, FYE September 30, 2024:

Operations & Maintenance:	Total Levy	\$ 2,110,518
	Total Collected	\$ 2,082,953
	Percentage Collected	\$ 98.7%

Have standby fees been levied in accordance with Water Code Section 49.231, thereby constituting a lien on property? Yes No

(Continued)

SOUTH TEXAS WATER AUTHORITY
SCHEDULE OF RATES AND SERVICES (Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2024

6. **Anticipated sources of funds to be used for debt service payments in the district's following fiscal year:**

	Amount
a. Debt Service Tax Receipts	\$ 377,427
b. Surplus Construction Funds	0
c. Water and/or Wastewater Revenue	0
d. Standby Fees	0
e. Debt Service Fund Balance To Be Used	0
f. Interest Revenues	13,200
g. Other (Describe): Penalty & Interest, and Surcharge	7,720
	\$ 398,347
TOTAL ANTICIPATED FUNDS TO BE USED:	

7. **Location of the District:**

County(ies) in which the district is located: Kleberg, Nueces

Is the District located entirely within one county? Yes
 No

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

City(ies) in which district is located: Bishop, Kingsville, Driscoll, Agua Dulce

Is the District located within a city's extra territorial jurisdiction (ETJ)? Entirely
 Partly
 Not at all

ETJ's in which the district is located: Bishop, Kingsville, Driscoll, Agua Dulce, Robstown

Is the general membership of the Board appointed by an office outside the district? Yes
 No

SOUTH TEXAS WATER AUTHORITY
SCHEDULE OF TEMPORARY INVESTMENTS
SEPTEMBER 30, 2024

<u>FUNDS</u>	<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>BALANCES AT END OF YEAR</u>
<u>GENERAL FUND</u>			
Interest Bearing	2.1800%	-	\$ 33,570
Interest Bearing	2.1800%	-	221,385
Interest Bearing	2.1800%	-	8,659
Interest Bearing	2.1800%	-	<u>11,426</u>
			<u>275,040</u>
Texpool	5.1600%	-	<u>4,740,887</u>
Total General Fund			<u>5,015,927</u>
<u>CAPITAL PROJECTS FUND</u>			
TexStar	5.1324%	-	<u>294,764</u>
Total Capital Projects Fund			<u>294,764</u>
<u>DEBT SERVICE FUND</u>			
Texpool	5.1600%	-	<u>149,650</u>
Total Debt Service Fund			<u>149,650</u>
TOTAL ALL FUNDS			<u>\$ 5,460,341</u>

SOUTH TEXAS WATER AUTHORITY
ANALYSIS OF TAXES RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2024

		Maintenance & Operations and Interest & Sinking Taxes
Taxes receivable, beginning of year	\$	254,155
Tax levy		2,110,518
Total to be accounted for		2,364,673
Tax collections		
Current year		2,033,527
Prior years		49,426
Adjustments		14,893
Total collections & adjustments		2,097,846
Taxes receivable, end of year	\$	266,827

	2021	2022	2023	2024
Property Valuations:				
Land	\$ 354,094,478	\$ 377,618,321	\$ 404,622,077	\$ 403,229,312
Improvements	1,247,930,871	1,406,486,587	1,522,184,156	1,713,128,389
Personal Property	478,856,106	667,327,736	712,177,621	585,529,212
Minerals	208,934,722	29,733,991	49,005,635	298,375,782
Total	\$ 2,289,816,177	\$ 2,481,166,635	\$ 2,687,989,489	\$ 3,000,262,695

Tax rates per \$100 valuation

	Kleberg	\$ 0.086911	\$ 0.082426	\$ 0.078489	\$ 0.070374
	Nueces	0.086911	0.082426	0.078489	0.070374

Tax levy

	Kleberg	1,059,021	1,107,669	1,096,254	1,090,045
	Nueces	930,905	938,190	1,015,390	1,021,360
		\$ 1,989,926	\$ 2,045,859	\$ 2,111,644	\$ 2,111,405

Percent of current taxes collected
to current taxes levied

	97%	97%	97%	96%
--	-----	-----	-----	-----

Tax rates for overlapping jurisdictions. Include any taxing entities which overlap 10% or more of the district:

Taxing Jurisdiction	Tax Rate
County: Kleberg	\$ 0.771870
City: Kingsville	0.760000
School Districts: Kingsville Independent School District	1.410400
Total Authority (from above)	0.070374
Total overlapping tax rate	\$ 3.012644

SOUTH TEXAS WATER AUTHORITY
ANALYSIS OF CHANGES IN LONG-TERM DEBT
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
General Obligation Bonds, Series 2013	\$ 2,920,000	\$ -	\$ 255,000	\$ 2,665,000	\$ 260,000
Premium & Discount	84,899	-	9,433	75,466	-
Accrued Compensated Absences	<u>73,026</u>	<u>39,868</u>	<u>43,770</u>	<u>69,124</u>	<u>13,825</u>
	<u>\$ 3,077,925</u>	<u>\$ 39,868</u>	<u>\$ 308,203</u>	<u>\$ 2,809,590</u>	<u>\$ 273,825</u>

SOUTH TEXAS WATER AUTHORITY
 COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
 GENERAL FUND AND DEBT SERVICE FUND
 FIVE YEARS ENDED SEPTEMBER 30, 2024

	AMOUNTS				
	2024	2023	2022	2021	2020
GENERAL FUND:					
<u>Revenues:</u>					
Water Service Revenue	\$ 1,737,279	\$ 1,681,951	\$ 1,571,291	\$ 1,685,244	\$ 1,685,449
Tax Revenue	1,745,452	1,759,451	1,701,911	1,643,299	1,549,329
Interest	259,152	222,670	32,898	11,895	26,443
Service Revenue	723,603	682,853	650,522	682,352	648,081
Other Revenue	71,398	54,380	12,083	24,279	37,995
Total Revenues	<u>4,536,884</u>	<u>4,401,305</u>	<u>3,968,705</u>	<u>4,047,069</u>	<u>3,947,297</u>
<u>Expenditures:</u>					
Water Service Expenditures					
Purchased Water	1,539,861	1,350,872	1,291,316	1,396,843	1,362,680
Payroll Costs	1,352,489	1,292,722	1,173,919	1,198,118	1,165,109
Supplies and Materials	124,775	126,299	106,349	150,872	167,504
Other Operating Expenditures					
Professional Fees	320,360	288,945	204,546	193,241	148,877
Supplies and Materials	215,196	242,523	217,582	176,237	141,477
Recurring Operating Costs	285,942	250,428	210,377	196,350	186,380
Miscellaneous	7,684	10,279	11,584	10,133	7,633
Capital Outlay	309,386	665,877	40,751	203,844	196,560
Total Expenditures	<u>4,155,693</u>	<u>4,227,945</u>	<u>3,256,424</u>	<u>3,525,638</u>	<u>3,376,220</u>
Excess of Revenues over Expenditures	381,191	173,360	712,281	521,431	571,077
<u>Other Sources (Uses):</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues over Expenditures and Other Uses:	<u>\$ 381,191</u>	<u>\$ 173,360</u>	<u>\$ 712,281</u>	<u>\$ 521,431</u>	<u>\$ 571,077</u>
DEBT SERVICE FUND:					
<u>Revenues:</u>					
Tax Revenue	\$ 371,480	\$ 369,232	\$ 378,390	\$ 369,775	\$ 373,145
Interest & Misc.	18,930	16,555	3,495	1,875	3,699
Total Revenues	<u>390,410</u>	<u>385,787</u>	<u>381,885</u>	<u>371,650</u>	<u>376,844</u>
<u>Expenditures:</u>					
Purchased & Contracted Services	16,606	17,221	16,996	18,523	18,109
Debt Service & Related Costs	349,100	346,550	348,750	348,450	348,050
Miscellaneous	0	0	0	0	0
Total Expenditures	<u>365,706</u>	<u>363,771</u>	<u>365,746</u>	<u>366,973</u>	<u>366,159</u>
Excess of Revenues over Expenditures	24,704	22,016	16,139	4,677	10,685
<u>Other Sources (Uses):</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues and Other Resources over Expenditures:	<u>\$ 24,704</u>	<u>\$ 22,016</u>	<u>\$ 16,139</u>	<u>\$ 4,677</u>	<u>\$ 10,685</u>
Total Active Retail Water and/or Wastewater Connections	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

PERCENT OF FUND TOTAL REVENUES

2024	2023	2022	2021	2020
38.3%	38.2%	39.6%	41.6%	42.7%
38.5%	40.0%	42.9%	40.6%	39.3%
5.7%	5.1%	0.8%	0.3%	0.7%
15.9%	15.5%	16.4%	16.9%	16.4%
1.6%	1.2%	0.3%	0.6%	1.0%
<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
33.9%	30.7%	32.5%	34.5%	34.5%
29.8%	29.4%	29.6%	29.6%	29.5%
2.8%	2.9%	2.7%	3.7%	4.2%
7.1%	6.6%	5.2%	4.8%	3.8%
4.7%	5.5%	5.5%	4.4%	3.6%
6.3%	5.7%	5.3%	4.9%	4.7%
0.2%	0.2%	0.3%	0.3%	0.2%
6.8%	15.1%	1.0%	5.0%	5.0%
<u>91.6%</u>	<u>96.1%</u>	<u>82.1%</u>	<u>87.1%</u>	<u>85.5%</u>
8.4%	3.9%	17.9%	12.9%	14.5%
<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>
<u>8.4%</u>	<u>3.9%</u>	<u>17.9%</u>	<u>12.9%</u>	<u>14.5%</u>
95.2%	95.7%	99.1%	96.8%	97.7%
4.8%	4.3%	0.9%	0.5%	1.0%
<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>97.3%</u>	<u>98.7%</u>
4.3%	4.5%	4.4%	4.8%	4.7%
89.4%	89.8%	91.3%	91.2%	91.1%
0.0%	0.0%	0.0%	0.0%	0.0%
<u>93.7%</u>	<u>94.3%</u>	<u>95.7%</u>	<u>96.0%</u>	<u>95.8%</u>
6.3%	5.7%	4.3%	1.3%	2.9%
0.0%	0.0%	0.0%	0.0%	0.0%
<u>6.3%</u>	<u>5.7%</u>	<u>4.3%</u>	<u>1.3%</u>	<u>2.9%</u>
<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

SOUTH TEXAS WATER AUTHORITY
INSURANCE COVERAGE
SEPTEMBER 30, 2024

<u>TYPE OF COVERAGE</u>	<u>TYPE OF CORPORATION</u>	<u>POLICY CLAUSE: CO-INSURANCE</u>	<u>AMOUNT OF COVERAGE</u>	<u>INSURER'S NAME</u>
Worker's Compensation	Governmental Pool	No	Statutory	Texas Municipal League
General Liability	Governmental Pool	No	\$ 5,000,000 10,000,000 Agg.	Texas Municipal League
Automobile Liability	Governmental Pool	No	\$ 2,000,000	Texas Municipal League
Errors & Omissions Liability	Governmental Pool	No	\$ 4,000,000 Aggregate \$ 2,000,000 Per Claim	Texas Municipal League
Property Coverage	Governmental Pool	No	\$ 6,256,412	Texas Municipal League
Portable Equipment	Governmental Pool	No	\$ 72,532	Texas Municipal League
Mobile Equipment	Governmental Pool	No	\$ 343,783	Texas Municipal League
Auto Physical Damage	Governmental Pool	No	Actual Cash Value	Texas Municipal League
Board of Directors Surety Bond	Stock	No	\$ 10,000 ea.	Western Surety Company
Notary E & O	Stock	No	\$ 10,000	Western Surety Company
Employee Dishonesty	Stock	No	\$ 25,000	Western Surety Company
Employee Dishonesty (Pension Plan)	Stock	No	\$ 200,000	Western Surety Company

