

ANNUAL FINANCIAL REPORT

LUBBOCK COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 1

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

LUBBOCK COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1
Lubbock, Texas

ANNUAL FINANCIAL REPORT
For the Year Ended September 30, 2023

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INTRODUCTORY SECTION

ANNUAL FILING AFFIDAVIT

THE STATE OF TEXAS

5530000

COUNTY OF

LUBBOCK CO WCID 1

I, _____
(Duly Authorized District Representative)

of the _____
(Name of District)

Hereby swear, or affirm, that the District named above has reviewed, approved and filed at a meeting of the board of Directors of the Water District on the _____ day of _____, 20____, a copy of its annual audit report of the fiscal year or period ended _____ in the District office, located at _____.
(Address of District)

The annual filing affidavit and the attached copy of the annual audit report are being submitted to the Texas Natural Resource Conservation Commission in satisfaction of all annual filing requirements within Section 49.194 of the Texas Water Code.

Date _____, 20____. By: _____
(Signature of District Representative)

(Name and Title of District Representative)

Sworn to and subscribed to before me this _____ day of _____, 20____.

(Signature of Notary)

(SEAL)

Commission expires on _____, 20____, Notary Public in the State of Texas.

FINANCIAL SECTION

Terry & King, CPAs, P.C.

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P.O. Box 93550
Lubbock, TX 79493-3550

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Independent Auditors' Report on Financial Statements

Board of Directors
Lubbock County Water Control and Improvement District No. 1
9999 High Meadow Road
Lubbock, TX 79404

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lubbock County Water Control and Improvement District No. 1, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lubbock County Water Control and Improvement District No. 1, as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof 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 the Lubbock County Water Control and Improvement District No. 1, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, 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 District'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.

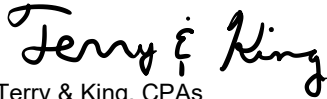
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension schedules, and OPEB schedules, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying other schedules listed in the table of contents as Other Supplementary Information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Respectfully submitted,

A handwritten signature in cursive script that reads "Terry & King". The signature is written in black ink and is positioned above the typed name and address.

Terry & King, CPAs
Lubbock, Texas
March 11, 2024

MANAGEMENT’S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Lubbock County Water Control and Improvement District No. 1’s financial performance provides an overview of the District’s financial activities for the fiscal year ended September 30, 2023. Please read this in conjunction with the District’s financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District’s net position increased as a result of this year’s operations. While net position of our business-type activities increased by \$99,641 net position of our governmental activities increased by \$70,572.
- During the year, the District had expenses that were \$70,572 less than the \$2,465,134 generated in revenues for governmental programs.
- In the District’s business type activities, revenues increased \$9,277 to \$585,116 (or 2%) and operating expenses increased \$45,398 to \$688,450.
- The General fund reported a surplus this year of \$353,023 prior to inter-fund transfers to other funds of \$258,703 and proceeds from sale of assets of \$5,130.
- The resources available for appropriation were \$65,988 more than budgeted for the General Fund. Expenditures for the General Fund were less than the budgeted amounts by \$27,035.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the District as a whole and present a longer-term view of the District’s finances. Fund financial statements start on page 15. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District’s operations in more detail than the government-wide statements by providing information about the District’s most significant funds. The remaining statements provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the government.

Reporting the District as a Whole -- The Statement of Net Position and the Statement of Activities

Our analysis of the District as a whole begins on page 6. One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's *net position* and changes in it. You can think of the District's net position—the differences between assets and liabilities—as one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net position is one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the condition of the District's infrastructure, to assess the *overall health* of the District.

In the Statement of Net Position and the Statement of Activities, we divide the District into two kinds of activities:

- Governmental activities – Most of the District's basic services are reported here, including general administration, police and safety, parks, special events, and customer service. Gate revenues, special event revenues, lot leases and rentals, and grants and contributions finance most of these activities.
- Business-type activities – The District charges a fee to customers to help it cover the cost of certain services it provides. The District's utility services are reported here.

Reporting the District's Most Significant Funds – Fund Financial Statements

Our analysis of the District's major funds begins on page 10. The fund financial statements begin on page 15 and provide detailed information about the most significant funds—not the District as a whole. At times the District may establish other funds to help it control and manage money for particular purposes, such as special projects or to show that it is meeting legal responsibilities for using certain Federal or State grants. Currently the District's governmental funds consist of the General Fund and a special revenue fund to account for special projects. The District's two kinds of funds – *governmental* and *proprietary* – use different accounting approaches.

- *Governmental funds*—Most of the District’s basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The Governmental fund statements provide a detailed *short-term view* of the District’s general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* in reconciliation on Exhibits C-1R and C-3.
- *Proprietary funds*—When the District charges customers for the services it provides—whether to outside customers or to other units of the District—these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the District’s enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

THE DISTRICT AS A WHOLE

The District’s combined net position was \$6,260,045. Our following analysis focuses on the net position (Table 1) and changes in net position (Table 2) of the District’s total primary government.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position. The District's combined net position was \$6,430,258 at September 30, 2023. (See Table A-1).

Table A-1
Lubbock County Water Control and Improvement District No. 1's Net Position

	Total Primary Government		Percentage Change
	September 30, 2023	September 30, 2022	
Current assets:			
Cash and cash equivalents	2,771,273	2,649,197	5%
Accounts Receivable	53,898	54,700	-1%
Leases Receivable	82,421	72,116	14%
Deposits	50	50	0%
Total current assets:	2,907,642	2,776,063	5%
Noncurrent assets:			
Net Pension Asset	393,442	658,319	-40%
Leases Receivable	4,257,798	4,165,788	2%
Land	429,903	429,903	0%
Buildings & Improvements	8,643,115	8,311,938	4%
Less accumulated depreciation, buildings & improvements	(6,176,289)	(5,938,951)	4%
Furniture & Equipment	1,762,951	1,758,751	0%
Less accumulated depreciation, furniture & equipment	(1,365,585)	(1,292,253)	6%
Total noncurrent assets	7,945,335	8,093,495	-2%
Total Assets	10,852,977	10,869,558	0%
Deferred Outflows of Resources			
Deferred Outflows - Pension & OPEB	107,485	80,790	33%
Total Deferred Outflows of Resources	107,485	80,790	33%
Current liabilities:			
Accounts Payable	79,717	54,561	46%
Renter Deposits	5,450	1,600	241%
Unearned Revenue	3,032	3,737	-19%
Total current liabilities	88,199	59,898	47%
Long-term liabilities:			
Total OPEB Liability	39,389	51,671	-24%
Due within one year	14,149	14,149	0%
Due in more than one year	14,149	28,298	-50%
Total long-term liabilities	67,687	94,118	-28%
Total Liabilities	155,886	154,016	1%
Deferred Inflows of Resources			
Deferred Inflows - Leases	4,340,219	4,237,904	2%
Deferred Inflows - Pension & OPEB	34,099	298,383	-89%
Total Deferred Inflows of Resources	4,374,318	4,536,287	-4%
Net Position:			
Net investment in capital assets	3,294,095	3,269,388	1%
Unrestricted	3,136,163	2,990,657	5%
Total Net Position	6,430,258	6,260,045	3%

The \$3,136,163 of unrestricted net position represents resources available to fund the programs of the District next year.

Net Position of the District as a whole, increased 6% (\$6,260,045 compared to \$5,887,902). Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - changed from \$2,990,657 to \$3,136,163.

Table A-2
Changes in Lubbock County Water Control and Improvement District No. 1's Net Position

	Total Primary Government		Percentage Change
	2023	2022	
Program Revenues:			
Charges for Services	2,608,475	2,587,671	1%
Operating Grants and Contributions	54,869	-	100%
General Revenues:			
Lease Revenue	53,687	68,084	-21%
Lease Interest	148,265	141,184	5%
Investment Earnings	119,995	23,550	410%
Gain on Sale of Fixed Assets	22,352	236,900	-91%
Other Operating Revenue	60,800	79,301	-23%
Total Revenues	3,068,443	3,136,690	-2%
General Administration	618,447	517,734	19%
Police and Safety	370,216	374,041	-1%
Parks	767,960	853,655	-10%
Special Events	139,217	127,362	9%
Customer Service	313,940	248,703	26%
Utility Activities	688,450	643,052	7%
Total Expenses	2,898,230	2,764,547	5%
Excess (Deficiency) Before Other Resources, Uses & Transfers	170,213	372,143	-54%
Other Resources (Uses)	-	-	0%
Transfers In (Out)	-	-	0%
Increase (Decrease) in Net Position	170,213	372,143	-54%
Net Position - Beginning	6,260,045	5,887,902	6%
Net Position - Ending	6,430,258	6,260,045	3%

The District's total revenues were \$3,068,443. A significant portion, 19%, of the District's total revenue comes from the utilities operations. Revenue available to fund governmental activities consists of charges for services (66%), leases (6.5%), and other revenues (6.6%)

The total cost of all programs and services was \$2,898,230; 24% of these costs were for utilities production and administration expenses. Expenses for governmental activities consisted of costs for general administration (21%), police and safety (13%), parks (26%), special events (5%), and customer service (11%).

Governmental Activities

Revenues for the District's governmental activities decreased approximately 4%, and total expenses increased by 4%.

- Charges for services (gate revenues and special events revenues) increased \$11,527.
- The District received grants and contributions of \$54,869 in the current year.
- Other revenues decreased \$18,501.
- The District sold assets in the current year for \$22,352.
- The cost of all *governmental* activities this year was \$2,209,780. As shown in the Statement of Activities, the amount that our lessors ultimately financed for these activities through lease revenues was \$201,952 because most of the costs were paid by those who directly benefited from the programs (\$2,023,359).

Business-type Activities

Revenues of the District's business-type activities (see table A-2) increased by \$9,277 and expenses increased by 7% (\$688,450 from \$643,052).

THE DISTRICT'S FUNDS

As the District completed the fiscal year, its governmental funds (as presented in the balance sheet on Exhibit C-1) reported a *combined* fund balance of \$2,606,126, which is an increase from the prior year's total of \$2,506,676. The following items effecting fund balance should be noted:

- In the current year, expenditures were less than revenues by \$279,102 prior to proceeds from the sale of assets of \$5,130.
- The revenues in the governmental funds increased approximately 6% from the prior period and expenses for the governmental funds decreased 7% from the prior period. In the current year, the general fund expended \$246,964 for capital expenditures.

