

ANNUAL FINANCIAL REPORT

LUBBOCK COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 1

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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

ANNUAL FINANCIAL REPORT
For the Year Ended September 30, 2020

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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.

5707 114th Street
P.O. Box 93550
Lubbock, TX 79493-3550

Telephone - (806) 698-8858 – Fax – (866) 288-6490

Randel J. Terry, CPA
Ryan R. King, CPA

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

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, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

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, 2020, 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.



Other Matters

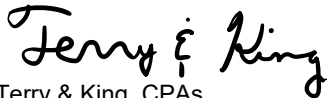
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension/OPEB schedules identified as Required Supplementary Information in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lubbock County Water Control and Improvement District No. 1'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. This information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 black ink that reads "Terry & King". The signature is written in a cursive, flowing style.

Terry & King, CPAs
Lubbock, Texas
April 12, 2021

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, 2020. 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 \$10,178, net position of our governmental activities increased by \$1,088,465.
- During the year, the District had expenses that were \$1,015,830 less than the \$2,619,336 generated in revenues for governmental programs.
- In the District's business type activities, revenues increased \$41,322 to \$561,567 (or 8%) while operating expenses decreased \$87,006 to \$478,754.
- The General fund reported a surplus this year of \$661,671 prior to inter-fund transfers from other funds of \$48,351.
- The resources available for appropriation were \$641,044 more than budgeted for the General Fund. Expenditures for the General Fund were less than the budgeted amounts by \$35,856.

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 \$5,215,863. 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 \$5,215,863 at September 30, 2020. (See Table A-1).

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

	Total Primary Government		Percentage Change
	<u>September 30, 2020</u>	<u>September 30, 2019</u>	<u>Change</u>
Current assets:			
Cash and cash equivalents	2,144,739	1,423,324	51%
Accounts Receivable	49,945	49,180	2%
Deposits	50	50	0%
Total current assets:	2,194,734	1,472,554	49%
Noncurrent assets:			
Net Pension Asset	397,146	208,671	90%
Construction in Progress	-	97,358	-100%
Land	429,903	429,903	0%
Buildings & Improvements	7,631,938	6,949,168	10%
Less accumulated depreciation, buildings & improvements	(5,452,654)	(5,192,756)	5%
Furniture & Equipment	1,412,420	1,330,551	6%
Less accumulated depreciation, furniture & equipment	(1,120,484)	(1,025,083)	9%
Total noncurrent assets	3,298,269	2,797,812	18%
Total Assets	5,493,003	4,270,366	29%
Deferred Outflows of Resources			
Deferred Outflows - Pension & OPEB	53,162	186,110	-71%
Total Deferred Outflows of Resources	53,162	186,110	-71%
Current liabilities:			
Accounts Payable	51,184	68,271	-25%
Accrued Wages	19,251	-	100%
Renter Deposits	1,300	1,651	-21%
Unearned Revenue	4,619	5,226	-12%
Total current liabilities	76,354	75,148	2%
Long-term liabilities:			
Total OPEB Liability	39,856	29,536	35%
Due within one year	14,149	14,149	0%
Due in more than one year	56,596	70,744	-20%
Total long-term liabilities	110,601	114,429	-3%
Total Liabilities	186,955	189,577	-1%
Deferred Inflows of Resources			
Deferred Inflows - Pension	143,347	149,679	-4%
Total Deferred Inflows of Resources	143,347	149,679	-4%
Net Position:			
Net investment in capital assets	2,901,123	2,589,141	12%
Unrestricted	2,314,740	1,528,079	51%
Total Net Position	5,215,863	4,117,220	27%

The \$2,314,740 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 27% (\$5,215,863 compared to \$4,117,220). 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 \$1,528,079 to \$2,314,740.

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

	Total Primary Government		Percentage Change
	<u>2020</u>	<u>2019</u>	<u>Change</u>
Program Revenues:			
Charges for Services	2,900,572	2,336,007	24%
General Revenues:			
Lot Lease Revenue	190,218	186,064	2%
Investment Earnings	3,315	3,203	3%
Gain on Sale of Fixed Assets	25,000	6,000	317%
Other Operating Revenue	61,798	78,647	-21%
Total Revenues	<u>3,180,903</u>	<u>2,609,921</u>	<u>22%</u>
General Administration	415,908	417,436	0%
Police and Safety	274,998	240,504	14%
Parks	658,230	599,139	10%
Special Events	54,688	110,280	-50%
Customer Service	199,682	225,397	-11%
Utility Activities	478,754	565,760	-15%
Total Expenses	<u>2,082,260</u>	<u>2,158,516</u>	<u>-4%</u>
Excess (Deficiency) Before Other Resources, Uses & Transfers	1,098,643	451,405	143%
Other Resources (Uses)	-	-	0%
Transfers In (Out)	-	-	0%
Increase (Decrease) in Net Position	1,098,643	451,405	143%
Net Position - Beginning	<u>4,117,220</u>	<u>3,665,815</u>	<u>12%</u>
Net Position - Ending	<u><u>5,215,863</u></u>	<u><u>4,117,220</u></u>	<u><u>27%</u></u>

The District's total revenues were \$3,180,903. A significant portion, 18%, of the District's total revenue comes from the utilities operations. Revenue available to fund governmental activities consists of charges for services (89%), lot leases (7%), and other revenues (4%)

The total cost of all programs and services was \$2,082,260; 23% of these costs were for utilities production and administration expenses. Expenses for governmental activities consisted of costs for general administration (26%), police and safety (17%), parks (41%), special events (3%), and customer service (13%).

Governmental Activities

Revenues for the District's governmental activities increased approximately 25%, and total expenses increased by 1%.