SOUTH TEXAS WATER AUTHORITY
 BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
 SEPTEMBER 30, 2024

SOUTH TEXAS WATER AUTHORITY
 2302 SAGE ROAD
 KINGSVILLE, TEXAS 78363
 (361) 592-9323

NAME AND ADDRESS	TERM OF OFFICE ELECTED & EXPIRES OR DATE HIRED	FEES	EXPENSE REIMBURSEMENTS	TITLE AT YEAR END	RESIDENT OF DISTRICT?
BOARD MEMBERS:					
Rudy Galvan 217 JayVee Kingsville, TX 78363	(Appointed) 04-01-23 / 04-01-25	\$ 350.00	-0-	Director	Yes
Kathleen Lowman 6246 FM 70 Bishop, TX 78343	(Appointed) 04-01-23 / 04-01-25	\$ 450.00	-0-	Director	Yes
Imelda Garza 238 N. CR 1016 Kingsville, TX 78363	(Appointed) 04-01-23 / 04-01-25	\$ 450.00	-0-	Sec./Treas.	Yes
Patsy Rodgers P.O. Box 221 Agua Dulce, TX 78330	(Appointed) 04-01-24 / 04-01-26	\$ 300.00	-0-	Director	Yes
Frances Garcia 2207 Colorado Kingsville, TX 78363	(Appointed) 04-01-24 / 04-01-26	\$ 500.00	-0-	Vice-President	Yes
Jose M. Graveley 343 W. CR 2170 Kingsville, TX 78363	(Appointed) 04-01-23 / 04-01-25	\$ 500.00	-0-	President	Yes
Joe Morales 311 E. 2nd Street Bishop, TX 78343	(Appointed) 04-01-24 / 04-01-26	\$ 750.00	\$500	Director	Yes
Angela Pena P.O. Box 262 Driscoll, TX 78351	(Appointed) 04-01-23 / 04-01-25	\$ 350.00	\$250	Director	Yes
Arturo Rodriguez 203 W. CR 2180 Kingsville, TX 78363	(Appointed) 04-01-24 / 04-01-26	\$ 450.00	\$400	Director	Yes

NOTE: NO DIRECTOR HAS ANY DIRECT BUSINESS OR FAMILY RELATIONSHIPS (AS DEFINED BY THE TEXAS WATER CODE) WITH MAJOR LAND-OWNERS IN THE DISTRICT, WITH THE DISTRICT'S DEVELOPER, OR WITH ANY OF THE DISTRICT'S CONSULTANTS.

SOUTH TEXAS WATER AUTHORITY
 BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
 SEPTEMBER 30, 2024

NAME AND ADDRESS	TERM OF OFFICE ELECTED & EXPIRES OR DATE HIRED	FEES	EXPENSE REIMBURSEMENTS	TITLE AT YEAR END	RESIDENT OF DISTRICT?
KEY ADMINISTRATIVE PERSONNEL:					
Edward John Marez JMAR Management Consulting, LLC 521 Vacy Street Corpus Christi, TX 78404	07-21	\$100,000	-0-	Administrator	No
Jo Ella Wagner 2302 East Sage Road Kingsville, TX 78363	08-95	-0-	-0-	Assistant Executive Director/ Finance Manager	Yes
Frances DeLeon 2302 East Sage Road Kingsville, TX 78363	09-04	-0-	-0-	Business/Risk Manager	Yes
Patrick Sendejo 2302 East Sage Road Kingsville, TX 78363	10-19	-0-	-0-	O & M Supervisor	Yes
INVESTMENT OFFICERS:					
Jo Ella Wagner 2302 East Sage Road Kingsville, TX 78363	08-95	-0-	-0-	Assistant Executive Director/ Finance Manager	Yes
CONSULTANTS:					
ICE-International Consulting Engineers 261 Saratoga Blvd Corpus Christi, TX 78417	01-22	\$106,508	\$368,870	Engineers	No
John Womack & Co., P.C. Certified Public Accountants P. O. Box 1147 Kingsville, TX 78364	03-90	\$10,390	-0-	Independent Auditors	Yes

SOUTH TEXAS WATER AUTHORITY
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER 30, 2024

NAME AND ADDRESS	TERM OF OFFICE ELECTED & EXPIRES OR DATE HIRED	FEES	EXPENSE REIMBURSEMENTS	TITLE AT YEAR END	RESIDENT OF DISTRICT?
Vicky Valadez Kleberg County Tax Office P. O. Box 1457 Kingsville, TX 78364	08-81	\$25,641	-0-	Tax Collector	Yes
Kevin Keischnick Nueces County Tax Office Nueces Co. Courthouse Suite 301 Corpus Christi, TX 78401	08-81	\$38,585	-0-	Tax Collector	No
Kleberg Co. Appraisal District P. O. Box 1027 Kingsville, TX 78364	08-81	\$23,688	-0-	Appraiser	Yes
Nueces Co. Appraisal District 201 N. Chaparral Suite 206 Corpus Christi, TX 78401	08-81	\$11,918	-0-	Appraiser	No
Bill Flickinger Willatt & Flickinger, PLLC 12912 Hill Country Blvd. Suite F-232 Austin, TX 78738	03-83	\$18,151	-0-	Attorneys	No
Hilltop Securities Ann Burger Entrekin 211 E. Seventh, Suite 707 Austin, TX 78701	07-84	\$2,500	-0-	Financial Advisors	No
Raftelis 227 W. Trade St. Suite 1400 Charlotte, NC 28202	08-23	\$46,641	-0-	Rate Consultant	No

STWA

SOUTH TEXAS WATER AUTHORITY

ATTACHMENT 2

Resolution 25-01

SOUTH TEXAS WATER AUTHORITY

Resolution 25-01

A RESOLUTION ACCEPTING THE FISCAL YEAR 2024 AUDIT PREPARED BY JOHN WOMACK & CO., P.C. OF KINGSVILLE, TEXAS.

WHEREAS, the South Texas Water Authority is a functioning Reclamation and Conservation District established by the Texas Legislature, and

WHEREAS, the South Texas Water Authority is required to submit an annual audit in accordance with the Financing Reporting Requirements as established by the Texas Commission on Environmental Quality, and

WHEREAS, the Authority has received and reviewed the Fiscal Year 2024 Audit.

NOW, THEREFORE, BE IT RESOLVED that the South Texas Water Authority Board of Directors accepts the audit prepared by John Womack & Co., P.C. of Kingsville, Texas, for submission to the Texas Commission on Environmental Quality.

Duly adopted this 28th day of January, 2025.

JOSE M. GRAVELEY, PRESIDENT

ATTEST:

IMELDA GARZA, SECRETARY/TREASURER

ATTACHMENT 3

Approval of Minutes

SOUTH TEXAS WATER AUTHORITY
Minutes – Regular Board of Directors Meeting
December 10, 2024

Board Members Present:

Jose Graveley
Imelda Garza
Frances Garcia
Joe Morales
Patsy Rodgers (Zoom)
Arturo Rodriguez

Board Members Absent:

Rudy Galvan, Jr.
Angela Pena
Kathleen Lowman

Staff Present:

John Marez
Frances De Leon
Jo Ella Wagner
Patrick Sendejo
Victor Gutierrez
Valerie Garcia

Guests Present:

Greg Szuman, Willatt & Flickinger (Zoom)
Rogelio Rodriguez, Water Finance
Exchange
Maria Corona, Corpus Christi Water
Cecilia Orozco, Corpus Christi Water
Marie Lucio
Ivan Luna, I.C.E.
Sergio Luna, I.C.E.
Ansar Palakkal, I.C.E.

1. Call to Order.

Mr. Jose Graveley, Board President, called the Regular Meeting of the STWA Board of Directors to order at 5:34 p.m. at the Courthouse Annex Law Enforcement Center, 1500 E. King, Kingsville, Texas. A quorum was present.

2. Citizen Comments.

Mr. Graveley opened the floor to citizen's comments. No comments were made.

3. Approval of Minutes.

Mr. Marez pointed out that the October 29, 2024 minutes were updated to reflect April 22, 2025 as the April meeting date under item 11 – STWA Board of Directors Meeting Schedule for 2025. Mr. Morales made a motion to approve the minutes of the October 29, 2024 Regular Meeting as updated. Ms. Garza seconded. The motion passed by unanimous vote.

The order of the agenda was changed to accommodate the guests.

12. Discussion on Drought Contingency Plan – Stage 3.

Ms. Maria Corona and Ms. Cecilia Orozco representing Corpus Christi Water gave a brief presentation on the City of Corpus Christi's decision to implement the Drought Contingency Plan Stage 3. They explained that earlier this week, CCW provided notice of impending activation of Stage 3. As of December 5th, 70% of the state is experiencing abnormally dry to severe drought conditions and the lake level locally is expected to drop below 20% within days.

Stage 3 restricts all outdoor watering with the exception of use for watering foundations and swimming pool maintenance. They reviewed the City’s ongoing projects to address water shortages and reported that the City has launched an educational website to notify the public about restrictions and what they can do to help as well as providing information on what the City is doing to address the situation.

Mr. Marez stated that STWA will follow the Drought Contingency Plan which is modeled after the City’s and will notify wholesale customers of the restrictions. The Ricardo and Nueces Water Supply Corporations will provide notices to their customers as required.

4. Quarterly Report/Treasurer’ Report/Payment of Bills.

The following reports were presented for the Board’s consideration:

- STWA Investment Report for Quarter ended September 30, 2024
- Treasurer’s Report for period ending September 30, 2024
- Revenue Fund Income Statement for period ending September 30, 2024
- Tax Fund Income Statement for period ending September 30, 2024
- Special Services Income Statement for period ending September 30, 2024
- STWA Revenue Fund Balance Sheet – September 30, 2024
- STWA Revenue Fund Trial Balance for September, 2024
- STWA Debt Service Fund Income Statement for period ending September 30, 2024
- STWA Debt Service Fund Balance Sheet – September 30, 2024
- STWA Debt Service Fund Trial Balance – September, 2024
- STWA Capital Projects Fund Income Statement for period ending September 30, 2024
- STWA Capital Projects Fund Balance Sheet – September 30, 2024
- STWA Capital Projects Fund Trial Balance – September, 2024
- Treasurer’s Report for period ending October 31, 2024
- Revenue Fund Income Statement for period ending October 31, 2024
- Tax Fund Income Statement for period ending October 31, 2024
- Special Services Income Statement for period ending October 31, 2024
- STWA Revenue Fund Balance Sheet – October 31, 2024
- STWA Revenue Fund Trial Balance for October, 2024
- STWA Debt Service Fund Income Statement for period ending October 31, 2024
- STWA Debt Service Fund Balance Sheet – October 31, 2024
- STWA Debt Service Fund Trial Balance – October, 2024
- STWA Capital Projects Fund Income Statement for period ending October 31, 2024
- STWA Capital Projects Fund Balance Sheet – October 31, 2024
- STWA Capital Projects Fund Trial Balance – October, 2024

The following invoices were presented for Board approval:

- Nueces County Appraisal District \$ 3,118.00
- Kevin Kieschnick, Nueces County Tax Assessor-Collector \$ 34,883.01
- Raftelis \$ 12,630.00

Mr. Morales made a motion to approve the Quarterly Report, Treasurer's Reports and Payment of Bills as presented. Ms. Garza seconded. The motion passed unanimously.