General Fund Budgetary Highlights

Over the course of the year, the District revised the budget several times. Even with these adjustments, actual revenues were \$65,988 above budgeted amounts and expenditures were \$27,035 less than final budget amounts.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2023, the District had \$10,835,968 invested in a broad range of capital assets, including buildings, furniture and equipment, and utilities equipment (see Table A-3). This amount represents a net increase (including additions and deductions) of \$335,376, or 3%, over last year.

Table A-3
Fixed Assets

Governmental <u>Activities:</u>	Balance <u>10-1-22</u>	<u>Additions</u>	Deletions/ <u>Reclassifications</u>	Balance <u>9-30-23</u>
Land	\$ 429,903	-	-	429,903
Construction in Progress	-	-	-	-
Buildings & Improvements	7,701,844	209,668	-	7,911,512
Furniture & Equipment	1,427,523	37,295	(31,100)	1,433,718
Accumulated Depreciation	<u>(6,561,522)</u>	<u>(311,190)</u>	<u>30,128</u>	<u>(6,842,584)</u>
Net Capital Assets	<u>\$ 2,997,748</u>	<u>\$ (64,227)</u>	<u>\$ (972)</u>	<u>\$ 2,932,549</u>

Business-Type Activities:	Balance <u>10-1-22</u>	<u>Additions</u>	Deletions/ <u>Reclassifications</u>	Balance <u>9-30-23</u>
Buildings& Improvements	\$ 610,094	\$121,508	\$ -	\$ 731,602
Equipment	331,228	13,286	(15,281)	329,233
Accumulated Depreciation	<u>(669,680)</u>	<u>(41,798)</u>	<u>12,188</u>	<u>(699,290)</u>
Net Capital Assets	<u>\$ 271,642</u>	<u>\$ 92,996</u>	<u>\$ (3,093)</u>	<u>\$ 361,545</u>

More detailed information about the District's capital assets is presented in the notes to the financial statements.

Debt

The District owes Lubbock County for prior election costs \$28,298 which is due in annual installments of \$14,149 for the next 2 years. This liability is reported in the governmental funds.

Governmental Activities:	Balance <u>10-1-22</u>	<u>Additions</u>	<u>Decreases</u>	Balance <u>9-30-23</u>	Due Within <u>One Year</u>
Total L-T Debt	<u>\$ 42,447</u>	<u>\$ -</u>	<u>\$ 14,149</u>	<u>\$ 28,298</u>	<u>\$ 14,149</u>
	<u>\$ 42,447</u>	<u>\$ -</u>	<u>\$ 14,149</u>	<u>\$ 28,298</u>	<u>\$ 14,149</u>

More detailed information about the District's long-term obligations is presented in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's elected officials considered many factors when setting the fiscal year 2024 budget and fees. Factors considered include the current economy and the needs of the District in the coming year. The Board has adopted budgets and set fees accordingly.

If these estimates are realized, the District's budgetary general fund fund balance is not expected to change appreciably by the close of 2024.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the District's office located at Buffalo Springs Lake in Lubbock, Texas.

BASIC FINANCIAL STATEMENTS

LUBBOCK COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1
Lubbock, Texas

STATEMENT OF NET POSITION
September 30, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 2,680,662	\$ 90,611	\$ 2,771,273
Accounts Receivable	-	53,898	53,898
Leases Receivable	4,340,219	-	4,340,219
Deposits	-	50	50
Net Pension Asset	329,617	63,825	393,442
Capital Assets:			
Land	429,903	-	429,903
Buildings & Improvements, net	2,198,899	267,927	2,466,826
Furniture & Equipment, net	303,748	93,618	397,366
<u>TOTAL ASSETS</u>	<u>\$ 10,283,048</u>	<u>\$ 569,929</u>	<u>\$ 10,852,977</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows - Pension	\$ 92,476	\$ 4,370	\$ 96,846
Deferred Outflows - OPEB	9,130	1,509	10,639
<u>TOTAL DEFERRED OUTFLOWS OF RESOURCES</u>	<u>\$ 101,606</u>	<u>\$ 5,879</u>	<u>\$ 107,485</u>
LIABILITIES:			
Current Liabilities:			
Accounts Payable	\$ 37,756	\$ 41,961	\$ 79,717
Renter Deposits	5,450	-	5,450
Unearned Revenue	3,032	-	3,032
Due within one year	14,149	-	14,149
Noncurrent Liabilities:			
Due in more than one year	14,149	-	14,149
Net OPEB Liability	33,334	6,055	39,389
<u>Total Liabilities</u>	<u>\$ 107,870</u>	<u>\$ 48,016</u>	<u>\$ 155,886</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows - Pension	17,940	524	18,464
Deferred Inflows - OPEB	13,923	1,712	15,635
Deferred Inflows - Leases	4,340,219	-	4,340,219
<u>Total Deferred Inflows of Resources</u>	<u>4,372,082</u>	<u>2,236</u>	<u>4,374,318</u>
NET POSITION			
Net investment in capital assets	\$ 2,932,550	\$ 361,545	\$ 3,294,095
Unrestricted	2,972,152	164,011	3,136,163
<u>Total Net Position</u>	<u>\$ 5,904,702</u>	<u>\$ 525,556</u>	<u>\$ 6,430,258</u>

The accompanying notes are an integral part of this statement.

LUBBOCK COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1
Lubbock, Texas

STATEMENT OF ACTIVITIES
Year Ended September 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Government Activities:							
General Administration	618,447	\$ -	\$ 54,869	\$ -	\$ (563,578)	-	(563,578)
Police and Safety	370,216	-	-	-	(370,216)	-	(370,216)
Parks	767,960	1,968,372	-	-	1,200,412	-	1,200,412
Special Events	139,217	54,987	-	-	(84,230)	-	(84,230)
Customer Service	313,940	-	-	-	(313,940)	-	(313,940)
<u>Total Government Activities</u>	<u>2,209,780</u>	<u>2,023,359</u>	<u>54,869</u>	<u>-</u>	<u>(131,552)</u>	<u>-</u>	<u>(131,552)</u>
Business-type Activities							
Utilities Fund	688,450	585,116	-	-	-	(103,334)	(103,334)
<u>Total Primary Government</u>	<u>2,898,230</u>	<u>2,608,475</u>	<u>54,869</u>	<u>-</u>	<u>(131,552)</u>	<u>(103,334)</u>	<u>(234,886)</u>
General Revenues:							
Lease Revenue					53,687	-	53,687
Lease Interest					148,265	-	148,265
Investment Earnings					119,995	-	119,995
Gain on Sale of Fixed Assets					4,159	18,193	22,352
Other Revenue (Expense)					60,800	-	60,800
Transfers					(184,782)	184,782	-
<u>Total General Revenues and Transfers</u>					<u>202,124</u>	<u>202,975</u>	<u>405,099</u>
Change in Net Position					70,572	99,641	170,213
Net Position -- Beginning					5,834,130	425,915	6,260,045
Net Position -- Ending					<u>\$ 5,904,702</u>	<u>\$ 525,556</u>	<u>\$ 6,430,258</u>

The accompanying notes are an integral part of this statement.

LUBBOCK COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1
Lubbock, Texas

BALANCE SHEET -- GOVERNMENTAL FUNDS
September 30, 2023

	General Fund	Other Governmental Fund	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and Cash Equivalents	\$ 2,680,662	\$ -	\$ 2,680,662
<u>TOTAL ASSETS</u>	<u>\$ 2,680,662</u>	<u>\$ -</u>	<u>\$ 2,680,662</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 37,756	\$ -	\$ 37,756
Renter Deposits	5,450	-	5,450
Unearned Revenues	3,032	-	3,032
Due to County-Election Costs	<u>28,298</u>	<u>-</u>	<u>28,298</u>
<u>Total Liabilities</u>	<u>74,536</u>	<u>-</u>	<u>74,536</u>
FUND EQUITIES			
Fund Balance-Unassigned	<u>2,606,126</u>	<u>-</u>	<u>2,606,126</u>
<u>Total Fund Equities</u>	<u>2,606,126</u>	<u>-</u>	<u>2,606,126</u>
<u>TOTAL LIABILITIES & FUND EQUITIES</u>	<u>\$ 2,680,662</u>	<u>\$ -</u>	<u>\$ 2,680,662</u>

The accompanying notes are an integral part of this statement.

LUBBOCK COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1
Lubbock, Texas

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
September 30, 2023

Total Fund Balances -- Governmental Funds Balance Sheet	\$ 2,606,126
Amounts reported for governmental activities in the statement of net position (A-1) are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	2,932,550
Included in the items related to noncurrent assets is the recognition of the City's proportionate share of the net pension asset required by GASB 68 in the amount of \$329,617, a deferred resource outflow related to Pensions in the amount of \$92,476, and a deferred resource inflow in the amount of \$17,940. This resulted in an increase in net position by \$404,153.	404,153
Included in the items related to debt is the recognition of the City's proportionate share of the net OPEB liability required by GASB 75 in the amount of \$33,334. The net position included a deferred resource outflow related to OPEB in the amount of \$9,130 and a deferred resource inflow of \$13,923. This resulted in a decrease in net position by \$38,127.	<u>(38,127)</u>
Net Position of Governmental Activities -- Statement of Net Position	<u>\$ 5,904,702</u>

The accompanying notes are an integral part of this statement.

LUBBOCK COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1
Lubbock, Texas

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2023

	General Fund	Other Governmental Fund	Total Governmental Funds
REVENUES:			
Gate Revenue	\$ 1,923,114	\$ -	\$ 1,923,114
Special Events Revenue	-	54,987	54,987
Lease Revenue	53,687	-	53,687
Lease Revenue - Interest	148,265	-	148,265
Rental Revenue	45,258	-	45,258
Permits	-	-	-
Grant Revenue	54,869	-	54,869
Interest Revenue	119,995	-	119,995
Other Operating Revenue	60,800	-	60,800
<u>Total Revenues</u>	<u>2,405,988</u>	<u>54,987</u>	<u>2,460,975</u>
EXPENDITURES			
Current			
Salaries	948,809	35,782	984,591
Payroll Taxes	18,957	528	19,485
Employee Benefits	188,297	6,752	195,049
Tools and Supplies	54,501	76	54,577
Repairs & Maintenance	179,811	98	179,909
Utilities	143,414	544	143,958
Office Supplies	18,850	1,529	20,379
Printing and Postage	5,311	-	5,311
Advertising and Public Relations	1,734	32,072	33,806
Direct Promotional Expense	-	49,566	49,566
Dues, Fees and Subscriptions	16,575	50	16,625
Training and Travel	20,369	1,911	22,280
Accounting and Legal	18,288	-	18,288
Election Expense	3,351	-	3,351
Contracted Services	22,166	-	22,166
Rental Expense	35,438	-	35,438
Bank Fees and Charges	61,461	-	61,461
Insurance	43,799	-	43,799
Other	24,870	-	24,870
Capital Outlay	246,964	-	246,964
<u>Total Expenditures</u>	<u>2,052,965</u>	<u>128,908</u>	<u>2,181,873</u>
Excess of Revenues Over (Under) Expenditures	353,023	(73,921)	279,102
OTHER FINANCING SOURCES (USES)			
Proceeds from Sale of Assets	5,130	-	5,130
Operating Transfers In	-	73,921	73,921
Operating Transfers Out	(258,703)	-	(258,703)
<u>Total Other Sources (Uses)</u>	<u>(253,573)</u>	<u>73,921</u>	<u>(179,652)</u>
Excess of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing Uses	99,450	-	99,450
Fund Balance--Beginning of Year	2,506,676	-	2,506,676
<u>Fund Balance--End of Year</u>	<u>\$ 2,606,126</u>	<u>\$ -</u>	<u>\$ 2,606,126</u>

The accompanying notes are an integral part of this statement.