- Charges for services (gate revenues and special events revenues) increased \$539,924.
- Lot lease and rental revenues decreased by \$12,528.
- The cost of all *governmental* activities this year was \$1,603,506. As shown in the Statement of Activities, the amount that our lessors ultimately financed for these activities through lot lease revenues was \$190,218 because most of the costs were paid by those who directly benefited from the programs (\$2,339,005).

Business-type Activities

Revenues of the District's business-type activities (see table A-2) increased by \$41,322 and expenses decreased by 15% (\$478,754 from \$565,760).

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 \$1,965,996, which is an increase from the prior year's total of \$1,255,974. The following items effecting fund balance should be noted:

- In the current year, expenditures were less than revenues by \$637,387.
- The revenues in the governmental funds increased approximately 25% from the prior period and expenses for the governmental funds increased 15% from the prior period. In the current year, the general fund expended \$651,706 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 \$641,044 above budgeted amounts and expenditures were \$35,856 less than final budget amounts.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2020, the District had \$9,474,261 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 \$667,281, or 8%, over last year.

Table A-3
Fixed Assets

Governmental Activities:	Balance 10-1-19	Additions	Deletions/ Reclassifications	Balance 9-30-20
Land	\$ 429,903	-	-	429,903
Construction in Progress	97,358	-	(97,358)	-
Buildings & Improvements	6,389,336	585,412	97,358	7,072,106
Furniture & Equipment	1,106,258	66,294	-	1,172,552
Accumulated Depreciation	(5,660,140)	(319,909)	-	(5,980,049)
Net Capital Assets	<u>\$ 2,362,715</u>	<u>\$ 331,797</u>	<u>\$ -</u>	<u>\$ 2,694,512</u>

Business-Type Activities:	Balance 10-1-19	Additions	Deletions/ Reclassifications	Balance 9-30-20
Buildings& Improvements	\$ 559,832	\$ -	\$ -	\$ 559,832
Equipment	224,293	15,575	-	239,868
Accumulated Depreciation	(557,698)	(35,391)	-	(593,089)
Net Capital Assets	<u>\$ 226,427</u>	<u>\$ (19,816)</u>	<u>\$ -</u>	<u>\$ 206,611</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 \$70,744 which is due in annual installments of \$14,149 for the next 5 years. This liability is reported in the governmental funds.

Governmental Activities:	Balance 10-1-19	Additions	Decreases	Balance 9-30-20	Due Within One Year
	<u>\$ 84,893</u>	<u>\$ -</u>	<u>\$ 14,149</u>	<u>\$ 70,744</u>	<u>\$ 14,149</u>
Total L-T Debt	<u>\$ 84,893</u>	<u>\$ -</u>	<u>\$ 14,149</u>	<u>\$ 70,744</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 2021 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 2021.

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, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 2,088,270	\$ 56,469	\$ 2,144,739
Accounts Receivable	-	49,945	49,945
Deposits	-	50	50
Net Pension Asset	337,647	59,499	397,146
Capital Assets:			
Land	429,903	-	429,903
Buildings & Improvements, net	2,025,600	153,684	2,179,284
Furniture & Equipment, net	239,008	52,928	291,936
<u>TOTAL ASSETS</u>	<u>\$ 5,120,428</u>	<u>\$ 372,575</u>	<u>\$ 5,493,003</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows - Pension	\$ 35,643	\$ 4,950	\$ 40,593
Deferred Outflows - OPEB	11,041	1,528	12,569
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 46,684</u>	<u>\$ 6,478</u>	<u>\$ 53,162</u>
LIABILITIES:			
Current Liabilities:			
Accounts Payable	\$ 28,759	\$ 22,425	\$ 51,184
Accrued Wages	16,851	2,400	19,251
Renter Deposits	1,300	-	1,300
Unearned Revenue	4,619	-	4,619
Due within one year	14,149	-	14,149
Noncurrent Liabilities:			
Due in more than one year	56,596	-	56,596
Net OPEB Liability	34,358	5,498	39,856
<u>Total Liabilities</u>	<u>\$ 156,632</u>	<u>\$ 30,323</u>	<u>\$ 186,955</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows - Pension	121,079	15,918	136,997
Deferred Inflows - OPEB	5,377	973	6,350
<u>Total Deferred Inflows of Resources</u>	<u>126,456</u>	<u>16,891</u>	<u>143,347</u>
NET POSITION			
Net investment in capital assets	\$ 2,694,511	\$ 206,612	\$ 2,901,123
Unrestricted	2,189,513	125,227	2,314,740
<u>Total Net Position</u>	<u>\$ 4,884,024</u>	<u>\$ 331,839</u>	<u>\$ 5,215,863</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, 2020

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	415,908	\$ -	\$ -	\$ -	\$ (415,908)	-	(415,908)
Police and Safety	274,998	-	-	-	(274,998)	-	(274,998)
Parks	658,230	2,319,450	-	-	1,661,220	-	1,661,220
Special Events	54,688	19,555	-	-	(35,133)	-	(35,133)
Customer Service	199,682	-	-	-	(199,682)	-	(199,682)
Total Government Activities	<u>1,603,506</u>	<u>2,339,005</u>	<u>-</u>	<u>-</u>	<u>735,499</u>	<u>-</u>	<u>735,499</u>
Business-type Activities							
Utilities Fund	<u>478,754</u>	<u>561,567</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>82,813</u>	<u>82,813</u>
Total Primary Government	<u>2,082,260</u>	<u>2,900,572</u>	<u>-</u>	<u>-</u>	<u>735,499</u>	<u>82,813</u>	<u>818,312</u>
General Revenues							
Lot Lease Revenue					190,218	-	190,218
Investment Earnings					3,315	-	3,315
Gain on Sale of Fixed Assets					25,000	-	25,000
Other Revenue (Expense)					61,798	-	61,798
Transfers					<u>72,635</u>	<u>(72,635)</u>	<u>-</u>
Total General Revenues and Transfers					<u>352,966</u>	<u>(72,635)</u>	<u>280,331</u>
Change in Net Position					1,088,465	10,178	1,098,643
Net Position -- Beginning					<u>3,795,559</u>	<u>321,661</u>	<u>4,117,220</u>
Net Position -- Ending					<u>\$ 4,884,024</u>	<u>\$ 331,839</u>	<u>\$ 5,215,863</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, 2020