5. Operation and Maintenance Reports.

Mr. Sendejo stated that he has completed his first year as O&M Manager and looks forward to continuing to improve the system. He reported that he has hired a Cathodic Protection Assistant and continues to work on getting employees licensed. Mr. Marez stated that a Cathodic Protection presentation will be made at the next meeting.

6. Request for Proposals for compensation study.

Mr. Marez presented proposals for a compensation study from two companies, Lonestar Strategy Group and Evergreen Solutions. He explained that one of the proposals was received shortly after the deadline due to a problem with the delivery company. Mr. Marez provided copies of the RFPs and the actual cost breakdown from each of the companies for the Board's review. The criteria for scoring the RFPs are Experience and Qualifications, Methodology and Approach, Understanding of Local Context, Project Timeline and Deliverables, and Cost and Value weighted at 20% for each of the criteria. He explained the importance of evaluating the current classifications and compensation in order to assure that employees are being paid adequately and that STWA remains competitive with other employers in the job market. He has reviewed Texas Rural Water Association and American Water Works Association salary surveys; however, because of the size of the staff many employees perform multiple tasks and therefore their job descriptions do not match those in the salary surveys.

The selection committee reviewed the proposals but did not make a decision on whether to accept the proposal that arrived late. Mr. Morales stated that he has not had sufficient time to review the proposals. Mr. Marez pointed out that the Board can choose to review the proposals and discuss again at the next meeting. Mr. Gravely stated that the selection committee reviewed the proposals and one was highly qualified while the other showed no experience with water districts. He added that the committee recommends Evergreen Solutions.

Ms. Garza made a motion to select Evergreen Solutions to conduct the compensation study, Ms. Garcia seconded the motion and all voted in favor. Mr. Marez stated that he would notify Evergreen Solutions of the Board's decision.

7. Legislative Update.

- Professional Contract for Lobbyist
- Water Legislation Filed
- Legislative Agenda

Mr. Marez stated that with the upcoming Texas legislative session set to begin in January, he feels it is essential to prepare for potential opportunities and challenges that new water-related legislation may bring. He asked that the Board consider hiring a lobbyist to monitor or draft legislation, review the provided list of current legislative water bills, and provide input on legislative priorities which he listed as follows:

- Preserving the state's natural resources and local control while improving communities' resilience, water resources and access to greenspace
- Fair and responsible oversight by the TCEQ
- Strengthening Municipal Relationships
- Collaboration with Counties
- Opposition of legislation that exempts non-taxable users, including school districts, from water district charges and fees, which could compromise financial sustainability, and
- Financial and Administrative Autonomy

Mr. Morales stated that he supports contracting with a lobbyist but asked how a decision would be made on how much to pay them. Mr. Marez stated that he can work on a request for proposals to present at the next meeting. Mr. Morales made a motion to authorize Mr. Marez to put together an RFP and bring back proposals for the next meeting. Ms. Garza seconded. All voted in favor.

Mr. Marez also requested that the Board consider approving all or part of the STWA Legislative Agenda in order to execute a contract with a lobbyist, review and support pending water legislation and offer legislative priorities which support STWA and/or Texas public water systems. The Board provided no comments and Mr. Marez stated that he would present the Legislative Agenda again at the next meeting.

8. ICE Presentation.

- Final Presentation on October 17, 2024 Tank Collapse at Central Pump Station.
- RPZ Installation on 42" Transmission Line
- Board approval of I.C.E. Design/Build Contract Extension and First Amendment for Tesla 42-Inch Transmission Line Tap and Service Line Project

Final Presentation on October 17, 2024 Tank Collapse at Central Pump Station

Mr. Ivan Luna of International Consulting Engineers (I.C.E.) reviewed their draft report on the Central Pump Station Tank Collapse. He commented that STWA's staff responded very quickly and properly to incident. He summarized that contributing factors included instability of the tank, some corrosion and leaks in the tank structure, problems with a non-returnable valve leading to back pressure in the pump suction line which over pressurized the tank, and incomplete system automation. Future action recommended by I.C.E. includes reinstalling the chlorine and ammonia dosing system, developing standard operating procedures for the current configuration, inspecting and servicing the motor operated valve, servicing and installing a standby water transfer pump, and designing and implementing an interconnector on the water line for emergency water transfer via trucks. He noted that Central is one of the pump stations that was included in proposed improvements under the TWDB funding project.

RPZ Installation on 42" Transmission Line

Mr. Luna also provided a review of the work involved to install the reduced pressure zone (RPZ) assemblies at the Tesla location. The job began on November 14, 2024 and was completed within the allotted time. The project included upgrading the existing meter assembly as

requested by Corpus Christi Water and replacing the double check valve with two sets of reduced pressure zone assemblies – one on the main meter line and one on the bypass line. The RPZ assemblies were tested and certified, the new line was disinfected and pressurized, and bacterial sampling was conducted to ensure safety of the water supply. Additionally, a Y type strainer was installed for protecting all the downstream mechanical parts, an external pressure gauge was put in place to monitor water discharge pressure to Tesla, and an air release valve was installed as an extra precaution. Work continues for a double layer protective coating to resist external corrosion and an external aluminum jacket insulation for thermal and mechanical protection will be installed.

Board approval of I.C.E. Design/Build Contract Extension and First Amendment for Tesla 42-Inch Transmission Line Tap and Service Line Project

Mr. Morales made a motion to approve the I.C.E. Design/Build Contract Extension and First Amendment for Tesla 42-Inch Transmission Line Tap and Service Line Project. Ms. Garcia seconded. All voted in favor.

9. Texas Water Development Board Funding.
 - Presentation by Water Finance Exchange
 - Time Frame/Next Steps

Mr. Rogelio Rodriguez of Water Finance Exchange provided an update on the Texas Water Development Board funding. He commended STWA staff for responding so quickly to all of the TWDB's requests for information and documents for the application submitted in March of 2023. In October 2024, the TWDB committed funding in the form of 70% loan forgiveness and 30% loan funds. The next step is STWA, Ricardo Water Supply Corporation and Nueces Water Supply Corporation Board approval of all documents required for closing. He added that the Boards will need to decide on the length of the term. As of December 6th, interest rates are 2.33% on 20-year bonds and 2.74% on 30-year bonds. The boards will meet on January 7, 2025 to take action on approving and executing the required documents. The closing date is February 13, 2025. After that, a paying agent will receive the money and then bidding, purchasing of supplies and work can begin soon after that. Mr. Morales asked if any financial covenants would be placed on STWA. Mr. Rodriguez responded that all of the boards would be required to raise rates sufficiently to pay the debt.

Mr. Rodriguez informed the Board that work continues on other funding opportunities. In 2025 the Bureau of Reclamation grant for STWA's connecting portion of brackish water desalination projected will be reviewed. It pertains to emerging contaminants and is 100 percent grant for addressing any sort of emerging contaminants. He explained that the Seven Seas desalination project is in the water testing phase and if any emerging contaminants are detected, application can be made for a filtration system, purification system or distribution system to address the contaminants. Additionally, Water Finance Exchange is working closely with Texas A&M Corpus Christi on a Coastal Bend collaborative for conversations about water in the region. He said that desal is believed to be the future of the Coastal Bend, so they are putting together this collaborative to provide guidance, ideas, funding opportunities, and to review projects seen in other areas to help frame the future of water for the Coastal Bend. He intends to ask for a representative of STWA's staff to participate in the group.

13. TCAP Board of Directors Ballot.

Mr. Marez presented a ballot for the 2025-2026 TCAP Board of Directors election. The ballot listed nine candidates and allows for no more than eight votes. Mr. Graveley made a motion to cast one vote for each of the incumbents. Mr. Morales seconded. The motion passed by unanimous vote.

14. Petition for Addition of Certain Lands to the South Texas Water Authority and setting of public hearing date, time and place.

- Maria Cecilia Lazo –Lot 2 Block F of The Ranch Subdivision as recorded in the map records of Nueces County also recognized as 6303 Branding Iron, Robstown, Texas and Lot 3 Block F of The Ranch Subdivision as recorded in the map records of Nueces County also recognized as 6297 Branding Iron, Robstown, Texas

The Board reviewed the Annexation Petition. The property owner recently approached the Nueces Water Supply Corporation requesting service outside of the Authority's district boundaries and filed an Annexation Petition to begin the process of obtaining water service on the property. Mr. Marez recommended approval of Resolution 24-25 setting the Public Hearing on January 21, 2025 at 5:30 p.m. at the Courthouse Annex Law Enforcement Center, 1500 E. King, Kingsville, Texas.

15. Resolution 24-25. Resolution of determination of validity of Petition for Addition of Certain Lands to the South Texas Water Authority and setting the date, time and place for a public hearing and authorizing publication of public hearing notice. (Maria Cecilia Lazo).

Mr. Graveley made a motion to adopt Resolutions 24-25 setting the Public Hearing on January 21, 2025 at 5:30 p.m. at the Courthouse Annex Law Enforcement Center and authorizing publication of the public hearing notice. The motion was seconded by Ms. Garcia and passed unanimously.

10. Legal Update – CU Construction.

11. Water Supply Contract with the City of Corpus Christi.

Mr. Graveley announced that the Board would convene in Closed Session at 7:20 p.m. pursuant to Section 551.071 of the Government Code to receive legal advice from counsel regarding a pending litigation pertaining to CU Construction and the Water Supply Contract with the City of Corpus Christi. The Board reconvened in Open Session at 7:51 p.m. No action was taken during Closed Session.

16. Administration Report.

Mr. Marez reminded the Board that the next meeting is on January 7th to approve the necessary TWDB funding items followed by the next regular meeting scheduled for January 21st. He added that a new vehicle for office staff was purchased locally. He reported that he has been receiving

updates from Seven Seas and they are proceeding with drilling of a test well. Seven Seas expects to begin drilling in the first quarter of 2025 and will provide information on projections.

17. Adjournment.

With no further business to discuss, Mr. Rodriguez moved to adjourn the meeting at 7:58 p.m. Ms. Garcia seconded. The motion carried.

Respectfully submitted,



Frances De Leon
Assistant Secretary

ATTACHMENT 4

Treasurer's Report/ Payment of Bills

**The Treasurer's Reports are not complete and
STWA Bills will be provided separately.**

ATTACHMENT 5

Field Reports

Memorandum

To: South Texas Water Authority Board of Directors and John Marez, Administrator
From: Patrick Sendejo, O&M Manager / Victor Gutierrez, Field Supervisor
Date: December 6, 2024
Re: O&M Technical Report

During the Week of December 9th 2024:

Admin:

- Review GPS Records
- Update Daily Water Loss
- TRWA Apprenticeship Weekly Hours Update (Noe Moreno).
- Basic Water Training/Locate Training/CSI Training/Standard Operation Procedure Training.