LUBBOCK COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1
Lubbock, Texas

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, 2023

Net Change in Fund Balances -- Total Governmental Funds	\$ 99,450
Amounts reported for governmental activities in the statement of activities ("SOA") are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount of capital outlays during the current period.	246,964
The depreciation of capital assets is not reported in the funds. This is the amount of current depreciation on these assets.	(311,190)
Governmental funds report the sale of assets as resources. In the statement of activities the sale is reduced by the net cost of the assets.	(970)
The implementation of GASB 68 required that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of 12/31/22 caused the change in the ending net position to increase. Contributions made before the measurement date and during the 2023 fiscal year were also expended in the 2022 fiscal year and recorded as an increase in net pension expense for the District. The District's proportionate share of the TMRS pension expense on the plan as a whole had to be recorded as an expense. The result of these adjustments is to increase the change in net position by \$39,989.	39,989
The implementation of GASB 75 required that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of 12/31/22 caused the change in the ending net position to increase. Contributions made before the measurement date and during the 2023 fiscal year were also expended in the 2022 fiscal year and recorded as an increase in net OPEB expense for the District. The District's proportionate share of the OPEB expense on the plan as a whole had to be recorded as an expense. The result of these adjustments is to decrease the change in net position by \$3,671.	<u>(3,671)</u>
Change in Net Position -- Statement of Activities	<u>\$ 70,572</u>

The accompanying notes are an integral part of this statement.

LUBBOCK COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1
Lubbock, Texas

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
September 30, 2023

	Business-Type Activities-- <u>Enterprise Funds</u>
	<u>Utilities Funds</u>
ASSETS	
<u>Current Assets:</u>	
Cash and Cash Equivalents	\$ 90,611
Accounts Receivable	53,898
Deposits	50
<u>Total Current Assets</u>	<u>144,559</u>
<u>Fixed Assets:</u>	
Buildings & Improvements, net	267,927
Furniture & Equipment, net	93,618
<u>Total Fixed Assets</u>	<u>361,545</u>
<u>Other Assets:</u>	
Net Pension Asset	63,825
<u>Total Other Assets</u>	<u>63,825</u>
 <u>TOTAL ASSETS</u>	 <u>\$ 569,929</u>
 <u>Deferred Outflows of Resources</u>	
Deferred Outflows - Pension	\$ 4,370
Deferred Outflows - OPEB	1,509
<u>TOTAL DEFERRED OUTFLOWS OF RESOURCES</u>	<u>\$ 5,879</u>
 LIABILITIES	
<u>Current Liabilities</u>	
Accounts Payable	\$ 41,961
<u>Non-current Liabilities</u>	
Net OPEB Liability	6,055
<u>Total Liabilities</u>	<u>48,016</u>
 DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows - Pension	524
Deferred Inflows - OPEB	1,712
<u>Total Deferred Inflows of Resources</u>	<u>2,236</u>
 NET POSITION	
Net investment in capital assets	361,545
Unrestricted	164,011
<u>Total Net Position</u>	<u>525,556</u>

The accompanying notes are an integral part of this statement.

LUBBOCK COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1
Lubbock, Texas

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION--
PROPRIETARY FUNDS

For the Year Ended September 30, 2023

	<u>Business-Type Activities-- Enterprise Funds</u>
	<u>Utilities Funds</u>
<u>Operating Revenues</u>	
Water Revenue	\$ 163,820
Sewer Revenue	214,471
Garbage Revenue	96,096
Reserve Charge Revenue	9,907
Roads	80,870
Late Charges	19,952
<u>Total Operating Revenues</u>	<u>585,116</u>
<u>Operating Expenses</u>	
Salaries	85,032
Payroll Taxes	1,214
Employee Benefits	17,157
Tools & Supplies	11,274
Repairs & Maintenance	62,035
Utilities	48,605
Sewer & Disposal Expense	273,420
Water Purchases	115,637
Dues, Fees & Subscriptions	-
Training & Travel	1,291
Contracted Services	-
Rental Expense	12,863
Insurance	2,249
Depreciation	41,798
Other	15,875
<u>Total Operating Expenses</u>	<u>688,450</u>
<u>Operating Income (Loss) Before Operating Transfers</u>	<u>(103,334)</u>
<u>Non-Operating Revenues (Expenses)</u>	
Operating Transfers In	184,782
Gain on Sale of Assets	18,193
<u>Total Non-Operating Revenues (Expenses)</u>	<u>202,975</u>
Net Income (Loss)	99,641
NET POSITION	
Net Position, Beginning of Year	<u>425,915</u>
Net Position, End of Year	<u>525,556</u>

The accompanying notes are an integral part of this statement.

LUBBOCK COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1
Lubbock, Texas

STATEMENT OF CASH FLOWS--
PROPRIETARY FUNDS
For the Year Ended September 30, 2023

	Business-Type Activities-- <u>Enterprise Funds</u>
	<u>Utilities Funds</u>
<u>Cash Flows from Operating Activities:</u>	
Receipts from Customers	\$ 585,918
Payments to Suppliers	(537,893)
Payments to Employees	(105,469)
<u>Net Cash Provided (Used) by Operating Activities</u>	<u>(57,444)</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>	
Operating Transfers	184,782
<u>Net Cash Provided (Used) by Non-Capital Financing Activities</u>	<u>184,782</u>
<u>Cash Flows from Capital & Related Financing Activities:</u>	
Acquisition of Fixed Assets	(134,794)
Sale of Capital Assets	21,285
<u>Net Cash Provided (Used) by Capital & Related Financing Activities</u>	<u>(113,509)</u>
Net Increase (Decrease) in Cash & Cash Equivalents	13,829
Cash & Cash Equivalents--Beginning of Year	76,782
<u>Cash & Cash Equivalents--End of Year</u>	<u>90,611</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows from Operating Activities:	
Operating Income (Loss)	(103,334)
Adjustments to Reconcile to Net Cash Provided (Used) by Operating Activities:	
Depreciation	41,798
(Increase) Decrease in Receivables	802
(Increase) Decrease in Net Pension Asset	22,605
(Increase) Decrease in Deferred Outflows of Resources	5,357
Increase (Decrease) in Liabilities	5,355
Increase (Decrease) in OPEB Liability	(1,103)
Increase (Decrease) in Deferred Resource Inflows	(28,925)
<u>Net Cash Provided (Used) by Operating Activities</u>	<u>(57,445)</u>

The accompanying notes are an integral part of this statement.

LUBBOCK COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1
Lubbock, Texas

NOTES TO FINANCIAL STATEMENTS
September 30, 2023

Note A: Summary of Significant Accounting Policies

The Lubbock County Water Control and Improvement District No. 1, Texas was organized under the provisions of Section 59, Article 16, of the Constitution of Texas, as proved in Chapter 25, General Laws enacted by the 39th Legislature at its Regular Session in 1925. The District operates under a Council-Manager form of government and provides the following services as authorized by its charter: Public safety, streets and roads, sanitation, culture-recreation, public improvements, planning and zoning, and general administrative services. Other services include utilities operations.

The Board of Directors, a five-member group constituting an on-going entity, is the level of government which has governance responsibilities for the conserving, preserving, protecting, recharging and prevention of waste of the Buffalo Springs Lake, as permitted by Chapter 52 of the Texas Water Code. The District currently receives funding only from local sources, but must comply with the concomitant requirements of these funding source entities and some state sources. However, the District is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards, since Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

The basic financial statements of the Lubbock County Water Control and Improvement District No. 1 have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") applicable to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. The Reporting Entity

The District, for financial purposes, includes all of the funds and account groups relevant to the operations of the Lubbock County Water Control and Improvement District No. 1. The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the Lubbock County Water Control and Improvement District No. 1.

The financial statements of the District include those of separately administered organizations that are controlled by or dependent on the District. Control or dependence is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective governing board.

LUBBOCK COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1
Lubbock, Texas

NOTES TO FINANCIAL STATEMENTS, Page 2
September 30, 2023

Note A: Summary of Significant Accounting Policies (Continued)

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 have been made to minimize the over-reporting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District'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 District 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 are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District'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 District reports the following major governmental funds:

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

LUBBOCK COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1
Lubbock, Texas

NOTES TO FINANCIAL STATEMENTS, Page 3
September 30, 2023

Note A: Summary of Significant Accounting Policies--Continued

In addition, the District reports the following fund types:

Enterprise Funds: Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

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 the liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District 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. Revenues from grants, entitlements, and donations are 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 District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under 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, which are recognized as expenditures to the extent they have matured. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

LUBBOCK COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1
Lubbock, Texas

NOTES TO FINANCIAL STATEMENTS, Page 4
September 30, 2023

Note A: Summary of Significant Accounting Policies (continued)

The Proprietary Fund Types are accounted for on a flow of economic resources measurement focus utilizing the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The fund equity is segregated into net investment in capital assets, restricted net position, and unrestricted net position.

c. Fund Balance Classification

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District does not currently have any restricted fund balances.

Unassigned: This classification includes the residual fund balance for the General Fund.

The District would typically use restricted fund balances first, followed by committed resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

3. Financial Statement Amounts

a. Cash and Cash Equivalents:

The District has defined cash and cash equivalents to include cash on hand, demand deposits, short-term investments with original maturities of three months or less from the date of acquisition, and cash with fiscal agent.