	General Fund	Other Governmental Fund	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 2,088,270	\$ -	\$ 2,088,270
<u>TOTAL ASSETS</u>	<u>\$ 2,088,270</u>	<u>\$ -</u>	<u>\$ 2,088,270</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 28,759	\$ -	\$ 28,759
Accrued Wages	16,851	-	16,851
Renter Deposits	1,300	-	1,300
Unearned Revenues	4,619	-	4,619
Due to County-Election Costs	70,745	-	70,745
<u>Total Liabilities</u>	<u>122,274</u>	<u>-</u>	<u>122,274</u>
FUND EQUITIES			
Fund Balance-Unassigned	1,965,996	-	1,965,996
<u>Total Fund Equities</u>	<u>1,965,996</u>	<u>-</u>	<u>1,965,996</u>
<u>TOTAL LIABILITIES & FUND EQUITIES</u>	<u>\$ 2,088,270</u>	<u>\$ -</u>	<u>\$ 2,088,270</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, 2020

Total Fund Balances -- Governmental Funds Balance Sheet	\$ 1,965,996
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.	2,694,511
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 \$337,647, a deferred resource outflow related to Pensions in the amount of \$35,643, and a deferred resource inflow in the amount of \$121,079. This resulted in an increase in net position by \$252,211.	252,211
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 \$34,358. The net position included a deferred resource outflow related to OPEB in the amount of \$11,041 and a deferred resource inflow of \$5,377. This resulted in a decrease in net position by \$28,694.	<u>(28,694)</u>
Net Position of Governmental Activities -- Statement of Net Position	<u>\$ 4,884,024</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, 2020

	General Fund	Other Governmental Fund	Total Governmental Funds
REVENUES:			
Gate Revenue	\$ 2,284,249	\$ -	\$ 2,284,249
Special Events Revenue	-	19,555	19,555
Lot Lease Revenue	190,218	-	190,218
Rental Revenue	35,204	-	35,204
Interest Revenue	3,315	-	3,315
Other Operating Revenue	61,798	-	61,798
<u>Total Revenues</u>	<u>2,574,784</u>	<u>19,555</u>	<u>2,594,339</u>
EXPENDITURES			
Current			
Salaries	600,464	11,472	611,936
Payroll Taxes	16,660	309	16,969
Employee Benefits	124,058	1,377	125,435
Tools and Supplies	63,439	411	63,850
Repairs & Maintenance	112,239	70	112,309
Utilities	191,393	528	191,921
Office Supplies	15,166	-	15,166
Printing and Postage	6,812	-	6,812
Advertising and Public Relations	3,869	4,362	8,231
Direct Promotional Expense	-	24,311	24,311
Dues, Fees and Subscriptions	2,358	197	2,555
Training and Travel	2,508	46	2,554
Accounting and Legal	16,210	-	16,210
Election Expense	3,351	-	3,351
Contracted Services	11,776	-	11,776
Rental Expense	15,602	-	15,602
Bank Fees and Charges	42,938	-	42,938
Insurance	28,711	506	29,217
Other	28,853	250	29,103
Capital Outlay	651,706	-	651,706
<u>Total Expenditures</u>	<u>1,938,113</u>	<u>43,839</u>	<u>1,981,952</u>
Excess of Revenues Over (Under) Expenditures	636,671	(24,284)	612,387
OTHER FINANCING SOURCES (USES)			
Proceeds from Sale of Assets	25,000		25,000
Operating Transfers In	72,635	24,284	96,919
Operating Transfers Out	(24,284)	-	(24,284)
<u>Total Other Sources (Uses)</u>	<u>73,351</u>	<u>24,284</u>	<u>97,635</u>
Excess of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing Uses	710,022	-	710,022
Fund Balance--Beginning of Year	1,255,974	-	1,255,974
<u>Fund Balance--End of Year</u>	<u>\$ 1,965,996</u>	<u>\$ -</u>	<u>\$ 1,965,996</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, 2020

Net Change in Fund Balances -- Total Governmental Funds	\$ 710,022
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.	651,706
The depreciation of capital assets is not reported in the funds. This is the amount of current depreciation on these assets.	(319,909)
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 12/31/19 caused the change in the ending net position to increase. Contributions made before the measurement date and during the 2020 fiscal year were also expended in the 2019 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 \$48,762.	48,762
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 12/31/19 caused the change in the ending net position to increase. Contributions made before the measurement date and during the 2019 fiscal year were also expended in the 2020 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 \$2,116.	(2,116)
Change in Net Position -- Statement of Activities	<u>\$ 1,088,465</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, 2020