Operations:

- Collect/Monitor NAP samples – STWA, RWSC & NWSC
- Monitor residuals (Total, Free, Mono, FAA) for the Driscoll Booster Station on the 42” line – Driscoll Before, Ave G, CR 16, Kingsville Meter Run & RWSC Meter Run @ Office
- Weekly CL 17 Verification
- BACT Samples NWSC, STWA, RWSC
- Locates – STWA, RWSC & NWSC
- Completed service orders for NWSC & RWSC.
- Completed Taps – (scheduled for week of 11/4/2024)

Safety & Maintenance:

- Safety Meeting: **Nitrification action plan discussion/Training**
(Open crew discussion of safety concerns, and Crew discussions on all aspects of preventative maintenance, which includes time for any Q&A.)
- Generators – Exercise Transfer Switch
- Weekly/Monthly Preventative Maintenance – Heavy Equipment, Lawn care equipment, Leak equipment, Pump-station equipment.
- Daily Vehicle Maintenance Report – Interior, Exterior & Under the Hood Inspections

Cathodic Protection:

- Weekly Monitoring of Rectifiers
- Assist with GIS system updates for 42” line and the Corporations
- Continue to assist with locates for STWA, NWSC, RWSC
- Updating diamond maps to assist with correcting water line locations etc.

During the Week of December 16th 2024:

Admin:

Review GPS records
TRWA Apprenticeship Weekly Hours Update (Noe Moreno)
Basic Water Training/Locate Training/CSI Training/ Standard Operation
Procedure Training.

Operations:

Collect/Monitor NAP samples – STWA, RWSC & NWSC
Monitor residuals (Total, Free, Mono, FAA) for the Driscoll Booster Station on
the 42” line – Driscoll Before, Ave G, CR 16, Kingsville Meter Run & RWSC
Meter Run @ Office
BacT Samples NWSC/STWA/RWSC
Weekly CL17 Verification
Meter Lockouts – NWSC, RWSC
Locates – STWA, RWSC, NWSC
Completed Service Orders for NWSC and RWSC
Completed Taps - (2)

Safety & Maintenance:

Safety Meeting: **Discussion on communication with supervisors/training**
(Open crew discussion of safety concerns, and Crew discussions on all
aspects of preventative maintenance, which includes time for any Q&A.)
Generators – Exercise Transfer Switch.
Weekly Preventative Maintenance – Heavy Equipment, Lawn care equipment,
Leak equipment, Pump-station equipment.
Daily Vehicle Maintenance Report - Interior, Exterior & Under the hood
Inspections

Cathodic Protection:

Weekly Monitoring of Rectifiers
Assist with GIS system updates for 42” line and the Corporations
Continue to assist with locates for STWA, NWSC, RWSC
Updating diamond maps to assist with correcting water line locations etc.

During the Week of December 30th 2024:

Admin:

Review GPS records
Update Daily Water Loss
TRWA Apprenticeship Hour Updates (Noe Moreno)
Basic Water Training/Locate Training/CSI Training/Standard Operation
Procedure Training.

Operations:

Collect/Monitor NAP samples – STWA, RWSC & NWSC
Monitor Residuals (Total, Free, Mono, FAA) for the Driscoll Booster Station on
the 42” line – Driscoll Before, Ave G, CR 16, Kingsville Meter Run & RWSC
Meter Run @ Office
Weekly CL 17 Verification
Locates – STWA, RWSC, NWSC
Completed service orders for NWSC and RWSC
Completed Taps – (Scheduled for 1/6/2025)

Safety & Maintenance:

Safety Meeting: **Training on flushing/residuals**
(Open crew discussion of safety concerns, Crew discussions on all aspects of
preventative maintenance, which includes time for any Q&A.)
Generators – Exercise Transfer Switch
Weekly Preventative Maintenance – Heavy Equipment, Lawn care equipment,
Leak equipment, Pump-station equipment.
Daily Vehicle Maintenance Report - Interior, Exterior & Under the Hood
Inspections

Cathodic Protection:

Weekly Monitoring of Rectifiers
Conduct surveys on Contract 1,2, and 3 to verify continuity thru out the 42”
pipeline.
Updating diamond maps to assist with correcting water line locations etc.
Assist with GIS system updates for 42” line and the Corporations
Continue to assist with locates for STWA, NWSC, RWSC

During the Week of January 6th 2025:

Admin:

Review GPS records
City Gallon Report
DLQOR Report
Update Daily Water Loss
TRWA Apprenticeship Hour Updates (Noe Moreno)
Basic Water Training/Locate Training/CSI Training/Standard
Operation Procedure Training.

Operations:

Prepare for TCEQ Inspection 2025 (Pending Date)
Collect/Monitor NAP samples – STWA, RWSC & NWSC
Monitor Residuals (Total, Free, Mono, FAA) for the Driscoll Booster Station on
the 42” line – Driscoll Before, Ave G, CR 16, Kingsville Meter Run & RWSC
Meter Run @ Office
Weekly CL 17 Verification
NWSC/RWSC Meter Readings
Locates – STWA, RWSC, NWSC
Completed service orders for NWSC and RWSC
Completed Taps/Extensions – (1)

Safety & Maintenance:

Safety Meeting: **Discussion on reading meters accurately/training**
(Open crew discussion of safety concerns, Crew discussions on all aspects of
preventative maintenance, which includes time for any Q&A.)
Generators – Exercise Transfer Switch
Weekly Preventative Maintenance – Heavy Equipment, Lawn care equipment,
Leak equipment, Pump-station equipment.
Daily Vehicle Maintenance Report - Interior, Exterior & Under the Hood
Inspections

Cathodic Protection:

Weekly Monitoring of Rectifiers
Provide presentation for STWA meeting in regards to continued Cathodic
Protection and future projects needed to assure the entire pipeline is protected
from corrosion.
Assist with GIS system updates for 42” line and the Corporations
Continue to assist with locates for STWA, NWSC, RWSC
Updating diamond maps to assist with correcting water line locations etc.

ATTACHMENT 6

Annexation Petitions

Memo

To: South Texas Water Authority, Board of Directors
From: John Marez, Exec Dir/Admin
Date: January 24, 2025
Re: Annexation Petition - Set Time and Date for Public Hearing:
Resolution 25-02 – Maria Cecilia Lazo –Situating in the Casa Blanca Survey, Being Lot 2 Block F, The Ranch, an unrecorded subdivision, Nueces County, Texas also recognized as 6303 Branding Iron, Robstown, Texas and Lot 3 Block F of the Ranch Subdivision as recorded in the map records of Nueces County also recognized as 6297 Branding Iron, Robstown.

Resolution 25-03 – Antonio Perez and Gloria Hernandez Perez – The East One-Half (E. 1/2) of Tract 2, Tierra Verde Unit Number 2, a subdivision in Nueces County, Texas according to map or plat thereof recorded in Volume 50, Pages 92-93, of the map records of Nueces County.

Background:

Property owners requesting retail water service from the Nueces Water Supply Corporation are required to be annexed into STWA's district boundaries. This results in the new NWSC member paying the same costs as all other NWSC customers, specifically, a retail water bill from NWSC and property taxes to STWA. Isaac Lee Felan contacted our office to request service in The Ranch, an unrecorded subdivision and filed an annexation petition.

Resolution 25-02 and 25-03 sets the date and time for the required public hearing. The public hearing will be scheduled immediately prior to the next regular STWA Board meeting.

Analysis:

Adoption of Resolution 25-02 and 25-03 begins the annexation process and enables the NWSC to provide retail service to Maria Cecilia Lazo and Antonio Perez and Gloria Hernandez Perez.

Staff Recommendation:

Adopt Resolution 25-02 & 25-03.

Board Action:

Determine whether to adopt Resolutions.

Summary:

The annexation process is established by State law and staff is following the required steps to include this applicant annexed into the South Texas Water Authority district boundaries.

PETITION FOR ADDITION OF CERTAIN LANDS TO
THE SOUTH TEXAS WATER AUTHORITY

STATE OF TEXAS :
COUNTY OF NUECES :

TO THE BOARD OF DIRECTORS OF THE SOUTH TEXAS WATER AUTHORITY:

The undersigned (herein called "Petitioner"), holder of title to the territory described by metes and bounds in Exhibit "A" which is attached hereto and incorporated herein for all purposes, being all of the residents and landowners of such territory, as shown by the tax rolls of Nueces County, Texas, and acting pursuant to the provisions of Section 11006.052, Special District Local Laws Code, respectfully petitions the Board of Directors of South Texas Water Authority that the territory described by metes and bounds in Exhibit "A" be added to and become a part of the established South Texas Water Authority, and in support of this petition would show as follows:

I.

Fee simple title and full ownership of the aforesaid territory, which lies wholly within Nueces County, Texas, is vested in Petitioner.

II.

The addition of said territory to South Texas Water Authority is feasible and practical, would be to the best interest both to the territory and to the Authority and would benefit said territory.

III.

The Authority will be able to supply water, or have water supplied, to the added territory.

IV.

This petition shall constitute an election on the part of the Petitioner, its successors and assigns, for the aforesaid land and any improvements which may be constructed thereon to become liable for all present and future debts of the Authority in the same manner and to the same extent as other lands and improvements in the Authority are liable for the Authority's debts.

V.

Petitioner hereby authorizes the Board of Directors of the Authority to levy taxes and set rates sufficient to pay their share of the aforementioned outstanding indebtedness.

WHEREFORE, Petitioner prays that this petition be properly filed, as provided by law; that the Board of Directors of South Texas Water Authority hear and consider the petition in keeping with the provisions of Section 11006.052, Special District Local Laws Code and that this petition in all things be granted and that the territory described in Exhibit "A" be added to and become a part of the established South Texas Water Authority; that after this petition is granted the Board's order thereon be filed of record and be recorded in the Deed Records of Nueces County, Texas; and that the area described in Exhibit "A" be thereafter a component part of South Texas Water Authority.

[Signatures and Acknowledgement on following page.]

EXECUTED this 11 day of November, 2024.

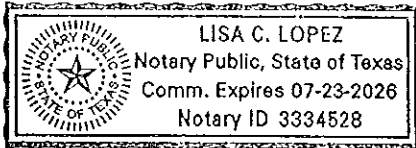
Maria C. Lazo
Maria Cecilia Lazo

ACKNOWLEDGEMENT

STATE OF TEXAS

COUNTY of Kleberg

Subscribed and sworn to before me Maria Cecilia Lazo on this the
11 day of November, 2024.



Lisa C Lopez
Notary Public

My Commission Expires: 7-23-2026

NOTARY SEAL

Exhibit "A"

To

PETITION FOR ADDITION OF CERTAIN LANDS TO
THE SOUTH TEXAS WATER AUTHORITY

Property Description:

The Ranch – Unrecorded Lot 2 Block F of The Ranch Subdivision, as recorded in the map records of Nueces County, Texas, also recognized as 6303 Branding Iron, Robstown, Texas 78380, and filed as Document No. 2023043752, County Clerk Records of Nueces County, Texas.

The Ranch – Unrecorded Lot 3, Block F of the Ranch Subdivision, as recorded in the map records of Nueces County, Texas, also recognized as 6297 Branding Iron, Robstown, Texas 78380, and filed as Document No. 2023043752, County Clerk Records of Nueces County, Texas.