For purposes of the statement of cash flows, the District considers all highly liquid investments purchased with maturity of three months or less to be cash equivalents.

b. Investments

Investments for the District are reported at fair value. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. The State Treasurer's Investment Pools are operated in accordance with appropriate state laws and regulations. The reported values of the pools are the same as the fair value of the pool shares (Level 1 inputs).

LUBBOCK COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1
Lubbock, Texas

NOTES TO FINANCIAL STATEMENTS, Page 5
September 30, 2023

Note A: Summary of Significant Accounting Policies (continued)

c. Inventories and Prepaid Items

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

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

d. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair market value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the 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 estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	30
Buildings	50
Building Improvements	20
Vehicles	5-15
Office Equipment and Furniture	3-15
Computer Equipment	3

e. Receivable and Payable Balances

The District 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 the period end.

LUBBOCK COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1
Lubbock, Texas

NOTES TO FINANCIAL STATEMENTS, Page 6
September 30, 2023

Note A: Summary of Significant Accounting Policies (continued)

f. 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.

g. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates. Actual results could differ from those estimates.

h. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position 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 that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City currently has two items which qualify for reporting in this category.

In addition to liabilities, the statement 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 a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District currently has two types of items which arise under the accrual basis of accounting. These amounts are deferred and recognized as an inflow of resources in the period when the amounts become available.

i. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas County & District Retirement System (TCDRS) and additions to/deductions from TCERS's Fiduciary Net Position have been determined on the same basis as they are reported by TCERS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

LUBBOCK COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1
Lubbock, Texas

NOTES TO FINANCIAL STATEMENTS, Page 7
September 30, 2023

Note A: Summary of Significant Accounting Policies (continued)

j. Other Post-Employment Benefits

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas County & District Retirement System (TCDRS) and additions to/deductions from TCERS's Fiduciary Net Position have been determined on the same basis as they are reported by TCERS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 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>Violations</u>	<u>Action Taken</u>
None Reported	Not Applicable

Note C: Deposits and Investments

The District'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 District's agent bank approved pledged securities in an amount sufficient to protect District 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, 2022, the carrying amount of the District's deposits (cash, certificates of deposit, and interest bearing saving accounts included in temporary investments) was \$2,771,273 and the bank balance was \$2,796,311. The District's cash deposits at September 30 and throughout the year were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

LUBBOCK COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1
Lubbock, Texas

NOTES TO FINANCIAL STATEMENTS, Page 8
September 30, 2023

Note C: Deposits and Investments (continued)

Investments

The District is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

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 an establishment of appropriate policies, the District adhered to the requirements of the Act. Additionally, investment practices of the District were in accordance with local policies.

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

Texas Local Government Investment Pool (TexPool)

The Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, chapter 2256 of the Texas Government Code (the "Act"), provide for the creation of public funds investment pools through which political subdivisions and other entities may invest public funds.

TexPool uses amortized cost to value portfolio assets and follows the criteria established by Governmental Accounting Standards Board ("GASB") Statement No. 79 for use of amortized cost.

Pursuant to subchapter G of chapter 404, the Comptroller of Public Accounts (the "Comptroller") administers the Texas Local Government Investment Pools (the "TexPool Portfolios") as public funds investment pools through the Texas Treasury Safekeeping Trust Company (the "Trust Company"). The Trust Company is a special-purpose trust company authorized to receive, transfer, and disburse money and securities as provided by statute or belonging to the state, agencies, and local political subdivisions and other organizations created on behalf of the state or agency or political subdivision of the state. The Comptroller is the sole officer, director, and shareholder of the Trust Company.

The Comptroller and the Trust Company have contracted with an administrator and investment manager ("Investment Manager") for the TexPool Portfolios. TexPool invests in U.S. Treasury and government agency securities, repurchase agreements, and certain mutual funds.

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Lubbock, Texas

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September 30, 2023

Note C: Deposits and Investments (continued)

In accordance with the Act, the Comptroller has appointed the TexPool Investment Advisory Board to advise with respect to TexPool. The Board is composed equally of participants in the TexPool Portfolios and other persons who do not have a business relationship with the TexPool Portfolios and are qualified to advise the TexPool Portfolios.

The TexPool portfolio is designed and managed to ensure that it maintains its AAAM rating (or the equivalent by a nationally recognized statistical rating organization). The following guidelines are followed by the Investment Manager to maintain the portfolio maturity consistent with a stable net asset value per share: 1) The maximum remaining maturity of any security or other investment acquired for the portfolio shall be 397 calendar days or less; 2) the portfolio maintains a weighted average maturity of 60 days or less; and 3) the portfolio maintains a weighted average life of 120 days or less. Maturity limits are applied as defined in GASB 79.

State Street Bank and Trust, the custodian designated by the Investment Manager provides fund accounting services for TexPool and is responsible for marking-to-market the portfolio holdings of TexPool on a daily basis. The shadow price is the net asset value per share of TexPool, calculated using total investments measured at fair value at the calculation date.

Analysis of Specific Deposit and Investment Risks

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

a. Credit Risk

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

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Lubbock, Texas

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September 30, 2023

Note C: Deposits and Investments (continued)

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 District 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 District 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 District was not exposed to foreign currency risk.

Note D: Leases Receivable

- a. The District, as lessor, has a lease agreement with a local business whereby a tract of land along 180 feet of shoreline is being leased for the installation and rental of boat and personal watercraft mooring slips for a fee to the general public. The lease has an initial lease term of April 1, 2021 and terminating on March 31, 2026. The Tenant has the right to renew for three successive five-year terms.

The agreed rent to be paid by the Tenant to the District is the sum of \$12,919.00 per year. Rent shall increase by 10% at year 2, 5, 7, 10, 12, and 17. Lease income of \$3,904 and interest income of \$9,015 was recognized for the fiscal year ending September 30, 2023.

Future rental payments due from the tenant at September 30, 2023 are as follows:

Governmental Activities:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending September 30,			
2024	\$ 4,098	\$ 8,821	\$ 12,919
2025	5,602	8,609	14,211
2026	5,810	8,401	14,211
2027	7,483	8,149	15,632
2028	7,808	7,824	15,632
2029-2033	54,601	33,251	87,852
2034-2038	79,082	19,274	98,356
2039-2040	<u>39,056</u>	<u>2,557</u>	<u>41,613</u>
Totals	<u>\$ 203,540</u>	<u>\$ 96,886</u>	<u>\$ 300,426</u>

LUBBOCK COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1
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NOTES TO FINANCIAL STATEMENTS, Page 11
September 30, 2023

Note D: Leases Receivable (continued)

- b. The District, as lessor, has a lease agreement with a local business for a building and equipment commonly known as the Marina. The lease is for the term beginning March 1, 2021, with rent starting May 1, 2021, and terminating February 28, 2026. Lease payments are due as follows: \$1,000 per month May 1, 2021 through February 28, 2022; \$1,500 per month March 1, 2022 through February 28, 2023; \$1,800 per month March 1, 2023 through February 28, 2026; with 5% increase every year thereafter.

Lease income of \$15,951 and interest income of \$2,349 was recognized for the fiscal year ending September 30, 2023. Future rental payments due from the tenant at September 30, 2023 are as follows:

Governmental Activities:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending September 30,			
2024	\$ 21,498	\$ 1,902	\$ 23,400
2025	20,741	859	21,600
2026	<u>8,905</u>	<u>95</u>	<u>9,000</u>
Totals	<u>\$ 51,144</u>	<u>\$ 2,856</u>	<u>\$ 54,000</u>

- c. The District, as lessor, has a lease agreement with a local business whereby a space in the campground area is being leased for the installation of an ice vending machine. The lease began on December 1, 2022 and terminates on November 30, 2027. There are no renewal options stated in the lease.

The agreed rent to be paid by the Tenant to the District is the sum of \$300 per month. Rent shall increase by 5% each year. Lease income of \$2,039 and interest income of \$961 was recognized for the fiscal year ending September 30, 2023.

Future rental payments due from the tenant at September 30, 2023 are as follows:

Governmental Activities:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending September 30,			
2024	\$ 2,652	\$ 1,098	\$ 3,750
2025	3,081	856	3,937
2026	3,558	576	4,134
2027	4,088	253	4,341
2028	<u>722</u>	<u>8</u>	<u>730</u>
Totals	<u>\$ 14,101</u>	<u>\$ 2,791</u>	<u>\$ 16,892</u>

LUBBOCK COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1
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NOTES TO FINANCIAL STATEMENTS, Page 11
September 30, 2023

Note D: Leases Receivable (continued)

- d. The District leases lots to tenants for the personal residential use of the tenant and tenant's immediate family as a private residence. As of September 30, 2023, there are 343 lot leases each with a 50 year term. These leases have varying start dates and lease amounts. The lease amounts range from \$427 to \$2,050 per year.

Lease income of \$49,375 and interest income of \$135,939 was recognized for the fiscal year ending September 30, 2023. Future rental payments due from the tenants at September 30, 2023 are as follows:

Governmental Activities:

Year Ending September 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 54,172	\$ 134,311	\$ 188,483
2025	55,959	132,523	188,482
2026	57,805	130,677	188,482
2027	59,712	128,771	188,483
2028	61,682	126,801	188,483
2029-2033	339,013	602,120	941,133
2034-2038	392,324	542,826	935,150
2039-2043	435,604	474,094	909,968
2044-2048	428,229	404,015	832,244
2049-2053	503,679	328,565	832,244
2054-2058	529,565	242,292	771,857
2059-2063	499,857	156,631	656,488
2064-2068	413,216	78,895	492,111
2069-2073	240,616	20,260	260,876
Totals	<u>\$ 4,071,433</u>	<u>\$ 3,502,781</u>	<u>\$ 7,574,214</u>

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NOTES TO FINANCIAL STATEMENTS, Page 12
September 30, 2023

Note E: Capital Assets

Capital asset activity for the period ended September 30, 2023, was as follows:

Governmental Activities:	Balance <u>10-1-22</u>	<u>Additions</u>	Deletions/ <u>Reclassifications</u>	Balance <u>9-30-23</u>
Land	\$ 429,903	-	-	\$ 429,903
Construction in Progress	-	-	-	-
Buildings & Improvements	7,701,844	209,668	-	7,911,512
Furniture & Equipment	<u>1,427,523</u>	<u>37,295</u>	<u>(31,100)</u>	<u>1,433,718</u>
Total Capital Assets	<u>\$ 9,559,270</u>	<u>\$ 246,963</u>	<u>\$ (31,100)</u>	<u>\$ 9,775,133</u>
 <u>Less Accumulated</u>				
<u>Depreciation:</u>				
Buildings & Improvements	\$5,496,990	\$ 215,624	-	\$ 5,712,614
Furniture & Equipment	<u>1,064,532</u>	<u>95,566</u>	<u>(30,128)</u>	<u>1,129,970</u>
Total Accumulated Depreciation	<u>\$6,561,522</u>	<u>\$ 311,190</u>	<u>\$ (30,128)</u>	<u>\$ 6,842,584</u>
Net Capital Assets	<u>\$2,997,748</u>	<u>\$ (64,227)</u>	<u>\$ (972)</u>	<u>\$ 2,932,549</u>

