



TCEQ REGULATORY GUIDANCE

Water Supply Division

RG-378 • Revised September 2020

Financial Reporting Requirements for Water Districts in Texas

Every year, each water district governed by the Texas Water Code must complete a report on its financial status. For districts that have one or more bonds or other long-term debt outstanding at any time during the year, this report must be an audit report. ("Long-term" means having a payback term of more than one year.)

If your district had no long-term debt during the year, you may qualify to complete one of these reports instead:

- a Financial Dormancy Affidavit (TCEQ-0447)
- an Annual Financial Report (TCEQ-0722)

Also, most water districts must file a copy of their report with the Texas Commission on Environmental Quality (TCEQ, or "us" in the rest of this guide). This guide helps you decide which report to complete. If you are required to file your report with us, this guide tells how and when to file it.

If you are not sure whether you must file your report with us, see "Who Is Exempt from Filing?".

Financial Dormancy Affidavit (TCEQ-0447)

Answer each of these questions about your water district's finances for the **calendar** year that just ended:

- Was the total income—including receipts from operations, tax assessments, contributions, loans, and all other sources—above \$500?
- Were the total expenses above \$500?
- Was the total value of cash and investments above \$5,000 at any time during the year?

If you answered "Yes" to any one of these questions, you may not use TCEQ-0447. Please review "Annual Financial Report (TCEQ-0722)" to see if you qualify to complete this report instead.

If your answer to all three of these questions is "No":

- Complete [form TCEQ-0447](#).
- Keep a copy at your water district's office.
- By Jan. 31, send a copy to our Districts Review Team as shown under "Other Questions? Contact Us!".

Annual Financial Report (TCEQ-0722)

Answer each of these questions for your water district's finances for the **fiscal year** that just ended:

- Were the gross receipts from loans, operations, taxes, or contributions, above \$250,000 for your fiscal year?
- Was the total of cash and temporary investments above \$250,000 at any time during your fiscal year?

If you answered "Yes" to either of these questions, you may not use TCEQ-0722 and you must submit an audit report. Please review the "Audit Reports" section on the next page.

If your answer to both of these questions is "No":

- Complete [form TCEQ-0722](#).
- Keep a copy at your water district's office.
- By the deadline listed on page 2, send a copy to our Districts Review Team at the address shown under "Other Questions? Contact Us!".

An Audit Report

If your water district does not qualify to complete TCEQ-0447 or TCEQ-0722, then you must have an independent auditor prepare an audit report for you. The auditor must be a Texas-certified public accountant (CPA) or a public accountant with a current license. In preparing your report, the auditor must follow the [Water District Financial Management Guide \(RG-080\)](#).

When your report is complete:

- Keep a copy at your water district's office.
- Complete an Annual Filing Affidavit [form TCEQ-0723](#).
- By the deadline listed below, send the completed affidavit, and a copy of your audit report to our Districts Review Team at the address shown under "Other Questions? Contact Us!".

Deadlines for Filing Audit Reports and Financial Reports

Audit Report

As per Texas Water Code (TWC) Subsection 49.194(a), an audit report must be filed with us no more than 135 days after the end of the water district's fiscal year. If the 135th day ends on a weekend the due date will be the next business day.

Financial Report

Under TWC Subsection 49.198(c) a qualified water district may instead submit a financial report (TCEQ-0722) no more than 45 days after the end of its fiscal year.

Are These Mailing Dates?

No. We interpret these filing deadlines to be when the report must arrive at the TCEQ—not the date it is postmarked or mailed. Please allow enough time for us to receive your report by its due date.

If you need more details on these reporting requirements, see the Texas Water Code, Sections 49.191–49.198 at www.statutes.capitol.state.tx.us/.

Who Is Exempt from Filing?

To find out whether your water district is exempt from these requirements, see "Duty to Audit" in the "General Financial Guidance" chapter of the [Water District Financial Management Guide \(RG-080\)](#).

Remember: If your water district is exempt, you still must complete an annual financial report or have an independent audit report done, and you must keep the report on file at your water district's office.

Other Questions? Contact Us!

If you have any questions about these filing requirements, contact us in one of these ways:

- Call us at **512-239-4691**.
- Or write to us at:
Districts Review Team, MC 152
TCEQ
P.O. Box 13087
Austin TX 78711-3087