PETITION FOR ADDITION OF CERTAIN LANDS TO
THE SOUTH TEXAS WATER AUTHORITY

STATE OF TEXAS :
COUNTY OF NUECES :

TO THE BOARD OF DIRECTORS OF THE SOUTH TEXAS WATER AUTHORITY:

The undersigned (herein called "Petitioner"), holder of title to the territory described by metes and bounds in Exhibit "A" which is attached hereto and incorporated herein for all purposes, being all of the residents and landowners of such territory, as shown by the tax rolls of Nueces County, Texas, and acting pursuant to the provisions of Section 7, Chapter 436, Acts of the 66th Legislature, Regular Session, 1979, respectfully petitions the Board of Directors of South Texas Water Authority that the territory described by metes and bounds in Exhibit "A" be added to and become a part of the established South Texas Water Authority, and in support of this petition would show as follows:

I.

Fee simple title and full ownership of the aforesaid territory, which lies wholly within Nueces County, Texas, is vested in Petitioner.

II.

The addition of said territory to South Texas Water Authority is feasible and practical, would be to the best interest both to the territory and to the Authority and would benefit said territory.

III.

The Authority will be able to supply water, or have water supplied, to the added territory.

IV.

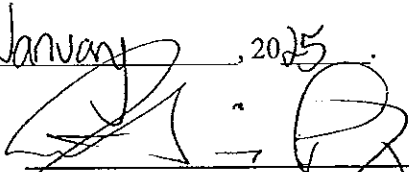
This petition shall constitute an election on the part of the Petitioner, its successors and assigns, for the aforesaid land and any improvements which may be constructed thereon to become liable for all present and future debts of the Authority in the same manner and to the same extent as other lands and improvements in the Authority are liable for the Authority's debts.

V.

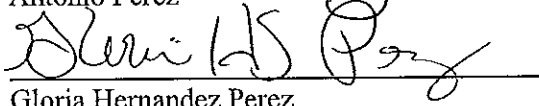
Petitioner hereby authorizes the Board of Directors of the Authority to levy taxes and set rates sufficient to pay their share of the aforementioned outstanding indebtedness.

WHEREFORE, Petitioner prays that this petition be properly filed, as provided by law; that the Board of Directors of South Texas Water Authority hear and consider the petition in keeping with the provisions of Section 7, Chapter 436, Acts of the 66th Legislature, Regular Session, 1979; and that this petition in all things be granted and that the territory described in Exhibit "A" be added to and become a part of the established South Texas Water Authority; that after this petition is granted the Board's order thereon be filed of record and be recorded in the Deed Records of Nueces County, Texas; and that the area described in Exhibit "A" be thereafter a component part of South Texas Water Authority.

EXECUTED this 18th day of January, 2025.



Antonio Perez



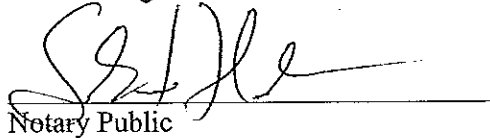
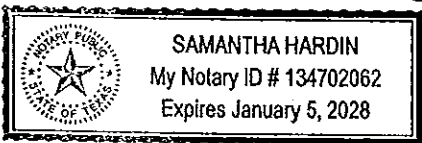
Gloria Hernandez Perez

ACKNOWLEDGEMENT

STATE OF TEXAS

COUNTY of Nueces

Subscribed and sworn to before me Antonio Perez, and Gloria Hernandez Perez on this the 18th day of January, 2025.



Notary Public

My Commission Expires: 01-05-2028

NOTARY SEAL

Exhibit "A"

To

PETITION FOR ADDITION OF CERTAIN LANDS TO
THE SOUTH TEXAS WATER AUTHORITY

The East One-Half (E. ½) of Tract 2, Tierra Verde Unit Number 2, a subdivision in Nueces County, Texas, according to map or plat thereof recorded in Volume 50, Pages 92-93, of the Map Records of Nueces County, Texas.

ATTACHMENT 7

Resolution 25-02

SOUTH TEXAS WATER AUTHORITY

Resolution 25-02

RESOLUTION OF DETERMINATION OF VALIDITY OF ANNEXATION PETITION,
SETTING PUBLIC HEARING AND AUTHORIZING PUBLICATION OF NOTICE.

WHEREAS, Maria Cecilia Lazo (Petitioner), has filed the attached petition (the Petition) with the South Texas Water Authority requesting annexation of their property into the South Texas Water Authority in order to allow water service to the property to be provided by Nueces Water Supply Corporation, and

WHEREAS, the South Texas Water Authority Board of Directors has reviewed the Petition and finds that it meets all of the requirements for annexation into the South Texas Water Authority's District, and

WHEREAS, the Board of Directors hereby sets a public hearing to hear evidence for or against the proposed annexation of this property to be held on February 18, 2025 at 5:30 p.m. at the Courthouse Annex Law Enforcement Center, 1500 E. King, Kingsville, Texas.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the South Texas Water Authority hereby authorizes the publication of the attached Notice of Public Hearing on Annexation for a public hearing to be held on February 18, 2025 at 5:30 p.m. at the Courthouse Annex Law Enforcement Center, 1500 E. King, Kingsville, Texas. At such hearing all interested persons may appear and offer evidence for or against the proposed annexation of the property described in Exhibit A of the Petition.

Duly adopted this 28th day of January, 2025.

JOSE M. GRAVELEY, PRESIDENT

ATTEST:

IMELDA GARZA, SECRETARY/TREASURER

NOTICE OF PUBLIC HEARING ON ANNEXATION

THE STATE OF TEXAS
SOUTH TEXAS WATER AUTHORITY

Pursuant to a Resolution adopted by the Board of Directors of South Texas Water Authority, a hearing shall be held at the South Texas Water Authority, 2302 East Sage Road, Kingsville, Texas, on February 18, 2025 at 5:30 p.m. with respect to the Petition filed by Maria Cecilia Lazo for annexation of the territory described below, on the question of whether the territory sought to be annexed will be benefited by the improvements, works, and facilities then owned or operated or contemplated to be owned or operated by the Authority or by the other functions of the Authority. All interested persons may appear at such hearing and offer evidence for or against the proposed annexation.

Signed this the 28th day of January, 2025.

Jose M. Graveley, President
Board of Directors
South Texas Water Authority

That certain lot or tract of land situated in Nueces County, Texas, and more particularly described as follows:

Unrecorded Lot 2 Block F of The Ranch Subdivision, as recorded in the map records of Nueces County, Texas, also recognized as 6303 Branding Iron, Robstown, Texas 78380, and filed as Document No. 2023043752, County Clerk Records of Nueces County, Texas and Unrecorded Lot 3 Block F of The Ranch Subdivision, as recorded in the map records of Nueces County, Texas, also recognized as 6297 Branding Iron, Robstown, Texas 78380, and filed as Document No. 2023043752, County Clerk Records of Nueces County, Texas.

ATTACHMENT 8

Resolution 25-03

SOUTH TEXAS WATER AUTHORITY

Resolution 25-03

RESOLUTION OF DETERMINATION OF VALIDITY OF ANNEXATION PETITION,
SETTING PUBLIC HEARING AND AUTHORIZING PUBLICATION OF NOTICE.

WHEREAS, Antonio Perez and Gloria Hernandez Perez (Petitioners), have filed the attached petition (the Petition) with the South Texas Water Authority requesting annexation of their property into the South Texas Water Authority in order to allow water service to the property to be provided by Nueces Water Supply Corporation, and

WHEREAS, the South Texas Water Authority Board of Directors has reviewed the Petition and finds that it meets all of the requirements for annexation into the South Texas Water Authority's District, and

WHEREAS, the Board of Directors hereby sets a public hearing to hear evidence for or against the proposed annexation of this property to be held on February 18, 2025 at 5:30 p.m. at the Courthouse Annex Law Enforcement Center, 1500 E. King, Kingsville, Texas.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the South Texas Water Authority hereby authorizes the publication of the attached Notice of Public Hearing on Annexation for a public hearing to be held on February 18, 2025 at 5:30 p.m. at the Courthouse Annex Law Enforcement Center, 1500 E. King, Kingsville, Texas. At such hearing all interested persons may appear and offer evidence for or against the proposed annexation of the property described in Exhibit A of the Petition.

Duly adopted this 28th day of January, 2025.

JOSE M. GRAVELEY, PRESIDENT

ATTEST:

IMELDA GARZA, SECRETARY/TREASURER

NOTICE OF PUBLIC HEARING ON ANNEXATION

THE STATE OF TEXAS
SOUTH TEXAS WATER AUTHORITY

Pursuant to a Resolution adopted by the Board of Directors of South Texas Water Authority, a hearing shall be held at the South Texas Water Authority, 2302 East Sage Road, Kingsville, Texas, on February 18, 2025 at 5:30 p.m. with respect to the Petition filed by Antonio Perez and Gloria Hernandez Perez for annexation of the territory described below, on the question of whether the territory sought to be annexed will be benefited by the improvements, works, and facilities then owned or operated or contemplated to be owned or operated by the Authority or by the other functions of the Authority. All interested persons may appear at such hearing and offer evidence for or against the proposed annexation.

Signed this the 28th day of January, 2025.

Jose M. Graveley, President
Board of Directors
South Texas Water Authority

That certain lot or tract of land situated in Nueces County, Texas, and more particularly described as follows:

Antonio Perez and Gloria Hernandez Perez – The East One-Half (E. ½) of Tract 2, Tierra Verde Unit Number 2, a subdivision in Nueces County, Texas, according to map or plat thereof recorded in Volume 50, Pages 92-93, of the Map Records of Nueces County, Texas.

ATTACHMENT 9

Professional Services Contract

Memo

To: South Texas Water Authority, Board of Directors
From: John Marez, Executive Director/Administrator
Date: January 24, 2025
Topic: Professional Services Contract for a Consultant of Legislative Affairs

Background:

The South Texas Water Authority (STWA) requires professional consulting services to navigate legislative affairs effectively. These services include advising on legislative developments, drafting policy recommendations, and coordinating with legislators, legislative bodies and staff. To address this need, a Professional Services Agreement has been drafted for the engagement of a consultant on a pro bono basis.

Analysis:

The proposed agreement outlines the following key provisions:

1. Scope of Services:

- Advising and assisting STWA with legislative matters.
- Monitoring legislative developments and representing STWA's interests in discussions with legislative bodies.
- Providing additional support as mutually agreed.

2. Pro Bono Basis:

- The Consultant has offered to provide services without any financial remuneration, ensuring cost-efficiency for STWA.

3. Independent Contractor Status:

- The Consultant will operate as an independent contractor, maintaining autonomy while ensuring STWA's interests are represented effectively.

4. Confidentiality and Ownership:

- All work product created under this agreement will be the exclusive property of STWA, and confidentiality will be maintained throughout the engagement.

Staff Recommendation:

Approve the Professional Services Agreement to formalize the consultant's role in supporting STWA's legislative affairs. This agreement ensures STWA benefits from expert guidance at no financial cost while maintaining control over legislative strategies.

Board Action:

Determine whether to proceed with staff's recommendation.

Memo
1/24/25
Page 2 of 2

Summary:

The engagement of a consultant on a pro bono basis aligns with STWA's commitment to fiscal responsibility while addressing its need for specialized legislative expertise. Board approval of this agreement is requested to proceed with this valuable partnership.