Depreciation was charged to functions as follows:

General Administration	\$ 47,335
Police and Safety	34,443
Parks	115,828
Special Events	11,787
Streets	<u>101,797</u>
	<u>\$ 311,190</u>

LUBBOCK COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1
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NOTES TO FINANCIAL STATEMENTS, Page 13
September 30, 2023

Note E: Capital Assets (continued)

Business-Type Activities:	Balance <u>10-1-22</u>	<u>Additions</u>	Deletions/ <u>Reclassifications</u>	Balance <u>9-30-23</u>
Buildings & Improvements	\$ 610,094	\$ 121,508	\$ -	\$ 731,602
Operating Equipment	<u>331,228</u>	<u>13,286</u>	<u>(15,281)</u>	<u>329,233</u>
Total Capital Assets	<u>\$ 941,322</u>	<u>\$ 134,794</u>	<u>\$ (15,281)</u>	<u>\$ 1,060,835</u>
 <u>Less Accumulated Depreciation:</u>				
Buildings & Improvements	\$ 441,961	\$ 21,714	\$ -	\$ 463,675
Operating Equipment	<u>227,719</u>	<u>20,084</u>	<u>(12,188)</u>	<u>235,615</u>
Total Accumulated Depreciation	<u>\$ 669,680</u>	<u>\$ 41,798</u>	<u>\$ (12,188)</u>	<u>\$ 699,290</u>
Net Capital Assets	<u>\$ 271,642</u>	<u>\$ 92,996</u>	<u>\$ (3,093)</u>	<u>\$ 361,545</u>

Note F: Long-Term Obligations

Short term loans are accounted for through the applicable fund. General Fund proceeds from loans (except those issued and retired during the current year) are shown in the financial statements as Other Resources and principal payments as Other Uses. Enterprise fund loans are shown in the appropriate fund.

The District owes Lubbock County for prior election costs, \$28,298, which is due in annual installments of \$14,149 for the next 2 years. This liability is reported in the governmental funds.

Changes in long-term obligations for the year ended September 30, 2023 are as follows:

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>	Due Within <u>One Year</u>
<u>Governmental Fund:</u>					
Due to County	\$ 42,447	\$ -	\$ 14,149	\$ 28,298	\$ 14,149
Total OPEB Liability	<u>44,513</u>	<u>1,636</u>	<u>12,815</u>	<u>33,334</u>	<u>-</u>
Total	\$ 86,960	\$ 1,636	\$ 26,964	\$ 61,632	14,149
 <u>Business-Type Activities:</u>					
Total OPEB Liability	\$ 7,158	\$ 161	\$ 1,264	6,055	-
Total	\$ 7,158	\$ 161	\$ 1,264	\$ 6,055	-

LUBBOCK COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1
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NOTES TO FINANCIAL STATEMENTS, Page 14
September 30, 2023

Note G: Pension Plan

Plan Description

The District provides retirement, disability, and survivor benefits for all of its non-temporary employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). TCDRS is a statewide, agent multiple-employer, public-employee retirement system. The system serves nearly 850 participating counties and districts throughout Texas. TCDRS, in the aggregate, issues an annual comprehensive financial report (ACFR) on a calendar year basis. The ACFR is available at www.tcdrs.org, or is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

Each employer maintains its own customized plan of benefits. Plan provisions are adopted by the governing body of each employer, within the options available in the TCDRS Act. Employers have the flexibility and local control to adjust benefits annually and pay for those benefits based on their needs and budgets.

Each employer has a defined benefit plan that functions similarly to a cash balance plan. The assets of the plans are pooled for investment purposes, but each employer's plan assets may be used only for the payment of benefits to the members of that employer's plan. In accordance with Texas law, it is intended that the pension plan be construed and administered in a manner that the retirement system will be considered qualified under Section 401(a) of the Internal Revenue Code. All employees (except temporary staff) of a participating employer must enroll in the plan.

Benefits Provided

7% of each employee's paycheck is deposited into his or her TCDRS account.

The employee's savings grow, by law, at a rate of 7%, compounded annually. The District has selected a matching rate of \$2.00 per \$1.00 in the employee's account. At retirement, the employee's account balance is combined with employer matching and converted into a lifetime monthly benefit.

Employees receive a month of service time for each month that they make a deposit into their account. The amount of service an employee needs to earn a future benefit is called the vesting requirement. When an employee is vested, he or she has the right to a monthly benefit, which includes employer matching, at age 60 or older.

Plan provisions are adopted by the Board of Trustees, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of services equals 75 or more. Members are vested after 8 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit.

LUBBOCK COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1
Lubbock, Texas

NOTES TO FINANCIAL STATEMENTS, Page 15
September 30, 2023

Note G: Pension Plan (continued)

Retirees elect to receive their lifetime benefit by choosing one of seven actuarially equivalent payment options.

Employers may elect to provide other optional benefits. Prior service gives employees monetary credit for time worked for an organization before it joined the system. Buybacks allow current employees to re-establish a closed TCDRS account from previous service with an employer. Partial lump-sum payments at retirement allow employees to withdraw part or all of their TCDRS account balance as a lump sum at retirement with a reduced monthly benefit.

Benefit amounts are determined by the sum of the employee’s contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the Board within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the District’s commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee’s accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Annually, the District reviews the plan to determine benefit and contribution levels.

Employees covered by benefit terms

At December 31, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	9
Inactive employees entitled to but not yet receiving benefits	57
Active employees	<u>17</u>
Total	83

Contributions

A combination of three elements funds each employer’s plan: employee deposits, employer contributions and investment income.

- The deposit rate for employees is 4%, 5%, 6% or 7% of compensation, as adopted by the employer’s governing body.
- Participating employers are required, by law, to contribute at a minimum the actuarially required rates, which are determined annually.
- Investment income funds a large part of the benefits employees earn.

The district’s contribution rate is calculated annually on an actuarial basis, although the employer may elect to contribute at a higher rate. The District contribution rate is based on the TCDRS funding policy adopted by the TCDRS Board of Trustees and must conform with the TCDRS Act. The employee contribution rates are set by the district and are currently 7%.

LUBBOCK COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1
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NOTES TO FINANCIAL STATEMENTS, Page 16
September 30, 2023

Note G: Pension Plan (continued)

Employers have the option of paying more than the required contribution rate each year. Extra contributions can help employers “pre-fund” benefit increases, such as cost-of-living adjustment to retirees, and they can be used to help offset or mitigate future increases in the required rate due to negative plan experience. There are two approaches for making extra contributions: (a) paying an elected contribution rate higher than the required rate and (b) making an additional elective contribution as a lump sum.

Administrative costs of TCDRS are financed through the system’s general reserves, which are part of the Endowment Fund.

Employees for the District were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the District were 6.27% and 6.16% in calendar years 2022 and 2023, respectively. The District’s contributions to TCDRS for the fiscal year ended September 30, 2023 were \$60,721, and were equal to the required contributions.

Net Pension Liability

The District’s Net Pension Liability (NPL) was measured as of December 31, 2022, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Methods and Assumptions Used for GASB Calculations:

The actuarial assumptions that determine the Total Pension Liability as of December 31, 2022 were based on the results of an actuarial experience study for the period January 1, 2017 – December 31, 2020, except where required to be different by GASB 68. The key assumptions used in the calculation of the total pension liability are as follows:

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NOTES TO FINANCIAL STATEMENTS, Page 17
September 30, 2023

Note G: Pension Plan (continued)

Valuation Timing	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age (level percentage of pay)
Amortization Method	
Recognition of economic/demographic Gains or losses	Straight-line amortization over Expected Working Life
Recognition of assumption changes Or inputs	Straight-line amortization over Expected Working Life
Asset Valuation Method	
Smoothing period	5 year
Recognition method	Non-asymptotic
Corridor	None
Inflation	2.50%
Salary Increases	Same as funding valuation: See Below
Investment Rate of Return	7.60% (Gross of administrative expenses)
Cost-of-Living Adjustments	Cost-of-Living Adjustments for Lubbock County Water Control and Improvement District #1 are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculation. No assumption for future cost-of-living adjustments is included in the funding valuation.
Retirement Age	Same as funding valuation: See Below
Turnover	Same as funding valuation: See Below
Mortality	Same as funding valuation: See Below

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NOTES TO FINANCIAL STATEMENTS, Page 18
September 30, 2023

Note G: Pension Plan (continued)

Actuarial Methods and Assumptions Used for Funding Valuation:

Economic Assumptions

TCDRS system-wide economic assumptions:

Real Rate of return	5.00%
Inflation	2.50%
Long-term investment return	7.50%

The assumed long-term investment return of 7.5% is net after investment and administrative expenses. It is assumed returns will equal the nominal annual rate of 7.5% for calculating the actuarial accrued liability and the normal cost contribution rate for the retirement plan of each participating employer.

The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.00% (made up of 2.50% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.7% per year for a career employee.

Employer-specific economic assumptions:

Growth in membership	0.00%
Payroll Growth	3.00%

The payroll growth assumption is for the aggregate covered payroll of an employer.

Demographic Assumptions

TCDRS system-wide demographic assumptions:

Replacement of Terminated Members – New employees are assumed to replace any terminated members and have similar entry ages.

Disability – Members who become disabled are eligible to commence benefit payments regardless of age. Rates of disability are in a custom table based on TCDRS experience.

Mortality rates for active members were based on 135% of Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.. Mortality rates for service retirees, beneficiaries, and non-depositing members were based on 135% of Pub-2010 General Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010. Mortality rates for disabled retirees were based on 160% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

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NOTES TO FINANCIAL STATEMENTS, Page 19
September 30, 2023

Note G: Pension Plan (continued)

Former Employees Working for Another TCDRS Employer – Former employees who have left their accounts on deposit and are now active depositing members with another TCDRS employer are treated for valuation purposes as active members with no future member deposits.