	Business-Type Activities-- Enterprise Funds
	<u>Utilities Funds</u>
ASSETS	
<u>Current Assets:</u>	
Cash and Cash Equivalents	\$ 56,469
Accounts Receivable	49,945
Deposits	50
<u>Total Current Assets</u>	<u>106,464</u>
<u>Fixed Assets:</u>	
Buildings & Improvements, net	153,684
Furniture & Equipment, net	52,928
<u>Total Fixed Assets</u>	<u>206,612</u>
<u>Other Assets:</u>	
Net Pension Asset	59,499
<u>Total Other Assets</u>	<u>59,499</u>
 <u>TOTAL ASSETS</u>	 <u>\$ 372,575</u>
 <u>Deferred Outflows of Resources</u>	
Deferred Outflows - Pension	\$ 4,950
Deferred Outflows - OPEB	1,528
<u>TOTAL DEFERRED OUTFLOWS OF RESOURCES</u>	<u>\$ 6,478</u>
 LIABILITIES	
<u>Current Liabilities</u>	
Accounts Payable	\$ 22,425
Accrued Wages	2,400
<u>Non-current Liabilities</u>	
Net OPEB Liability	5,498
<u>Total Liabilities</u>	<u>30,323</u>
 DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows - Pension	15,918
Deferred Inflows - OPEB	973
<u>Total Deferred Inflows of Resources</u>	<u>16,891</u>
 NET POSITION	
Net investment in capital assets	206,612
Unrestricted	125,227
<u>Total Net Position</u>	<u>331,839</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, 2020

	Business-Type Activities-- Enterprise Funds
	<u>Utilities Funds</u>
<u>Operating Revenues</u>	
Water Revenue	\$ 184,547
Sewer Revenue	151,514
Garbage Revenue	125,825
Reserve Charge Revenue	9,774
Roads	80,011
Late Charges	9,896
<u>Total Operating Revenues</u>	<u>561,567</u>
<u>Operating Expenses</u>	
Salaries	70,521
Payroll Taxes	1,382
Employee Benefits	9,759
Tools & Supplies	6,992
Repairs & Maintenance	51,144
Utilities	29,738
Sewer & Disposal Expense	159,366
Water Purchases	110,136
Dues, Fees & Subscriptions	-
Training & Travel	1,455
Rental Expense	-
Insurance	981
Depreciation	35,391
Other	1,889
<u>Total Operating Expenses</u>	<u>478,754</u>
<u>Operating Income (Loss) Before</u>	
<u>Operating Transfers</u>	82,813
<u>Non-Operating Revenues (Expenses)</u>	
Operating Transfers Out	(72,635)
Gain on Sale of Assets	-
<u>Total Non-Operating Revenues (Expenses)</u>	<u>(72,635)</u>
Net Income (Loss)	10,178
NET POSITION	
Net Position, Beginning of Year	<u>321,661</u>
Net Position, End of Year	<u><u>331,839</u></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, 2020

	Business-Type Activities-- Enterprise Funds
	Utilities Funds
<u>Cash Flows from Operating Activities:</u>	
Receipts from Customers	\$ 560,802
Payments to Suppliers	(378,588)
Payments to Employees	(84,156)
<u>Net Cash Provided (Used) by Operating Activities</u>	<u>98,058</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>	
Operating Transfers	(72,635)
<u>Net Cash Provided (Used) by Non-Capital Financing Activities</u>	<u>(72,635)</u>
<u>Cash Flows from Capital & Related Financing Activities:</u>	
Acquisition of Fixed Assets	(15,575)
Sale of Capital Assets	-
<u>Net Cash Provided (Used) by Capital & Related Financing Activities</u>	<u>(15,575)</u>
Net Increase (Decrease) in Cash & Cash Equivalents	9,848
Cash & Cash Equivalents--Beginning of Year	46,621
<u>Cash & Cash Equivalents--End of Year</u>	<u>56,469</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows from Operating Activities:	
Operating Income (Loss)	82,813
Adjustments to Reconcile to Net Cash Provided (Used) by Operating Activities:	
Depreciation	35,391
(Increase) Decrease in Receivables	(765)
(Increase) Decrease in Net Pension Asset	(20,596)
(Increase) Decrease in Deferred Outflows of Resources	19,111
Increase (Decrease) in Liabilities	(14,487)
Increase (Decrease) in OPEB Liability	1,112
Increase (Decrease) in Deferred Resource Inflows	(4,520)
<u>Net Cash Provided (Used) by Operating Activities</u>	<u>98,059</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, 2020

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, 2020

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, including all of taxes, 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, 2020

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, 2020

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, 2020

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, 2020

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, 2020

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, 2020, the carrying amount of the District's deposits (cash, certificates of deposit, and interest bearing saving accounts included in temporary investments) was \$2,144,739 and the bank balance was \$2,175,801. 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, 2020

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.

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

NOTES TO FINANCIAL STATEMENTS, Page 9
September 30, 2020

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.

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

NOTES TO FINANCIAL STATEMENTS, Page 10
September 30, 2020

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: Capital Assets

Capital asset activity for the period ended September 30, 2020, was as follows:

<u>Governmental Activities:</u>	<u>Balance</u> <u>10-1-19</u>	<u>Additions</u>	<u>Deletions/</u> <u>Reclassifications</u>	<u>Balance</u> <u>9-30-20</u>
Land	\$ 429,903	-	-	\$ 429,903
Construction in Progress	97,358	-	(97,358)	-
Buildings& Improvements	6,389,336	585,412	97,358	7,072,106
Furniture & Equipment	<u>1,106,258</u>	<u>66,294</u>		<u>1,172,552</u>
Total Capital Assets	<u>\$ 8,022,855</u>	<u>\$ 651,706</u>	<u>\$ -</u>	<u>\$ 8,674,561</u>
<u>Less Accumulated Depreciation:</u>				
Buildings& Improvements	\$4,805,769	\$ 240,736	-	\$5,046,505
Furniture & Equipment	<u>854,371</u>	<u>79,173</u>	-	<u>933,544</u>
Total Accumulated Depreciation	<u>\$5,660,140</u>	<u>\$ 319,909</u>	<u>\$ -</u>	<u>\$5,980,049</u>
Net Capital Assets	<u>\$2,362,715</u>	<u>\$ 331,797</u>	<u>\$ -</u>	<u>\$2,694,512</u>