Attachment: Draft Professional Services Agreement

PROFESSIONAL SERVICES AGREEMENT

This Professional Services Agreement ("Agreement") is entered into on this ___ day of _____, 20__, by and between:

South Texas Water Authority, a Water Conservation and Reclamation District with its principal address at 2302 E. Sage Rd., Kingsville, Texas 78363 (hereinafter referred to as the "Client"),

and

_____, an individual or entity with its principal address at _____ (hereinafter referred to as the "Consultant").

RECITALS

WHEREAS, the Client requires professional consulting services related to legislative affairs;

WHEREAS, the Consultant has offered to provide such services to the Client on a pro bono basis, without salary, compensation, or other financial remuneration; and

WHEREAS, the Client desires to accept the Consultant's offer of professional services under the terms and conditions outlined in this Agreement.

NOW, THEREFORE, in consideration of the mutual promises contained herein, the Client and the Consultant agree as follows:

1. SCOPE OF SERVICES

The Consultant agrees to provide the following services to the Client:

- Advising and assisting with legislative matters, including advice on drafting policy recommendations, monitoring legislative developments, scheduling with key stakeholders;
- Representing the Client's interests in discussions or other engagements with legislators or legislative bodies;
- Other tasks related to legislative affairs as may be mutually agreed upon in writing by the Client and the Consultant.

2. TERM OF AGREEMENT

This Agreement shall commence on [start date] and shall remain in effect until [end date or specify "terminated by either party"]. Either party may terminate this Agreement at any time, with or without cause, upon providing thirty (30) days written notice to the other party.

3. PRO BONO SERVICES

The Consultant acknowledges and agrees that all services performed under this Agreement are provided on a pro bono basis. The Consultant will not receive any salary, compensation, or other financial remuneration from the Client for the services provided.

4. INDEPENDENT CONTRACTOR RELATIONSHIP

The Consultant is retained as an independent contractor and not as an employee, agent, or representative of the Client. The Consultant shall not have any authority to bind the Client to any contracts, agreements, or obligations without prior written consent. Nothing in this Agreement shall be construed to create a partnership, joint venture, or employer-employee relationship between the Client and the Consultant.

5. CONFIDENTIALITY

The Consultant agrees to maintain in confidence and not disclose any proprietary or confidential information obtained in the course of performing services under this Agreement, except as authorized in writing by the Client or as required by law.

6. OWNERSHIP OF WORK PRODUCT

All work product, including but not limited to reports, analyses, and recommendations, created by the Consultant under this Agreement shall be the sole and exclusive property of the Client. The Consultant agrees to execute any necessary documentation to transfer ownership rights to the Client.

7. INDEMNIFICATION

The Consultant agrees to indemnify, defend, and hold harmless the Client, its officers, employees, and agents from and against any and all claims, liabilities, damages, or expenses (including reasonable attorney's fees) arising from the Consultant's performance of services under this Agreement.

8. GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of [State Name], without regard to its conflict of laws principles.

9. ENTIRE AGREEMENT

This Agreement constitutes the entire understanding between the parties with respect to the subject matter herein and supersedes all prior agreements, representations, and understandings. This Agreement may only be amended or modified in writing, signed by both parties.

10. SEVERABILITY

If any provision of this Agreement is held to be invalid or unenforceable, the remaining provisions shall remain in full force and effect.

11. NOTICES

All notices required under this Agreement shall be in writing and sent to the addresses set forth above by certified mail, return receipt requested, or by email with confirmation of receipt.

IN WITNESS WHEREOF

The parties have executed this Agreement as of the date first written above.

****CLIENT**:**

[Entity Name]

By: _____

Name: _____

Title: _____

Date: _____

****CONSULTANT**:**

By: _____

Name: _____

Date: _____

ATTACHMENT 10

Job Posting – Finance Manager

Memo

To: South Texas Water Authority, Board of Directors
From: John Marez, Executive Director/Administrator
Date: January 24, 2025
Topic: Job Description for STWA Finance Manager

Background:

With the announcement of our Finance Manager's retirement set for February 2026 I am recommending we begin searching for Ms. Wagner's replacement. The South Texas Water Authority (STWA) has revised the job description for the Finance Manager position to align with organizational goals and regulatory compliance requirements. This role oversees the Finance Division and supports two non-profit Water Supply Corporations, ensuring the effective management of financial, accounting, and customer service functions. This update reflects current best practices and incorporates additional responsibilities such as compliance with the Public Funds Investment Act (PFIA) and tax assessor requirements.

Analysis:

The updated job description enhances clarity on the key responsibilities, qualifications, and expectations for the Finance Manager role. Notable revisions include:

1. Expanded Financial Oversight:
 - Greater emphasis on investment management, annual audits, and financial compliance.
 - Inclusion of the Chief Tax Assessor and Co-Investment Officer duties.
2. Leadership Expectations:
 - Focus on team development through goal-setting, motivation, and accountability.
3. Desirable Qualifications:
 - Preference for CPA certification and experience in governmental accounting or water utilities.

These updates ensure STWA's financial operations remain strong, efficient, and adaptable to evolving regulatory and operational demands.

Staff Recommendation:

Staff recommends that the Board approve the revised job description for the Finance Manager position. This approval will ensure the role is effectively defined to attract qualified candidates capable of meeting STWA's needs.

Board Action:

1. Review and discuss the proposed revisions to the Finance Manager job description.
2. Approve the updated job description as presented and begin active recruitment to fill this position.

Memo
1/24/25
Page 2 of 2

Summary:

The Finance Manager role is critical to STWA's financial stability and operational efficiency. The proposed revisions align the position's responsibilities with the Authority's strategic priorities, emphasizing leadership, compliance, and financial stewardship. Approval of this updated job description will position STWA to recruit and retain high-caliber talent to meet its organizational objectives.

Attachment: Draft Job Description for STWA Finance Manager

Finance Manager

Reports to: Executive Director

Status: Executive, At-Will, Exempt

Summary:

The Finance Manager oversees the Finance Division of the South Texas Water Authority (a Texas Water Conservation and Reclamation District) and two non-profit Water Supply Corporations, ensuring efficient operations across financial management, accounting, payroll, utility billing, and customer service functions. This executive-level position provides strategic leadership and maintains oversight of diverse and complex financial and customer service activities while ensuring compliance with regulatory requirements and maintaining confidentiality.

Key Responsibilities:

- **Financial Management:**
 - Plan, structure, and evaluate financial and utility customer service operations.
 - Oversee accounting activities, including the general ledger, accounts receivable/payable, fixed assets and debt service requirements.
 - Ensure compliance with financial regulations and establish internal controls.
- **Customer Service Oversight:**
 - Supervise account setup, billing, collections, and related customer service activities.
- **Leadership and Supervision:**
 - Provide effective leadership, including goal setting, motivation, coaching, evaluation, and accountability for the Finance Division.
- **Reporting and Compliance:**
 - Prepare budgets, financial reports, and regulatory filings.
 - Coordinate the annual audits and develop the Annual Comprehensive Financial Report.
- **Investment and Banking:**
 - Manage banking relationships and oversee investment activities.
 - Monitor investment performance and ensure compliance with policies and regulations.
- **Stakeholder Engagement:**
 - Represent the Authority with the public, financial institutions, vendors, and other entities.

Qualifications:

Knowledge:

- Financial analysis, budgeting, and investment principles.
- Generally Accepted Accounting Principles (GAAP) and/or Governmental Accounting Standards Board (GASB).
- Banking, risk management, purchasing, and payroll.
- Customer service processes, including billing, collections, and recordkeeping.

Skills:

- Organizing and prioritizing tasks for self and team.
- Making decisions with accuracy under pressure.
- Performing complex accounting and financial analyses.

Abilities:

- Adapt to change and quickly learn policies and procedures.
- Lead and inspire a diverse team.
- Advise the executive team and Board of Directors effectively.

Education & Experience:

- Experience: 7-10 years of progressive financial management experience, including at least 2 years supervising professional staff.
- Education: Bachelor's degree in accounting, finance, public administration, or a related field. Relevant experience may substitute for education or vice versa.

Desirable Qualifications:

- Familiarity with governmental accounting.
- Experience with water utilities or public agencies.

Special Requirements:

Chief Tax Assessor Responsibilities:

- Meet state statutory requirements as Tax Assessor.
- Obtain and maintain registration as a Tax Assessor for the Authority.

Co-Investment Officer Duties:

- Manage the Authority's investment portfolio in compliance with the Public Funds

Investment Act (PFIA) and investment policies.

- Regularly report performance and ensure liquidity for operational needs.
- Certifications:
 - Valid Texas Driver's License with a safe driving record.
 - Certified Public Accountant (CPA) designation preferred but not required.

- Physical Requirements:

- Ability to lift, push, or drag up to 25 pounds.
- Acute hearing and clear vision for reading standard text and computer screens.

And all other job duties assigned by the Executive Director/designee or Board of Directors.

Revised: January 2025

ATTACHMENT 11

FY 2025 Pickup Truck Specifications

Memo

To: South Texas Water Authority Board of Directors
From: John Marez, Exec Dir/Admin
Date: January 17, 2025
Topic: Specifications for 2024 or 2025 Pickup Truck 4-Door Crew Cab Standard Bed – Gas Engine

Background:

The South Texas Water Authority continues its efforts to modernize and replace its aging vehicle fleet. After reviewing the original specifications for replacement trucks, the Operations and Maintenance (O&M) Manager identified opportunities to improve bid pricing by making minor adjustments to the engine type. Specifically, the recommendation to modify the specifications from an 8-cylinder to a 6-cylinder engine is expected to result in cost savings while maintaining operational efficiency.

The specifications provided along with this memo offer the Board of Directors clear guidance on the type of trucks best suited for field staff use.

Analysis:

Recent purchases of similar trucks have cost approximately \$60,000 per vehicle. By updating the specifications to include a 6-cylinder engine, we anticipate a reduction in overall purchase costs. These adjustments align with the Authority's fiscal responsibility and operational needs.

Staff Recommendation:

Authorize staff to:

1. Submit a bid proposal for two Pickup Trucks based on the provided specifications.
2. Make minor adjustments to the specifications, as necessary, without requiring additional board votes.

The specifications provided as an attachment detail the updated requirements for the proposed vehicles. This may allow for staff to purchase one or both vehicles without having to bring forward to the board for final approval if any vehicle price comes below procurement laws.

Board Action:

Authorize staff to proceed with submitting a bid proposal for Pickup Trucks reflecting the specifications, ensuring flexibility to make necessary adjustments during the procurement process.

Summary:

Following the submission of specifications to the open market, staff will present a recommendation to the Board of Directors at a future meeting. This recommendation will include pricing, delivery timelines, and make/model options to enable the board to make a well-informed decision.