Family Composition – For current retirees, beneficiary information is supplied by TCDRS. For purposes of calculating the Survivor Benefit for current depositing and non-depositing members, male members are assumed to have a female beneficiary who is three years younger. Female members are assumed to have a male beneficiary who is three years older.

Internal Revenue Code Section 415 Limit – The Internal Revenue Code Section 415 maximum benefit limitations are not reflected in the valuation for funding purposes. Any limitation is reflected in a member's benefit after retirement.

Internal Revenue Code Section 401(a)(17) – Compensation is limited under IRC Section 401(a)(17) and the limit is assumed to increase at the rate of inflation for valuation purposes.

Option Elected at Retirement – Future retired members are assumed to elect the standard (single life) retirement option with a monthly benefit for the retiree's lifetime only. Current retirees and beneficiaries are valued based on the option previously selected. All options include a cash refund feature which for valuation purposes is approximated by assuming monthly payments are received for a minimum of four years. This approximation applies for both current and future retirees.

Replacement of Terminated Members – New employees are assumed to replace any terminated members and have similar entry ages.

Employer-specific demographic assumptions:

Other Terminations of Employment – The rates of assumed future termination from active participation in the plan for reasons other than death, disability or retirement vary by length of service, entry-age group (age at hire) and gender. No termination after eligibility for retirement is assumed.

Adjustment for Partial Lump-Sum Payment Option: Termination Rates – The termination rate is 0% for the two years immediately prior to retirement eligibility. Rates are reduced at ages near retirement as it is anticipated that a member would be less likely to take a withdrawal if the partial lump-sum payment option was available.

Withdrawals – Members who terminate may either elect to leave their account with TCDRS or withdraw their funds. The probability that a member elects a withdrawal varies by length of service and vesting schedule. For non-depositing members who are not vested, 100% are assumed to elect a withdrawal.

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NOTES TO FINANCIAL STATEMENTS, Page 20
September 30, 2023

Note G: Pension Plan (continued)

Timing of Withdrawals – For former employees only eligible for a refund of their account balance, it is assumed there is a 10% probability of the former employee electing a refund of their account balance in each of the ten years following the valuation date. That is, the account balance is assumed to be distributed within ten years of the valuation date.

For current active members who will receive a refund of their account balance, it is assumed that 50% of those members elect a refund of their account balance immediately upon termination, and the remaining 50% elect a refund at a rate of 10% in each of the ten years following the year of refund.

Current deferred vested inactive members are assumed to keep their accounts with TCDRS until their assumed retirement.

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2023 information for a 10-year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed in detail at a minimum of every four years, and is set based on a long-term time horizon. The TCDRS Board of Trustees adopted the current assumption at their March 2021 meeting. The assumption for the long-term expected return is reviewed annually for continued compliance with the relevant actuarial standards of practice.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Geometric Real Rate of Return (Expected minus Inflation)</u>
US Equities	11.50%	4.95%
Global Equities	2.50%	4.95%
Int'l Equities-Developed Markets	5.00%	4.95%
International Equities-Emerging	6.00%	4.95%
Investment-Grade Bonds	3.00%	2.40%
Strategic Credit	9.00%	3.39%
Direct Lending	16.00%	6.95%
Distressed Debt	4.00%	7.60%
REIT Equities	2.00%	4.15%
Master Limited Partnerships	2.00%	5.30%
Private Real Estate Partnerships	6.00%	5.70%
Private Equity	25.00%	7.95%
Hedge Funds	6.00%	2.90%
Cash Equivalents	<u>2.00%</u>	0.20%
Total	100.00%	

LUBBOCK COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1
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NOTES TO FINANCIAL STATEMENTS, Page 21
September 30, 2023

Note G: Pension Plan (continued)

Discount Rate

The discount rate is the single rate of return that, when applied to all projected benefit payments results in an actuarial present value of projected benefit payments equal to the total of the following:

1. The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension plan's fiduciary net position is projected to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term rate of return, calculated using the long-term expected rate of return on pension plan investments.
2. The actuarial present value of projected benefit payments not included in (1), calculated using the municipal bond rate.

Therefore, if plan investments in a given future year are greater than projected benefit payments in that year and are invested such that they are expected to earn the long-term rate of return, the discount rate applied to projected benefit payments in that year should be the long-term expected rate of return on plan investments. If future years exist where this is not the case, then an index rate reflecting the yield on a 20-year, tax-exempt municipal bond should be used to discount the projected benefit payments for those years.

In order to determine the discount rate to be used by the District, an alternative method was used to determine the sufficiency of the fiduciary net position in all future years. The alternative method reflects the funding requirements under the District's funding policy and the legal requirements under the TCDRS Act.

1. TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods.
2. Under the TCDRS Act, the employer is legally required to make the contribution specified in the funding policy.
3. The District's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost.
4. Any increased cost due to the adoption of a COLA is required to be funded over a period of 15 years, if applicable.

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the employer is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses for GASB 68 purposes. Therefore, a discount rate of 7.60% has been used. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.50%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

LUBBOCK COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1
Lubbock, Texas

NOTES TO FINANCIAL STATEMENTS, Page 22
September 30, 2023

Note G: Pension Plan (continued)

Change in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at 12/31/21	\$ 1,900,927	\$ 2,559,246	\$ (658,319)
Changes for the year:			
Service cost	111,026		111,026
Interest	148,460		148,460
Change of benefit terms	-		-
Effect of economic/demographic gains or losses	(27,696)		(27,696)
Changes of assumptions	-		-
Refund of contributions	(17,150)	(17,150)	-
Contributions - employer	-	54,985	(54,985)
Contributions - employee	-	61,387	(61,387)
Net investment income	-	(149,781)	149,781
Benefit payments, including refunds of employee contributions	(102,102)	(102,102)	-
Administrative expense	-	(1,410)	1,410
Other changes	-	1,732	(1,732)
Net changes	<u>112,538</u>	<u>(152,339)</u>	<u>264,877</u>
Balance at 12/31/22	<u>\$ 2,013,465</u>	<u>\$ 2,406,907</u>	<u>\$ (393,442)</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the District, calculated using the discount rate of 7.60%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.60%) or 1-percentage-point higher (8.60%) than the current rate:

	1% Decrease in Discount Rate (6.60%)	Discount Rate (7.60%)	1% Increase in Discount Rate (8.60%)
District's net pension liability/(asset)	\$ (143,793)	\$ (393,442)	\$ (604,535)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TCDRS financial report. That report may be obtained on the Internet at www.tcdrs.com.

LUBBOCK COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1
Lubbock, Texas

NOTES TO FINANCIAL STATEMENTS, Page 23
September 30, 2023

Note G: Pension Plan (continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2023, the district recognized pension expense of \$18,233.

At September 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 18,464
Changes in actuarial assumptions	\$ -	\$ -
Difference between projected and actual investment earnings	\$ 48,208	\$ -
Contributions subsequent to the measure date December 31, 2019	\$ 48,638	\$ -
Total	\$ 96,846	\$ 18,464

\$48,638 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended Dec 31:	
2023	\$ (37,575)
2024	(9,838)
2025	8,321
2026	68,836
2027	-
Thereafter	-
Total	\$ 29,744

LUBBOCK COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1
Lubbock, Texas

NOTES TO FINANCIAL STATEMENTS, Page 24
September 30, 2023

Note H: Postemployment Benefits Other Than Pensions

1. Plan Description

The District participates in the retiree Group Term Life program for the Texas County & District Retirement System (TCDRS), which is a statewide, multiple-employer, public employee retirement system. The TCDRS Group Term Life (GTL) program has been determined to be an unfunded OPEB plan as the GTL fund does not meet the requirements of a trust under Paragraph 4b of GASB 75, as the assets of the GTL fund can be used to pay active GTL benefits which are not part of the OPEB plan. For GASB 75 purposes, the OPEB plan is not a cost sharing plan, so the annual benefit payments are treated as being equal to the employer's actual retiree GTL contributions for the year.

2. Benefits Provided

- All full- and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year and are eligible for the TCDRS pension plan. Only employers that have elected participation in the retiree Group Term Life program are included in the OPEB plan.
- The plan provides a \$5,000 post-retirement death benefit to beneficiaries of service retirees and disability retirees of employers that have elected participation in the retiree GTL program.
- The OPEB benefit is a fixed \$5,000 lump-sum benefit.
- No future increases are assumed in the \$5,000 benefit amount
- Benefit terms are established under the TCDRS Act. Participation in the retiree GTL program is optional and the employer may elect to opt out of (or opt into) coverage as of Jan. 1 each year.

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	7
Inactive employees entitled to but not yet receiving benefits	7
Active employees	<u>17</u>
Total	31

3. Contributions

Contributions made to the retiree GTL Program are held in the GTL Fund. The GLT fund does not meet the requirements of a trust under Paragraph 4b of GASB 75, as the assets of the GTL fund can be used to pay active GTL benefits which are not part of the OPEB plan.

LUBBOCK COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1
Lubbock, Texas

NOTES TO FINANCIAL STATEMENTS, Page 25
September 30, 2023

Note H: Postemployment Benefits Other Than Pensions

The District's contribution rate for the retiree GTL program is calculated annually on an actuarial basis, and is equal to the cost of providing a one-year death benefit equal to \$5,000.

	<u>Contribution Rates</u>	
District	<u>2022</u>	<u>2023</u>
	0.46%	0.16%
Current Fiscal Year Employer Contributions	\$ 2,150	

4. Actuarial Assumptions

The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Additional Actuarial Methods and Assumptions

Valuation Date	December 31, 2022
Actuarial Cost Method	Entry Age Level Percent of Salary
Amortization Method	
Recognition of economic/demographic Gains or losses	Straight-line amortization over Expected Working Life
Recognition of assumption changes Or inputs	Straight-line amortization over Expected Working Life
Asset Valuation Method	Does not apply
Inflation	Does not apply
Salary increases	Salary increases do not affect benefits but are used in the allocation of costs under the actuarial cost method.
Investment Rate of Return (Discount Rate)	3.72% 20 Year Bond GO Index published by bondbuyer.com as of December 30, 2022
Cost-of-Living Adjustments	Does not apply
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68
Mortality rates – depositing members	135% of Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

LUBBOCK COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1
Lubbock, Texas

NOTES TO FINANCIAL STATEMENTS, Page 26
September 30, 2023

Note H: Postemployment Benefits Other Than Pensions

Mortality rates – service retirees	135% of Pub-2010 General Healthy Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Healthy Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Mortality rates – disabled retirees	160% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

The actuarial assumptions and methods that determined the total OPEB liability as of December 31, 2022 were based on the results of an actuarial experience study for the period January 1, 2017-December 31, 2020, except where required to be different by GASB 75.