Depreciation was charged to functions as follows:

General Administration	\$ 57,935
Police and Safety	14,233
Parks	177,622
Special Events	11,787
Streets	<u>58,332</u>
	<u>\$ 319,909</u>

LUBBOCK COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1
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September 30, 2020

Note D: Capital Assets (continued)

Business-Type Activities:	Balance 10-1-19	Additions	Deletions/ Reclassifications	Balance 9-30-20
Buildings & Improvements	\$ 559,832	\$ -	\$ -	\$ 559,832
Operating Equipment	224,293	15,575	-	239,868
Total Capital Assets	<u>\$ 784,125</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 799,700</u>
<u>Less Accumulated Depreciation:</u>				
Buildings& Improvements	\$ 386,987	\$ 19,162	\$ -	\$ 406,149
Operating Equipment	<u>170,711</u>	<u>16,229</u>	<u>-</u>	<u>186,940</u>
Total Accumulated Depreciation	<u>\$ 557,698</u>	<u>\$ 35,391</u>	<u>\$ -</u>	<u>\$ 593,089</u>
Net Capital Assets	<u>\$ 226,427</u>	<u>\$(19,816)</u>	<u>\$ -</u>	<u>\$ 206,611</u>

Note E: 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, \$70,744, which is due in annual installments of \$14,149 for the next 5 years. This liability is reported in the governmental funds.

Changes in long-term obligations for the year ended September 30, 2020 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<u>Governmental Fund:</u>					
Due to County	\$ 84,893	\$ -	\$ 14,149	\$ 70,744	\$ 14,149
Total OPEB Liability	<u>25,150</u>	<u>10,627</u>	<u>1,419</u>	<u>34,358</u>	<u>-</u>
Total	\$ 110,043	\$ 10,627	\$ 15,568	\$ 105,102	14,149
<u>Business-Type Activities:</u>					
Total OPEB Liability	\$ 4,386	\$ 1,284	\$ 172	5,498	-
Total	\$ 4,386	\$ 1,284	\$ 172	\$ 5,498	-

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

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September 30, 2020

Note F: 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 an agent multiple-employer defined benefit pension plan. The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system. TCDRS, in the aggregate, issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR 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.

Benefits Provided

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.

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 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, 2019, 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	48
Active employees	<u>21</u>
Total	78

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NOTES TO FINANCIAL STATEMENTS, Page 13
September 30, 2020

Note F: Pension Plan (continued)

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%.

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 extra lump-sum contribution to the employer account.

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 6.99% and 4.95% in calendar years 2019 and 2020, respectively. The District's contributions to TCDRS for the fiscal year ended September 30, 2020 were \$33,785, and were equal to the required contributions.

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NOTES TO FINANCIAL STATEMENTS, Page 14
September 30, 2020

Note F: Pension Plan (continued)

Net Pension Liability

The District's Net Pension Liability (NPL) was measured as of December 31, 2019, 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, 2019 were based on the results of an actuarial experience study for the period January 1, 2013 – December 31, 2016, except where required to be different by GASB 68. The key assumptions used in the calculation of the total pension liability are as follows:

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 Normal
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	2.75%
Salary Increases	Same as funding valuation: See Below
Investment Rate of Return	8.10% (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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Lubbock, Texas

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September 30, 2020

Note F: Pension Plan (continued)

Actuarial Methods and Assumptions Used for Funding Valuation:

Economic Assumptions

TCDRS system-wide economic assumptions:

Real Rate of return	5.25%
Inflation	2.75%
Long-term investment return	8.00%

The assumed long-term investment return of 8% is net after investment and administrative expenses. It is assumed returns will equal the nominal annual rate of 8% 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 3.25% (made up of 2.75% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.6% per year for a career employee.

Employer-specific economic assumptions:

Growth in membership	0.0%
Payroll Growth	3.25%

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 90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate scale after 2014. Mortality rates for service retirees, beneficiaries, and non-depositing members were based on 130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.. Mortality rates for disabled retirees were based on 130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

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

NOTES TO FINANCIAL STATEMENTS, Page 16
September 30, 2020

Note F: Pension Plan (continued)

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.

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.

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.

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 April 2020 information for a 10-year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a long-term time horizon; the most recent analysis was performed in 2017. See Milliman's TCDRS Investigation of Experience report for the period January 1, 2013 – December 31, 2016 for more details.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Geometric Real Rate of Return (Expected minus Inflation)</u>
US Equities	14.50%	5.20%
Private Equity	20.00%	8.20%
Global Equities	2.50%	5.50%
International Equities-Developed	7.00%	5.20%
International Equities-Emerging	7.00%	5.70%
Investment-Grade Bonds	3.00%	-0.20%
Strategic Credit	12.00%	3.14%
Direct Lending	11.00%	7.16%
Distressed Debt	4.00%	6.90%
REIT Equities	3.00%	4.50%
Master Limited Partnerships	2.00%	8.40%
Private Real Estate Partnerships	6.00%	5.50%
Hedge Funds	8.00%	2.30%
Total	100.00%	

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

NOTES TO FINANCIAL STATEMENTS, Page 17
September 30, 2020

Note F: 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 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 8.10% has been used. This rate reflects the long-term assumed rate of return on assets for funding purposes of 8.00%, 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 18
September 30, 2020