Attachment: Updated Specifications for Half-Ton Pickup Trucks

2024 Colorado

WT, 4WD

Model Exterior Interior Options Summary




Drive Type

2WD

4WD

Model (5)

WT 4WD 

From: \$34,695 [±]

- Chevy Safety Assist
- 2.7L Turbo engine

- 17" Ultra Silver Metallic steel wheels

[View All Features](#)

[Compare All](#)

2.7L Turbo engine
8-speed automatic transmission
From: \$34,695 [±]



TurboMax™ engine
8-speed automatic transmission
From: \$35,980 [±]



LT 4WD

From: \$37,095 [±]

- Keyless Entry and Start
- 17" Argent Metallic aluminum wheels
- Body-color door handles

[View All Features](#)

[Compare All](#)

2.7L Turbo engine
8-speed automatic transmission
From: \$37,095 [±]



TurboMax™ engine
8-speed automatic transmission
From: \$38,380 [±]



Trail Boss 4WD

From: \$39,195 [±]

- Off-Road, 2-inch factory-installed lift
- TurboMax™ engine
- 18" 265/65R18 all-terrain blackwall 32" OD tires

[View All Features](#)

[Compare All](#)

TurboMax™ engine
8-speed automatic transmission



Z71 4WD

From: \$42,095 [±]

- 120-volt box-mounted power outlet
- Available Jet Black/Adrenaline Red, Cloth/Evotex seat trim
- 18" Android Dark full gloss aluminum wheels

[View All Features](#)

[Compare All](#)

TurboMax™ engine
8-speed automatic transmission



ZR2 4WD

From: \$48,695 ‡

- ZR2 Off-Road Package
- 17" Graphite and Oxide Gold aluminum wheels
- 17" LT285/70R17 blackwall 33" OD MT tires

[View All Features](#)

[Compare All](#)

TurboMax™ engine
8-speed automatic transmission



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Overview

Build & Price (<https://shop.ford.com/configure/ranger/2025?intcmp=vhp-seconNav-fbc>)

2025 Ranger® XLT

Build & Price

(<https://shop.ford.com/configure/ranger/2025?intcmp=moddetails-bb-fbc>)



\$36,010

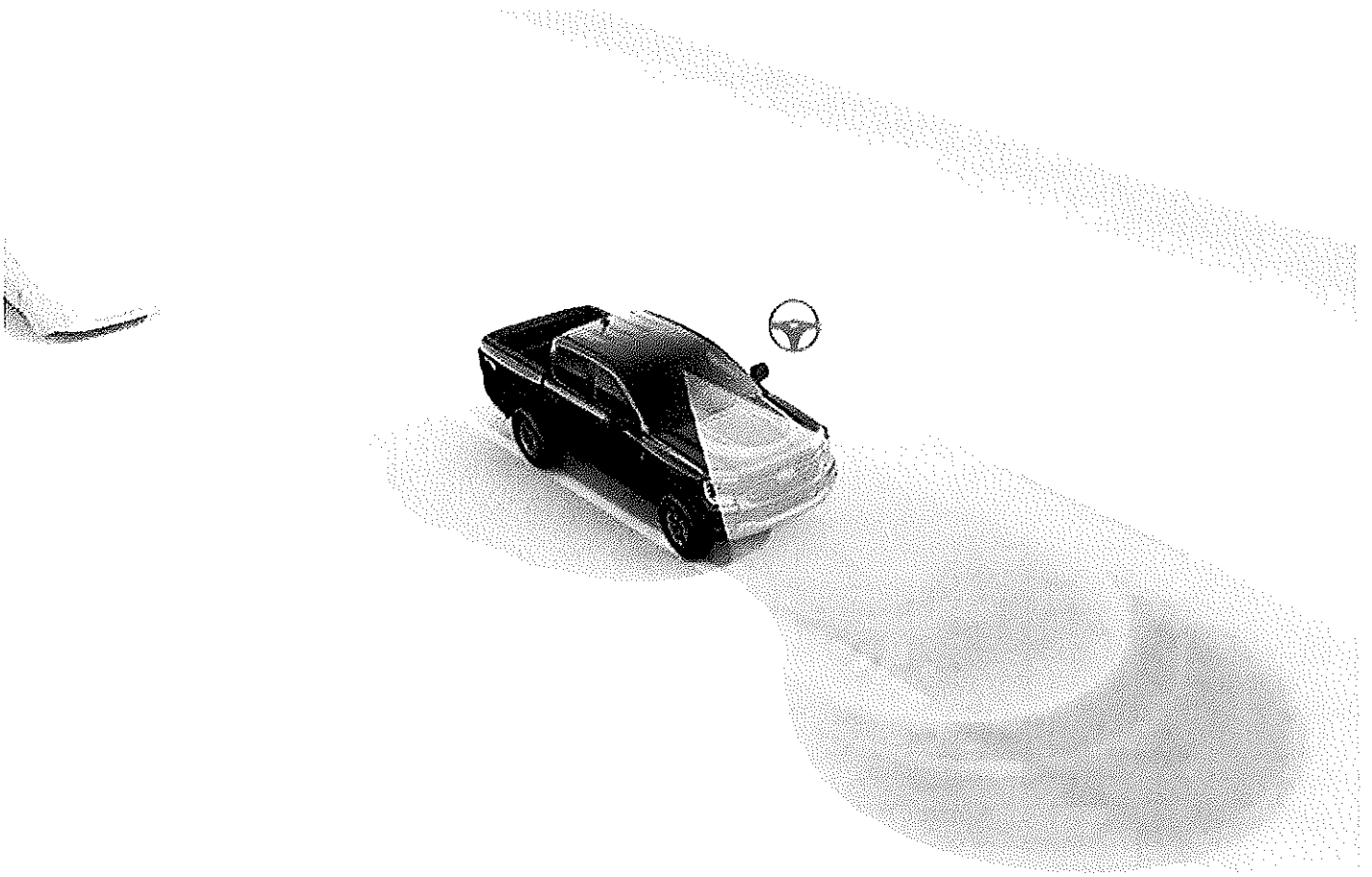
Starting at ¹

5

Seating for

[View all offers for 75201](#)

Key Features



Ford Co-Pilot360[®] Technology

An assembly of driver-assist technology features to help keep you in command, from the city streets to the scenic route.¹⁰ Standard on XLT and higher trims.

Exterior Features



Accessories



Interior Features



Packages



Power and Handling



Safety



Specifications



Highlights

Highlights

Available Engines

2.3L EcoBoost® I-4

2.7L EcoBoost®

3.0L EcoBoost®

Horsepower

-

-

-

Torque (lb.-ft.)

-

-

-

Auto Start/Stop Technology

Standard

Standard

Standard

1 | Page

Highlights

EPA-
Estimated
Ratings -
4x2*

-

-

-

EPA-
Estimated
Ratings -
4x4*

-

-

-

*Actual
mileage will
vary.

	2.3L EcoBoost [®]	2.3L EcoBoost [®]	2.7L EcoBoost [®]	3.0L EcoBoost [®]
Available Cab Types	SuperCrew [®]	SuperCrew [®]	SuperCrew [®]	Raptor [®]
Drive Type	4x2	4x4	4x4	4x4
Max Seating Capacity	5	5	5	5
Wheelbase	128.7 in.	128.7 in.	128.7 in.	128.7 in.
Maximum Conventional Towing (When properly configured)	-	-	-	-
Maximum Payload (When properly configured)	-	-	-	-

Highlights

Min Vehicle
Base Curb
Weight

- - - -

Available
Trims

XL / XLT / LARIAT[®] / RAPTOR[®]

Transmission
- 10-Speed
SelectShift[®]
Automatic

Standard

Available
Drive Types

4x2 / 4x4

Time

Distance

Warranty -
Bumper to
Bumper

3 years

36,000 miles

Warranty -
Powertrain

5 years

60,000 miles

Warranty -
Safety
Restraint
System

5 years

60,000 miles

Warranty -
Aluminum
Body Panels

5 years

Unlimited miles

Warranty -
Corrosion -
Sheet Metal
(Perforation
Only

5 years

Unlimited miles

Excluding
Aluminum)

Highlights

Warranty -

Paint

5 years

Unlimited miles

Adhesion

Warranty -

Roadside

5 years

60,000 miles

Assistance

Program

Exterior

Exterior

Exterior

Dimensions

- Cab

Cab style	SuperCrew®	SuperCrew®	Raptor® SuperCrew®
Pickup box style	Styleside	Styleside	Styleside
Drive system	4x2	4x4	4x4
Wheelbase	128.7 in.	128.7 in.	128.7 in.
Overall length	210.6 in.	210.6 in.	210.9 in.
Vehicle Height - Maximum	74.4 in.	74.4 in.	75.9 in.
Vehicle Width - Excluding mirrors	75.5 in.	75.5 in.	79.8 in.

Exterior

Width - Including mirrors	86.7 in.	86.7 in.	86.7 in.
Width - Mirrors folded	79.0 in.	79.0 in.	79.0 in.
Track width - Front	63.8 in.	63.8 in.	67.3 in.
Track width - Rear	63.8 in.	63.8 in.	67.3 in.
Overhang - Front	34.1 in.	34.1 in.	33.9 in.
Overhang - Rear	47.8 in.	47.8 in.	48.2 in.
Angle of approach	30.2 degrees	30.2 degrees	33.0 degrees
Angle of departure	25.8 degrees	25.8 degrees	26.4 degrees
Ramp breakover angle - curb	23.0 degrees	23.0 degrees	24.2 degrees
Minimum Running Ground Clearance	9.3 in.	9.3 in.	10.7 in.
Front bumper to back of cab	143.2 in.	143.2 in.	143.2 in.
Exterior Dimensions - Cargo Box			

Exterior

Cargo box style	Styleside (4x2)	Styleside (4x4)	Styleside Raptor®
Inside Length (at floor)	59.6 in.	59.6 in.	59.6 in.
Width between wheelhouses	48.2 in.	48.2 in.	48.2 in.
Inside Height	20.8 in.	20.8 in.	20.8 in.
Cargo box volume	43.5 cu. Ft.	43.5 cu. Ft.	43.5 cu. Ft.

Interior

Interior

Interior Dimensions

Cab style	SuperCrew®
Head room - Front	41.0 in.
Head room - Rear	38.3 in.
Shoulder room - Front	57.1 in.
Shoulder room - Rear	56.7 in.
Hip room - Front	55.9 in.

Interior

Hip room - Rear	54.1 in.
Max Leg room - Front	43.2 in.
Leg room - Rear	34.6 in.

Capacities

Capacities

Cab style	SuperCrew® 4x2	SuperCrew® 4x4	Raptor® SuperCrew®
Pickup box style	Styleside	Styleside	Styleside
Wheelbase	128.7 in.	128.7 in.	128.7 in.
Drive system	4x2	4x4	4x4
Seating capacity	5	5	5
Fuel Capacity	18 gal.	18 gal.	20 gal.
Base Curb Weight - 2.3L EcoBoost®	-	-	-
Base Curb Weight - 2.7L EcoBoost®	-	-	-

Capacities

Base Curb
Weight -
3.0L
EcoBoost[®]

Engine

Engine

Engine Specifications

Engine type	2.3L EcoBoost [®] I-4	2.7L EcoBoost [®]	3.0L EcoBoost [®]
Auto Start/Stop Technology	Standard	Standard	Standard
Engine Control System	PCM	PCM	PCM
Horsepower (SAE net @ rpm.)	-	-	-
Torque (lb.-ft. @ rpm.)	-	-	-
Compression ratio	10.1:1	10.0:1	10.5:1
Bore (in.)	3.45 in.	3.267 in.	3.36 in.
Stroke (in.)	3.7 in.	3.267 in.	3.38 in.
Displacement (cu. in.)	140 cu in.	165 cu. in.	180 cu. in.
Fuel delivery	Direct Injection	Port fuel and direct injection	Direct injection

Engine

Recommended Fuel	87 Octane	87 Octane	91 Octane
Oil Capacity	6.2 quarts	N/A	N/A
EPA-Estimated Ratings - 4x2*	-	-	-
EPA-Estimated Ratings - 4x4*	-	-	-
EPA-Estimated Ratings - Raptor®*	-	-	-
Transmission type	Electronic 10-speed automatic	Electronic 10-speed automatic	Electronic 10-speed automatic
Transmission - Tow/Haul	Standard	Standard	Standard
Transmission - SelectShift® w/ Progressive Range Select	Standard	Standard	Standard
Engine block material	Aluminum	Compacted Graphite Iron	Compacted Graphite Iron
Cylinder head material	Aluminum	Aluminum	Aluminum

*Actual mileage will vary.