5. Discount Rate

The TCDRS GTL program is treated as an unfunded OPEB plan because the GTL trust covers both actives and retirees and the assets are not segregated for these groups. Under GASB 75 (paragraph 155), the discount rate for an unfunded OPEB plan should be based on 20-year tax-exempt AA or higher Municipal Bonds. Therefore, a discount rate of 3.72% based on the 20 Year Bond GO Index published by bondbuyer.com is used as of the measurement date of December 31, 2022.

6. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Total OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.72 %) in measuring the Total OPEB Liability. Note that the healthcare cost trend rate does not affect the Total OPEB Liability, so sensitivity to the healthcare cost trend rate is not shown.

	1% Decrease in <u>Discount Rate (2.72%)</u>	Discount Rate <u>(3.72%)</u>	1% Increase in <u>Discount Rate (4.72%)</u>
Total OPEB Liability	\$ 47,452	\$ 39,389	\$ 33,142

LUBBOCK COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1
Lubbock, Texas

NOTES TO FINANCIAL STATEMENTS, Page 27
September 30, 2023

Note H: Postemployment Benefits Other Than Pensions

7. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At September 30, 2023, the District reported a liability of \$39,389 for total OPEB liability. The total OPEB liability was measured as of December 31, 2022 by an actuarial valuation as of that date.

For the year ended September 30, 2023, the District recognized OPEB expense of \$6,254.

Change in the Total OPEB Liability

	Total OPEB Liability (a)
Balance at 12/31/21	\$ 51,671
Changes for the year:	
Service cost	1,963
Interest	1,095
Change of benefit terms	-
Effect of economic/demographic experience	319
Changes of assumptions	(14,694)
Benefit payments, including refunds of employee contributions	(965)
Other changes	-
Net changes	<u>(12,282)</u>
Balance at 12/31/22	<u>\$ 39,389</u>

LUBBOCK COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1
Lubbock, Texas

NOTES TO FINANCIAL STATEMENTS, Page 28
September 30, 2023

Note H: Postemployment Benefits Other Than Pensions

At December 31, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual actuarial experiences	\$ 2,055	\$ 1,750
Changes in actuarial assumptions	\$ 7,319	\$ 13,885
Difference between projected and actual investment earnings	\$ -	\$ -
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	\$ -	\$ -
Total as of Dec. 31, 2019 measurement date	<u>\$ 9,374</u>	<u>\$ 15,635</u>
Contributions paid to TCDRS subsequent to the measurement date	<u>\$ 1,265</u>	<u>\$ -</u>
Total as of fiscal year-end	<u><u>\$ 10,639</u></u>	<u><u>\$ 15,635</u></u>

The net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended December 31:</u>	<u>OPEB Expense Amount</u>
2023	\$ 128
2024	134
2025	664
2026	(1,797)
2027	(1,797)
Thereafter	(3,593)

Note I: Transfers

The following is a summary of District interfund transfers for the year ended September 30, 2023:

<u>Transfer from</u>	<u>Amount</u>	<u>Transfer To</u>	<u>Explanation</u>
General Fund	\$ 73,921	Special Revenue Fund	Supplement special events
General Fund	\$ 184,782	Enterprise Fund	Normal operating transfer

LUBBOCK COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1
Lubbock, Texas

NOTES TO FINANCIAL STATEMENTS, Page 29
September 30, 2023

Note J: Litigation

From time to time the District is party to various legal proceedings which occur in the District's operations. These legal proceedings are not expected to have an adverse impact on the operations or affected funds of the District.

Note K: Risk Management

The District is exposed to various risks of loss from torts, theft of, damage to and destruction of assets; business interruptions; errors and omissions; employee injuries and illnesses; natural disaster; and employee health, dental and accidental benefits. Commercial insurance is purchased for claims arising from such matters.

REQUIRED SUPPLEMENTARY INFORMATION

LUBBOCK WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1
Lubbock, Texas

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended September 30, 2023

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Gate Revenue	\$ 1,916,000	\$ 1,923,114	\$ 7,114
Lease Revenue	47,000	53,687	6,687
Lease Interest	145,000	148,265	3,265
Rental Revenue	45,000	45,258	258
Grant Revenue	52,000	54,869	2,869
Interest Revenue	75,000	119,995	44,995
Other Operating Revenue	60,000	60,800	800
<u>Total Revenues</u>	<u>2,340,000</u>	<u>2,405,988</u>	<u>65,988</u>
<u>Expenditures</u>			
<u>Current</u>			
Salaries	950,000	948,809	1,191
Payroll Taxes	20,000	18,957	1,043
Employee Benefits	190,000	188,297	1,703
Tools and Supplies	55,000	54,501	499
Repairs & Maintenance	180,000	179,811	189
Utilities	145,000	143,414	1,586
Office Supplies	20,000	18,850	1,150
Printing and Postage	5,500	5,311	189
Advertising and Public Relations	2,500	1,734	766
Dues, Fees and Subscriptions	17,500	16,575	925
Training and Travel	24,000	20,369	3,631
Accounting and Legal	20,000	18,288	1,712
Election Expense	3,500	3,351	149
Contracted Services	25,000	22,166	2,834
Rental Expense	36,000	35,438	562
Bank Fees and Charges	64,000	61,461	2,539
Insurance	44,500	43,799	701
Other	27,500	24,870	2,630
Capital Outlay	250,000	246,964	3,036
<u>Total Expenditures</u>	<u>2,080,000</u>	<u>2,052,965</u>	<u>27,035</u>
<u>Other Financing Sources (Uses)</u>			
Proceeds from Sale of Assets	5,000	5,130	130
Operating Transfers In (Out)	(265,000)	(258,703)	6,297
<u>Total Other Financing Sources (Uses)</u>	<u>(260,000)</u>	<u>(253,573)</u>	<u>6,427</u>
<u>Excess of Revenues and Other Sources</u>			
<u>Over (Under) Expenditures and Other Uses</u>	-	99,450	99,450
Fund Balance, Beginning of Year	<u>2,506,676</u>	<u>2,506,676</u>	-
<u>Fund Balance, End of Year</u>	<u>\$ 2,506,676</u>	<u>\$ 2,606,126</u>	<u>\$ 99,450</u>

LUBBOCK WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1
Lubbock, Texas

SCHEDULE OF CHANGES IN NET PENSION LIABILITY/ASSET
AND RELATED RATIOS - TCDRS
(unaudited)

	Measurement Year								
	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014
Total Pension Liability									
Service Cost	\$ 111,026	\$ 84,493	\$ 79,824	\$ 84,714	\$ 109,538	\$ 91,344	\$ 91,681	\$ 72,840	\$ 81,129
Interest (on the Total Pension Liability)	148,460	135,400	127,875	121,814	131,744	119,319	102,033	88,119	78,849
Changes of benefit terms	-	-	-	-	-	-	-	(9,714)	-
Effect of economic/demographic (gains) or losses	(27,696)	44,739	6,383	(33,836)	(213,088)	25,542	21,645	18,765	(24,075)
Refunds of contributions	-	-	-	(9,855)	-	-	-	-	-
Change of assumptions	-	(9,585)	86,118	-	-	19,298	-	14,597	-
Benefit payments, including refunds of employee contributions	(119,253)	(100,565)	(103,261)	(73,213)	(167,240)	(75,163)	(22,540)	(16,918)	(22,557)
Net change in Total Pension Liability	112,537	154,482	196,939	89,624	(139,046)	180,340	192,819	167,689	113,346
Total Pension Liability - Beginning	1,900,927	1,746,445	1,549,506	1,459,882	1,598,928	1,418,588	1,225,769	1,058,079	944,733
Total Pension Liability - Ending (a)	\$ 2,013,464	\$ 1,900,927	\$ 1,746,445	\$ 1,549,506	\$ 1,459,882	\$ 1,598,928	\$ 1,418,588	\$ 1,225,768	\$ 1,058,079
Plan Fiduciary Net Position									
Contributions - employer	54,985	31,504	30,432	44,068	50,738	45,323	33,546	32,849	27,080
Contributions - employee	61,387	51,286	43,035	44,131	52,695	53,143	46,685	38,974	32,238
Net investment income	(149,781)	462,664	201,041	274,004	(33,670)	222,806	100,931	(37,443)	80,701
Refund of contributions	-	-	-	(9,855)	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(119,253)	(100,565)	(103,261)	(73,213)	(167,240)	(75,163)	(22,540)	(16,918)	(22,557)
Administrative expense	(1,410)	(1,385)	(1,548)	(1,483)	(1,340)	(1,177)	(1,096)	(974)	(990)
Other	1,733	79	(689)	448	(1,724)	301	6,098	1,094	830
Net Change in Plan Fiduciary Net Position	(152,339)	443,583	169,010	278,100	(100,541)	245,233	163,624	17,582	117,302
Plan Fiduciary Net Position - Beginning	2,559,245	2,115,662	1,946,652	1,668,552	1,769,093	1,523,860	1,360,236	1,342,654	1,225,352
Plan Fiduciary Net Position - Ending (b)	\$ 2,406,906	\$ 2,559,245	\$ 2,115,662	\$ 1,946,652	\$ 1,668,552	\$ 1,769,093	\$ 1,523,860	\$ 1,360,236	\$ 1,342,654
Net Pension Liability/(Asset) - Ending (a) - (b)	\$ (393,442)	\$ (658,318)	\$ (369,217)	\$ (397,146)	\$ (208,670)	\$ (170,165)	\$ (105,272)	\$ (134,468)	\$ (284,575)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	119.54%	134.63%	121.14%	125.63%	114.29%	110.64%	107.42%	110.97%	126.90%
Covered Employee Payroll	\$ 876,954	\$ 732,653	\$ 614,784	\$ 630,445	\$ 752,787	\$ 759,179	\$ 666,924	\$ 556,770	\$ 460,537
Net Pension Liability/(Asset) as a Percentage of Covered Payroll	-44.86%	-89.85%	-60.06%	-62.99%	-27.72%	-22.41%	-15.78%	-24.15%	-61.79%

Note: Only nine years of data is presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

LUBBOCK WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1
Lubbock, Texas

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
AND RELATED RATIOS - TCDRS
(unaudited)