Note F: 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 12/31/18	\$ 1,459,882	\$ 1,668,552	\$ (208,670)
Changes for the year:			
Service cost	84,714		84,714
Interest	121,814		121,814
Change of benefit terms	-		-
Effect of economic/demographic gains or losses	(33,836)		(33,836)
Changes of assumptions	-		-
Refund of contributions	(9,855)	(9,855)	-
Contributions - employer	-	44,068	(44,068)
Contributions - employee	-	44,131	(44,131)
Net investment income	-	274,004	(274,004)
Benefit payments, including refunds of employee contributions	(73,213)	(73,213)	-
Administrative expense	-	(1,483)	1,483
Other changes	-	448	(448)
Net changes	89,624	278,100	(188,476)
Balance at 12/31/18	<u>\$ 1,549,506</u>	<u>\$ 1,946,652</u>	<u>\$ (397,146)</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 8.10%, 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 (7.10%) or 1-percentage-point higher (9.10%) than the current rate:

	1% Decrease in Discount Rate (7.10%)	Discount Rate (8.10%)	1% Increase in Discount Rate (9.10%)
District's net pension liability/(asset)	\$ (225,781)	\$ (397,146)	\$ (542,817)

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 19
September 30, 2020

Note F: Pension Plan (continued)

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

For the year ended September 30, 2019, the district recognized pension expense of \$54,286.

At September 30, 2019, 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	\$ 10,218	\$ 93,587
Changes in actuarial assumptions	\$ 7,718	\$ -
Difference between projected and actual investment earnings	\$ -	\$ 43,411
Contributions subsequent to the measure date December 31, 2019	\$ 22,658	\$ -
Total	\$ 40,594	\$ 136,998

\$22,658 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, 2021. 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:	
2020	\$ (83,567)
2021	(14,883)
2022	7,125
2023	(27,737)
2024	-
Thereafter	-
Total	\$ (119,062)

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

NOTES TO FINANCIAL STATEMENTS, Page 20
September 30, 2020

Note G: 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 TCERS 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, because 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 TCERS 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 TCERS 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, 2019 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	4
Active employees	<u>21</u>
Total	32

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 21
September 30, 2020

Note G: 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.

District	<u>Contribution Rates</u>	
	<u>2019</u>	<u>2020</u>
	0.32%	0.35%
Current Fiscal Year Employer Contributions	\$ 2,116	

4. Actuarial Assumptions

The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Additional Actuarial Methods and Assumptions

Valuation Date	December 31, 2019
Actuarial Cost Method	Entry Age Normal
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	Does not apply
Investment Rate of Return (Discount Rate)	2.74%
	20 Year Bond GO Index published by bondbuyer.com as of December 26, 2019
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	90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate scale after 2014.
Mortality rates – service retirees	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

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

NOTES TO FINANCIAL STATEMENTS, Page 22
September 30, 2020

Note G: Postemployment Benefits Other Than Pensions

Mortality rates – disabled retirees

130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014

The actuarial assumptions that determined the total OPEB liability as of December 31, 2019 were based on the results of an actuarial experience study for the period January 1, 2013-December 31, 2016, 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 2.74% based on the 20 Year Bond GO Index published by bondbuyer.com is used as of the measurement date of December 31, 2019.

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 (2.74%) 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 Discount Rate (1.74%)	Discount Rate (2.74%)	1% Increase in Discount Rate (3.74%)
Total OPEB Liability	\$ 48,372	\$ 39,856	\$ 33,340

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

NOTES TO FINANCIAL STATEMENTS, Page 23
September 30, 2020

Note G: 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, 2020, the District reported a liability of \$39,856 for total OPEB liability. The total OPEB liability was measured as of December 31, 2019 by an actuarial valuation as of that date.

Changes Since the Prior Actuarial Valuation – The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB liability since the prior measurement period:

There were no changes of benefit terms that affected measurement of the Total OPEB liability during the measurement period.

For the year ended September 30, 2020, the District recognized OPEB expense of \$4,527.

Change in the Total OPEB Liability

	Total OPEB Liability (a)
Balance at 12/31/18	\$ 29,536
Changes for the year:	
Service cost	966
Interest	1,243
Change of benefit terms	
Effect of economic/demographic experience	6
Changes of assumptions	8,483
Benefit payments, including refunds of employee contributions	(378)
Other changes	
Net changes	<u>10,320</u>
Balance at 12/31/19	<u>\$ 39,856</u>

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

NOTES TO FINANCIAL STATEMENTS, Page 24
September 30, 2020

Note G: Postemployment Benefits Other Than Pensions

At December 31, 2020, 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	\$ 2,703	\$ 3,777
Changes in actuarial assumptions	\$ 8,259	\$ 2,573
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	\$ 10,962	\$ 6,350
Contributions paid to TCDRS subsequent to the measurement date	\$ 1,607	\$ -
Total as of fiscal year-end	<u>\$ 12,569</u>	<u>\$ 6,350</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>
2020	\$ 679
2021	679
2022	679
2023	679
2024	685
Thereafter	1,211

Note H: Transfers

The following is a summary of District interfund transfers for the year ended September 30, 2020:

<u>Transfer from</u>	<u>Amount</u>	<u>Transfer To</u>	<u>Explanation</u>
General Fund	\$ 24,284	Special Revenue Fund	Supplement special events
Enterprise Fund	\$ 72,635	General Fund	Normal operating transfer

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

NOTES TO FINANCIAL STATEMENTS, Page 25
September 30, 2020

Note I: 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 J: 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, 2020