Chassis

Chassis

Chassis Specifications

Chassis Type	Ranger®	Ranger® Raptor®
Front suspension	Independent short long arm and solid stabilizer bar	Forged Aluminum double-A arm suspension with 2.5-inch Fox® Live Valve Shocks
Rear suspension	Hotchkiss-type non-independent live, leaf springs and outboard shock absorbers	Watts-Link rear suspension with trailing arms and Fox® Live Valve Shocks
Front and rear shocks	Gas-Pressurized	Fox Racing Shocks with Live Valve Technology
Brakes	Four-wheel power disc brakes with four-sensor, four-channel antilock braking system and AdvanceTrac® electronic stability control	Four-wheel power disc brakes with four-sensor, four-channel antilock braking system and AdvanceTrac® electronic stability control
Steering	Electric power-assisted, rack-and-pinion	Electric power-assisted, rack-and-pinion

Towing

Towing

Maximum Conventional Towing Capabilities

SuperCrew®

Drive Type	4x2	4x4	4x4	Raptor® 4x4
------------	-----	-----	-----	-------------

Towing

Engine with Automatic Transmission	2.3L EcoBoost® I-4	2.3L EcoBoost® I-4	2.7L EcoBoost®	3.0L EcoBoost® I-4
Wheelbase	128.7 in.	128.7 in.	128.7 in.	128.7 in.
Axle Ratio	3.73	3.73	3.73	4.27
GCWR	-	-	-	-
Maximum Conventional Towing Capabilities*	-	-	-	-

*When equipped with available trailer tow package.

Payload

Payload

Maximum Payload Capabilities

SuperCrew®	2.3L EcoBoost®	2.3L EcoBoost®	2.7L EcoBoost®	3.0L EcoBoost®
Drive Type	4x2	4x4	4x4	Raptor® 4x4
Wheelbase	128.7 in.	128.7 in.	128.7 in.	128.7 in.
GVWR	-	-	-	-

Payload

Maximum

Payload

Capabilities



Build & Price

(<https://shop.ford.com/configure/ranger/2025?intcmp=moddetails-kba-fbc>)



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Request Quote >

Disclosures

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1.

Current Manufacturer Suggested Retail Price (MSRP) for base vehicle. Excludes [destination/delivery fee](#) (<https://www.ford.com/auto-shipping-delivery-charges/>) plus government fees and taxes, any finance charges, any dealer processing charge, any electronic filing charge, and any emission testing charge. Optional equipment not included. Starting A, Z and X Plan price is for qualified, eligible customers and excludes document fee, destination/delivery charge, taxes, title and registration. Not all vehicles qualify for A, Z or X Plan.

ATTACHMENT 12

TWDB Funding PIF Authorization

Memo

To: South Texas Water Authority, Board of Directors
From: John Marez, Executive Director/Administrator
Date: January 23, 2025
Topic: Authorization to Apply for the Next Round of Project Information Forms (PIF)

Background:

The South Texas Water Authority (STWA) continues its proactive efforts to secure funding for critical infrastructure improvements identified in its Master Plan. These efforts include addressing essential needs such as replacing aging water lines/infrastructure, estimating costs for connections to a potential brackish water desalination plant, and expanding funding for additional infrastructure projects totaling over \$19 million.

Historically, STWA has submitted applications for funding through the Drinking Water State Revolving Fund (DWSRF), ranking high in eligibility (2 out of 2 attempts). However, funding constraints at the state level have prevented the Authority from receiving the full 70% grant allocation in previous cycles.

The current DWSRF funding cycle is open, with applications due March 7, 2025. This provides STWA another opportunity to secure much-needed funding. Additionally, the Texas Water Fund has requested \$5 billion to address water loss and develop new water sources—both critical priorities for the Authority.

Analysis:

Securing funding through state programs such as the DWSRF offers significant benefits, including:

- Potential Grant Opportunities: Loan forgiveness that reduces the financial burden on STWA.
- Low-Interest Lending: Providing cost-effective borrowing to fund critical infrastructure needs.
- Negotiation Flexibility: As a single investor, the Texas Water Development Board (TWDB) offers loan features that may allow for flexible terms.

Applying during this funding cycle positions STWA strategically for future funding opportunities while advancing the Master Plan's priorities and addressing urgent infrastructure needs.

Staff Recommendation:

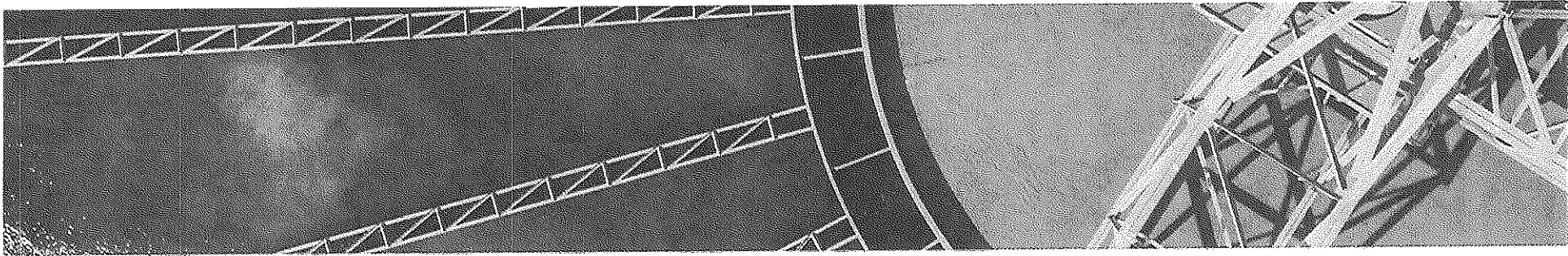
Staff recommends that the Board of Directors authorize STWA to apply for the next round of Project Information Forms (PIF) under the DWSRF program. This step will enable STWA to pursue critical funding opportunities and potentially receive an invitation for grant assistance to address infrastructure needs.

Board Action:

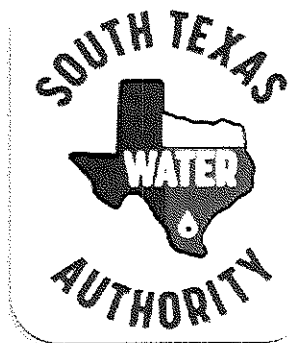
Authorize the Executive Director to proceed with submitting the Project Information Form for the Drinking Water State Revolving Fund application before the March 7, 2025 deadline.

Summary:

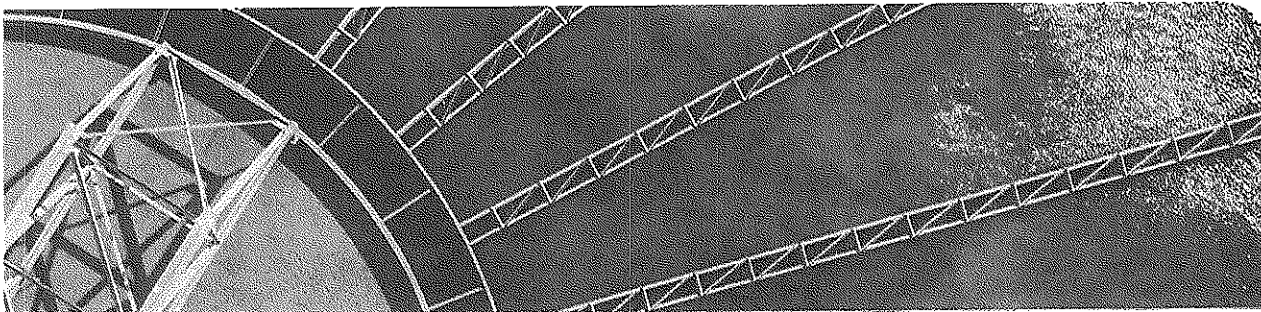
By authorizing this application, STWA demonstrates its commitment to securing resources to modernize and sustain its water system. This action not only addresses immediate infrastructure concerns but also positions the Authority for long-term operational reliability and financial flexibility with a low direct cost to the STWA customers.



South Texas Water Authority



Presentation to the Board of Directors *Water Funding 2025*



January 21, 2025

WFX
WATER FINANCE EXCHANGE
NO COMMUNITY LEFT BEHIND

Identification of Needs

- STWA has gone through a rigorous review of needs to address water infrastructure.
- This review has been done to address the basic needs that will ensure the water system continues to operate in a reliable and healthy manner.
- A Master Plan and asset review was completed to detail these infrastructure needs.
- A portion of the master plan's most critical needs of \$7.8 million is near closing

Identification of Needs

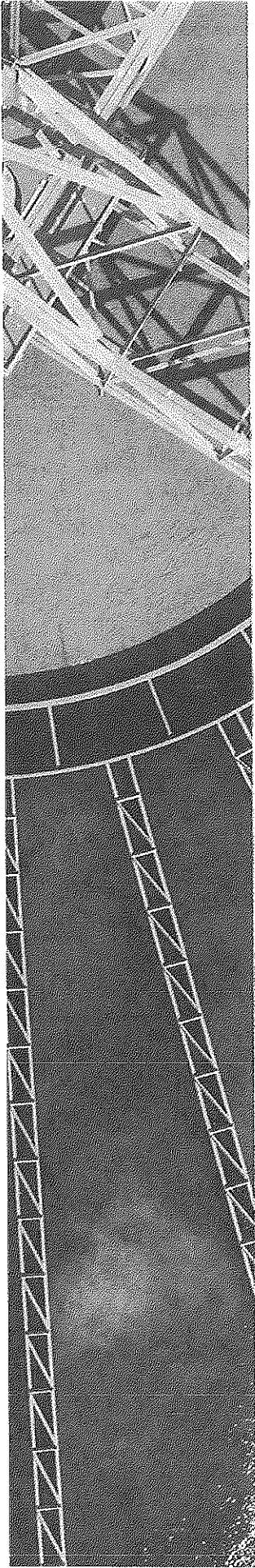
- Additional projects in the master plan amount to \$19,232,636
- The need to replace breaking and leaking asbestos concrete pipe is \$20 million
- There is also a need to estimate the projects costs to connect to the brackish water desalination plant

Identification of Needs - Water - Funding

- We have typically submitted for funding under the Drinking Water State Revolving Fund
- That application process is open again and applications are due March 7th
- STWA has ranked high enough (2 out of 2 times) to receive an invitation, but the invitation doesn't come because there isn't enough grant dollars to offer STWA the full 70% grant, STWA doesn't get invited.
- We would like to apply for funding this round and engage to push for an invitation
- Additionally, \$5 billion is being requested to fund the Texas Water Fund. This program is specifically for water loss and new water sources. Both are elements STWA is looking to fund.

Potential Benefits

- There are benefits to getting funding from the TWDB
 - Potential grant funds (called loan forgiveness)
 - Low interest lending
 - One investor (the TWDB) loan features can be negotiated more easily - potential for flexibility
 - Sets up STWA for future funding



QUESTIONS