	<u>Measurement Year Ended December 31,</u>					
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability						
Service Cost	\$ 1,963	\$ 1,773	\$ 1,547	\$ 966	\$ 1,942	\$ 2,066
Interest (on the Total OPEB Liability)	1,095	1,070	1,129	1,243	1,282	1,080
Effect of plan changes	-	-	-	-	-	-
Effect of assumption changes or inputs	319	(403)	1,392	6	(3,603)	1,579
Effect of economic/demographic (gains) or losses	(14,694)	882	5,514	8,483	(5,289)	4,318
Benefit payments, including refunds of employee contributions	(965)	(659)	(430)	(378)	(226)	(228)
Net change in Total OPEB Liability	(12,282)	2,663	9,152	10,320	(5,894)	8,815
Total OPEB Liability - Beginning	51,671	49,008	39,856	29,536	35,430	26,615
Total OPEB Liability - Ending (a)	\$ 39,389	\$ 51,671	\$ 49,008	\$ 39,856	\$ 29,536	\$ 35,430
Pensionable covered payroll	\$ 876,954	\$ 732,653	\$ 614,784	\$ 630,445	\$ 752,787	\$ 759,179
Net OPEB Liability/(asset) as % of covered payroll	4.49%	7.05%	7.97%	6.32%	3.92%	4.67%

Note: Only six years of data is presented in accordance with GASB #75, paragraph 245. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

LUBBOCK WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1
Lubbock, Texas

SCHEDULE OF CONTRIBUTIONS - TCDRS PENSION
(unaudited)

	<u>FYE 9/30/2023</u>	<u>FYE 9/30/2022</u>	<u>FYE 9/30/2021</u>	<u>FYE 9/30/2020</u>	<u>FYE 9/30/2019</u>	<u>FYE 9/30/2018</u>	<u>FYE 9/30/2017</u>	<u>FYE 9/30/2016</u>	<u>FYE 9/30/2015</u>
Actuarially Determined Contribution	\$ 60,721	\$ 51,988	\$ 30,188	\$ 33,789	\$ 44,110	\$ 52,047	\$ 41,146	\$ 33,282	\$ 30,989
Contributions in relation to the actuarially determined contribution	<u>60,721</u>	<u>51,988</u>	<u>30,188</u>	<u>33,789</u>	<u>44,110</u>	<u>52,047</u>	<u>41,146</u>	<u>33,282</u>	<u>30,989</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 982,288	\$ 895,532	\$ 678,330	\$ 617,004	\$ 636,976	\$ 796,086	\$ 715,188	\$ 638,112	\$ 525,593
Contributions as a percentage of covered employee payroll	6.18%	5.81%	4.45%	5.48%	6.92%	6.54%	5.75%	5.22%	5.90%

Note: GASB 68, Paragraph 81.2.b requires that the data in this schedule be presented as of the District's current fiscal year as opposed to the time period covered by the measurement date of January 1, 2022-December 31, 2022

Note: Only nine years of data is presented in accordance with GASB #68, paragraph 138. "The information for all p[eriods] for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information should not include information that is not measured in accordance with the requirements of this Statement."

LUBBOCK WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1
Lubbock, Texas

SCHEDULE OF CONTRIBUTIONS - TCDRS OPEB
(unaudited)

	<u>FYE 9/30/2023</u>	<u>FYE 9/30/2022</u>	<u>FYE 9/30/2021</u>	<u>FYE 9/30/2020</u>	<u>FYE 9/30/2019</u>	<u>FYE 9/30/2018</u>
Actuarially Determined Contribution	\$ 2,150	\$ 3,950	\$ 2,528	\$ 2,116	\$ 2,169	\$ 3,101
Contributions in relation to the actuarially determined contribution	<u>2,150</u>	<u>3,950</u>	<u>2,528</u>	<u>2,116</u>	<u>2,169</u>	<u>3,101</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 982,288	\$ 895,532	\$ 678,330	\$ 617,004	\$ 636,976	\$ 796,086
Contributions as a percentage of covered employee payroll	0.22%	0.44%	0.37%	0.34%	0.34%	0.39%

Note: GASB 75 requires that the data in this schedule be presented as of the District's current fiscal year as opposed to the time period covered by the measurement date of January 1, 2022-December 31, 2022.

Note: Only six years of data is presented in accordance with GASB #75. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

LUBBOCK COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1
Lubbock, Texas

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2023

Schedule of Pension Contributions – TCDRS

Valuation Timing	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age (level percentage of pay)
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	0.0 years (based on contribution rate calculated in 12/31/2022 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career including inflation.
Investment Rate of Return	7.50%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2015: New inflation, mortality and other assumptions were reflected 2017: New mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions were reflected. 2022: New investment return and inflation assumptions were reflected
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	2015: No changes in plan provisions were reflected in the Schedule 2016: No changes in plan provisions were reflected in the Schedule 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018-2022: No changes in plan provisions were reflected in the Schedules.

*Only changes that affect the benefit amount and that are effective 2015 and later are shown in the Notes to Schedule.

LUBBOCK COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1
Lubbock, Texas

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2023

Schedule of OPEB Contributions – TCDRS

Valuation Timing	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age Level Percent of Salary
Amortization Method	
Recognition of economic/demographic gains or losses	Straight-Line amortization over Expected Working Life
Recognition of assumption changes or inputs	Straight-Line amortization over Expected Working Life
Asset Valuation Method	Does not apply
Inflation	Does not apply
Salary Increases	Varies by age and service. Salary increases do not affect benefits but are used in the allocation of costs under the actuarial cost method.
Investment Rate of Return	3.72% 20 Year Bond GO Index published by bondbuyer.com as of December 31, 2022
Cost-of-Living Adjustment	Does not apply
Disability	Members who become disabled are eligible to commence benefit payments regardless of age. Rates of disability are in a custom table based on TCDRS experience.
Mortality	
Depositing members	135% of Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Service retirees, beneficiaries and non-depositing members	135% of Pub-2010 General Healthy Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Healthy Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Disabled retirees	160% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Retirement	Members eligible for service retirement are assumed to retire at rates based on age and gender.
Other Termination of Employment	The rate of assumed future termination from active participation in the plan for reasons other than death, disability or retirement vary by length of service, entry-age group (age at hire) and gender. No termination after eligibility for retirement is assumed.

OTHER SUPPLEMENTARY INFORMATION

LUBBOCK COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1
Lubbock, Texas

SCHEDULE OF EXPENDITURES BY DEPARTMENT AND CATEGORY
For the Year Ended September 30, 2023

	Administrative	Police	Parks	Utility	Special Events	Customer Service	Total
Salaries	\$ 308,546	\$ 208,675	\$ 259,055	\$ 85,032	\$ 35,782	\$ 172,533	\$ 1,069,623
Payroll Taxes	4,365	4,331	3,907	1,214	528	6,354	20,699
Employee Benefits	46,832	41,038	68,565	19,223	6,752	31,862	214,272
Total Salaries and Related Expenses	359,743	254,044	331,527	105,469	43,062	210,749	1,304,594
Tools and Supplies	1,127	7,518	45,856	11,274	76	-	65,851
Repairs and Maintenance	7,358	43,028	125,691	62,035	98	3,734	241,944
Utilities	18,490	5,682	119,242	48,605	544	-	192,563
Sewer & Disposal Expense	-	-	-	273,420	-	-	273,420
Water Purchases	-	-	-	115,637	-	-	115,637
Office Supplies	18,205	-	-	-	1,529	645	20,379
Printing and Postage	5,180	-	-	-	-	131	5,311
Advertising and Public Relations	1,734	-	-	-	32,072	-	33,806
Direct Promotional Expenses	-	-	-	-	49,566	-	49,566
Dues, Fees and Subscriptions	2,084	14,491	-	-	50	-	16,625
Training and Travel	17,605	2,764	-	1,291	1,911	-	23,571
Accounting and Legal	18,288	-	-	-	-	-	18,288
Election Expense	3,351	-	-	-	-	-	3,351
Contracted Services	17,266	4,900	-	-	-	-	22,166
Rental Expense	2,084	-	33,354	12,863	-	-	48,301
Bank Fees and Charges	61,461	-	-	-	-	-	61,461
Insurance	28,472	9,099	6,228	2,249	-	-	46,048
Other	20,955	1,728	438	15,875	-	1,747	40,743
<u>Total Expenses Before Depreciation</u>	<u>\$ 583,403</u>	<u>\$ 343,254</u>	<u>\$ 662,336</u>	<u>\$ 648,718</u>	<u>\$ 128,908</u>	<u>\$ 217,006</u>	<u>\$ 2,583,625</u>

LUBBOCK COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1
Lubbock, Texas

SCHEDULE OF EXPENDITURES BY DEPARTMENT AND CATEGORY
For the Year Ended September 30, 2022

	Administrative	Police	Parks	Utility	Special Events	Customer Service	Total
Salaries	\$ 229,780	\$ 205,321	\$ 264,625	\$ 94,608	\$ -	\$ 138,218	\$ 932,552
Payroll Taxes	3,218	3,747	3,983	1,390	-	5,357	17,695
Employee Benefits	39,372	43,767	68,900	22,090	200	25,242	199,571
Total Salaries and Related Expenses	272,370	252,835	337,508	118,088	200	168,817	1,149,818
Tools and Supplies	777	968	69,597	5,945	-	363	77,650
Repairs and Maintenance	15,785	75,066	112,070	59,155	-	1,443	263,519
Utilities	13,801	5,240	127,077	44,664	-	-	190,782
Sewer & Disposal Expense	-	-	-	240,956	-	-	240,956
Water Purchases	-	-	-	108,648	-	-	108,648
Office Supplies	29,286	-	-	-	-	501	29,787
Printing and Postage	5,537	-	-	-	-	1,328	6,865
Advertising and Public Relations	1,164	-	-	-	64,883	-	66,047
Direct Promotional Expenses	-	-	-	-	50,372	-	50,372
Dues, Fees and Subscriptions	3,343	1,735	-	-	-	-	5,078
Training and Travel	12,248	2,027	-	3,984	-	-	18,259
Accounting and Legal	28,100	-	-	-	-	-	28,100
Election Expense	3,351	-	-	-	-	-	3,351
Contracted Services	12,778	3,500	-	-	-	-	16,278
Rental Expense	1,779	-	36,788	12,500	-	-	51,067
Bank Fees and Charges	59,732	-	-	-	-	-	59,732
Insurance	24,973	7,102	4,965	1,685	-	-	38,725
Other	6,753	1,074	214	9,413	120	1,492	19,066
<u>Total Expenses Before Depreciation</u>	<u>\$ 491,777</u>	<u>\$ 349,547</u>	<u>\$ 688,219</u>	<u>\$ 605,038</u>	<u>\$ 115,575</u>	<u>\$ 173,944</u>	<u>\$ 2,424,100</u>