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Gate Revenue	\$ 1,663,290	\$ 2,284,249	\$ 620,959
Lot Lease Revenue	179,500	190,218	10,718
Rental Revenue	59,000	35,204	(23,796)
Interest Revenue	2,100	3,315	1,215
Other Operating Revenue	29,850	61,798	31,948
<u>Total Revenues</u>	<u>1,933,740</u>	<u>2,574,784</u>	<u>641,044</u>
<u>Expenditures</u>			
<u>Current</u>			
Salaries	603,600	600,464	3,136
Payroll Taxes	16,400	16,660	(260)
Employee Benefits	157,819	124,058	33,761
Tools and Supplies	46,300	63,439	(17,139)
Repairs & Maintenance	122,250	112,239	10,011
Utilities	191,600	191,393	207
Office Supplies	6,500	15,166	(8,666)
Printing and Postage	7,200	6,812	388
Advertising and Public Relations	4,700	3,869	831
Dues, Fees and Subscriptions	3,000	2,358	642
Training and Travel	16,150	2,508	13,642
Accounting and Legal	37,500	16,210	21,290
Election Expense	3,351	3,351	-
Contracted Services	20,000	11,776	8,224
Rental Expense	11,700	15,602	(3,902)
Bank Fees and Charges	20,000	42,938	(22,938)
Insurance	29,599	28,711	888
Other	16,300	28,853	(12,553)
Capital Outlay	660,000	651,706	8,294
<u>Total Expenditures</u>	<u>1,973,969</u>	<u>1,938,113</u>	<u>35,856</u>
<u>Other Financing Sources (Uses)</u>			
Proceeds from Sale of Assets	-	25,000	25,000
Operating Transfers In (Out)	40,229	48,351	8,122
<u>Total Other Financing Sources (Uses)</u>	<u>40,229</u>	<u>73,351</u>	<u>33,122</u>
<u>Excess of Revenues and Other Sources</u>			
<u>Over (Under) Expenditures and Other Uses</u>	-	710,022	710,022
Fund Balance, Beginning of Year	1,255,974	1,255,974	-
<u>Fund Balance, End of Year</u>	<u>\$ 1,255,974</u>	<u>\$ 1,965,996</u>	<u>\$ 710,022</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, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014
Total Pension Liability						
Service Cost	\$ 84,714	\$ 109,538	\$ 91,344	\$ 91,681	\$ 72,840	\$ 81,129
Interest (on the Total Pension Liability)	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	(33,836)	(213,088)	25,542	21,645	18,765	(24,075)
Refunds of contributions	(9,855)	-	-	-	-	-
Change of assumptions	-	-	19,298	-	14,597	-
Benefit payments, including refunds of employee contributions	(73,213)	(167,240)	(75,163)	(22,540)	(16,918)	(22,557)
Net change in Total Pension Liability	89,624	(139,046)	180,340	192,819	167,689	113,346
Total Pension Liability - Beginning	1,459,882	1,598,928	1,418,588	1,225,769	1,058,079	944,733
Total Pension Liability - Ending (a)	\$ 1,549,506	\$ 1,459,882	\$ 1,598,928	\$ 1,418,588	\$ 1,225,768	\$ 1,058,079
 Plan Fiduciary Net Position						
Contributions - employer	44,068	50,738	45,323	33,546	32,849	27,080
Contributions - employee	44,131	52,695	53,143	46,685	38,974	32,238
Net investment income	274,004	(33,670)	222,806	100,931	(37,443)	80,701
Refund of contributions	(9,855)	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(73,213)	(167,240)	(75,163)	(22,540)	(16,918)	(22,557)
Administrative expense	(1,483)	(1,340)	(1,177)	(1,096)	(974)	(990)
Other	448	(1,724)	301	6,098	1,094	830
Net Change in Plan Fiduciary Net Position	278,100	(100,541)	245,233	163,624	17,582	117,302
Plan Fiduciary Net Position - Beginning	1,668,552	1,769,093	1,523,860	1,360,236	1,342,654	1,225,352
Plan Fiduciary Net Position - Ending (b)	\$ 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)	\$ (397,146)	\$ (208,670)	\$ (170,165)	\$ (105,272)	\$ (134,468)	\$ (284,575)
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	125.63%	114.29%	110.64%	107.42%	110.97%	126.90%
 Covered Employee Payroll	\$ 630,445	\$ 752,787	\$ 759,179	\$ 666,924	\$ 556,770	\$ 460,537
 Net Pension Liability/(Asset) as a Percentage of Covered Payroll	-62.99%	-27.72%	-22.41%	-15.78%	-24.15%	-61.79%

Note: Only six 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)

	Measurement Year Ended December 31,		
	2019	2018	2017
Total OPEB Liability			
Service Cost	\$ 966	\$ 1,942	\$ 2,066
Interest (on the Total OPEB Liability)	1,243	1,282	1,080
Effect of plan changes	-	-	-
Effect of assumption changes or inputs	6	(3,603)	1,579
Effect of economic/demographic (gains) or losses	8,483	(5,289)	4,318
Benefit payments, including refunds of employee contributions	(378)	(226)	(228)
Net change in Total OPEB Liability	10,320	(5,894)	8,815
Total OPEB Liability - Beginning	29,536	35,430	26,615
Total OPEB Liability - Ending (a)	<u>\$ 39,856</u>	<u>\$ 29,536</u>	<u>\$ 35,430</u>
Pensionable covered payroll	\$ 630,445	\$ 752,787	\$ 759,179
Net OPEB Liability/(asset) as % of covered payroll	6.32%	3.92%	4.67%

Note: Only three 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 9/30/2020</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	\$ 33,789	\$ 44,110	\$ 52,047	\$ 41,146	\$ 33,282	\$ 30,989
Contributions in relation to the actuarially determined contribution	<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)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 617,004	\$ 636,976	\$ 796,086	\$ 715,188	\$ 638,112	\$ 525,593
Contributions as a percentage of covered employee payroll	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, 2019-December 31, 2019

Note: Only six 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 9/30/2020</u>	<u>FYE 9/30/2019</u>	<u>FYE 9/30/2018</u>
Actuarially Determined Contribution	\$ 2,116	\$ 2,169	\$ 3,101
Contributions in relation to the actuarially determined contribution	<u>2,116</u>	<u>2,169</u>	<u>3,101</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 617,004	\$ 636,976	\$ 796,086
Contributions as a percentage of covered employee payroll	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, 2019-December 31, 2019.

Note: Only three 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, 2020

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
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	0.0 years (based on contribution rate calculated in 12/31/2019 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.75%
Salary Increases	Varies by age and service. 4.9% average over career including inflation.
Investment Rate of Return	8.00%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2015: New inflation, mortality and other assumptions were reflected 2017: New mortality assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	2015: No changes in plan provisions were reflected in the Schedule 2016: No changes in plan provisions were reflected in the Schedule 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected in the Schedule. 2019: No changes in plan provisions were reflected in the Schedule.

*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, 2020

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 Normal
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	Does not apply
Investment Rate of Return	2.74% 20 Year Bond GO Index published by bondbuyer.com as of December 26, 2019
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	90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Service retirees, beneficiaries and non-depositing members	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Disabled retirees	130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
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, 2020

	Administrative	Police	Parks	Utility	Special Events	Customer Service	Total
Salaries	\$ 171,831	\$ 169,098	\$ 144,302	\$ 70,521	\$ 11,472	\$ 115,233	\$ 682,457
Payroll Taxes	2,654	6,459	3,465	1,382	309	4,082	18,351
Employee Benefits	30,680	40,040	39,878	14,652	1,377	13,460	140,087
Total Salaries and Related Expenses	205,165	215,597	187,645	86,555	13,158	132,775	840,895
Tools and Supplies	6,861	10,525	44,620	6,992	411	1,433	70,842
Repairs and Maintenance	14,568	28,232	66,635	51,144	70	2,804	163,453
Utilities	14,976	2,520	173,503	29,738	528	394	221,659
Sewer & Disposal Expense	-	-	-	159,366	-	-	159,366
Water Purchases	-	-	-	110,136	-	-	110,136
Office Supplies	13,323	-	-	-	-	1,843	15,166
Printing and Postage	6,235	-	-	-	-	577	6,812
Advertising and Public Relations	3,869	-	-	-	4,362	-	8,231
Direct Promotional Expenses	-	-	-	-	24,311	-	24,311
Dues, Fees and Subscriptions	2,003	355	-	-	197	-	2,555
Training and Travel	2,243	265	-	1,455	46	-	4,009
Accounting and Legal	16,210	-	-	-	-	-	16,210
Election Expense	3,351	-	-	-	-	-	3,351
Contracted Services	8,416	3,360	-	-	-	-	11,776
Rental Expense	1,950	-	13,652	-	-	-	15,602
Bank Fees and Charges	42,938	-	-	-	-	-	42,938
Insurance	17,401	6,050	5,260	981	506	-	30,198
Other	12,396	7,373	329	1,889	250	8,752	30,989
<u>Total Expenses Before Depreciation</u>	<u>\$ 371,905</u>	<u>\$ 274,277</u>	<u>\$ 491,644</u>	<u>\$ 448,256</u>	<u>\$ 43,839</u>	<u>\$ 148,578</u>	<u>\$ 1,778,499</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, 2019

	Administrative	Police	Parks	Utility	Special Events	Customer Service	Total
Salaries	\$ 157,456	\$ 135,612	\$ 126,963	\$ 92,275	\$ 31,440	\$ 115,909	\$ 659,655
Payroll Taxes	2,441	4,419	2,429	1,273	426	2,951	13,939
Employee Benefits	29,357	35,790	38,727	27,829	6,423	23,209	161,335
Total Salaries and Related Expenses	189,254	175,821	168,119	121,377	38,289	142,069	834,929
Tools and Supplies	4,085	7,616	29,159	3,011	8	2,179	46,058
Repairs and Maintenance	11,482	26,187	58,656	29,475	951	24,776	151,527
Utilities	12,801	2,556	172,990	41,088	891	873	231,199
Sewer & Disposal Expense	-	-	-	202,634	-	-	202,634
Water Purchases	-	-	-	121,783	-	-	121,783
Office Supplies	11,865	-	-	-	-	3,134	14,999
Printing and Postage	6,551	-	-	-	422	299	7,272
Advertising and Public Relations	5,744	-	-	-	30,045	-	35,789
Direct Promotional Expenses	-	-	-	-	25,308	-	25,308
Dues, Fees and Subscriptions	2,463	463	-	-	344	-	3,270
Training and Travel	14,357	25	-	1,233	187	-	15,802
Accounting and Legal	28,500	-	-	-	-	-	28,500
Election Expense	3,351	-	-	-	-	-	3,351
Contracted Services	14,766	3,360	-	-	-	-	18,126
Rental Expense	1,352	-	13,376	3,179	-	-	17,907
Bank Fees and Charges	24,515	-	-	-	-	-	24,515
Insurance	17,807	6,017	4,830	1,155	655	-	30,464
Other	5,948	4,943	719	2,512	789	1,721	16,632
<u>Total Expenses Before Depreciation</u>	<u>\$ 354,841</u>	<u>\$ 226,988</u>	<u>\$ 447,849</u>	<u>\$ 527,447</u>	<u>\$ 97,889</u>	<u>\$ 175,051</u>	<u>\$ 1,830,065</u>