

RUSK COUNTY
GROUNDWATER CONSERVATION DISTRICT
Rusk County, Texas

ANNUAL FINANCIAL REPORT
For the Year Ended
August 31, 2023

**Rusk County Groundwater Conservation District
Financial Statements
For the Year Ended August 31, 2023**

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Financial Section

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Morgan LaGrone, CPA, PLLC

Certified Public Accountant

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Henderson TX 75654

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Rusk County Groundwater Conservation District
P.O. Box 97
Henderson, TX 75653

Members of the Board:

We have audited the accompanying financial statements of the governmental activities and each major fund of Rusk County Groundwater Conservation District as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Rusk County Groundwater Conservation District as of August 31, 2023, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Rusk County Groundwater Conservation District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Rusk County Groundwater Conservation District's ability to continue as a going concern for one year after the date that the financial statements are issued.

MEMBER

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS AND TEXAS SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures including examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

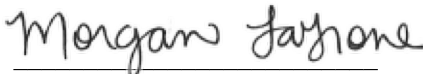
Required Supplementary Information

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

Report on Other Legal and Regulatory Requirements

In accordance with Government Auditing Standards, we have also issued our report dated March 8, 2024 on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

Respectfully submitted,



Morgan LaGrone
Certified Public Accountant
Henderson, Texas
March 8, 2024

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RUSK COUNTY GROUNDWATER CONSERVATION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

AUGUST 31, 2023

This section of Rusk County Groundwater Conservation District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended August 31, 2023. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's net position was \$655,257 at August 31, 2023.
- During the year, the District's expenses were \$62,118 less than the \$233,116 generated in taxes and other revenues for governmental activities.
- The general fund reported fund balance this year of \$613,805, of which \$208,805 was unassigned, \$375,000 was committed for legal, and \$30,000 was committed for equipment replacement.
- Significant accomplishments during the 2023 fiscal year are published in the District's Annual Report 2023. Copies are available from the District's administrative offices and at the District's website.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the government, reporting the District's operations in more detail than the government-wide statements.
- The governmental funds statements tell how general government services were financed in the short term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

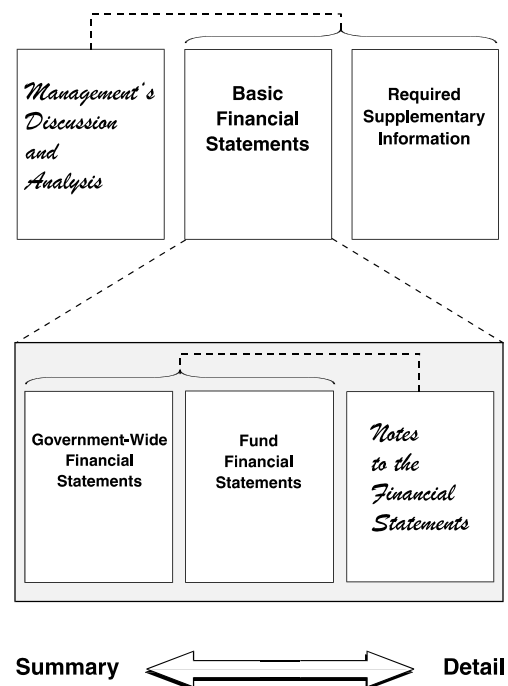
Government-Wide Statements

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

The two government-wide statements report the District's net position and how they have changed. Net position—the difference between the District's assets and liabilities—is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- The government-wide financial statements of the District include the governmental activities. All of the District's basic services are included here. Property taxes finance virtually all of the District's activities.

Figure A-1, Required Components of the District's Annual Financial Report



RUSK COUNTY GROUNDWATER CONSERVATION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

AUGUST 31, 2023

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds—not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds may be required by State law.
- The Board of Directors may establish other funds to control and manage money for particular purposes.

The District has the following kinds of funds:

- Governmental funds—All of the District's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that 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. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position. The District's net position was \$655,257 at August 31, 2023.

Table A-1
Rusk County Groundwater Conservation District
Net Position

	<u>2023</u>	<u>2022</u>	<u>Increase/ (Decrease) 2022-2023</u>	<u>Percentage Change 2022-2023</u>
Current Assets:				
Cash and Cash Equivalents	\$ 628,250	\$ 569,864	\$ 58,386	10.25%
Interest Receivable	2,985	390	2,595	665.38%
Net Pension Asset	8,602	19,153	(10,551)	(55.09%)
Taxes Receivable, Net	21,325	20,555	770	3.75%
Total Current Assets	<u>\$ 661,162</u>	<u>\$ 609,962</u>	<u>\$ 51,200</u>	<u>8.39%</u>
Noncurrent Assets:				
Furniture & Equipment	\$ 145,714	\$ 145,714	-	0.00%
Software	37,700	37,700	-	0.00%
Less: Accumulated Depreciation	(174,137)	(172,158)	(1,979)	(1.15%)
Total Noncurrent Assets	<u>\$ 9,277</u>	<u>\$ 11,256</u>	<u>\$ (1,979)</u>	<u>(17.58%)</u>
Total Assets	<u>\$ 670,439</u>	<u>\$ 621,218</u>	<u>\$ 49,221</u>	<u>7.92%</u>
Deferred Outflows of Resources	<u>\$ 18,987</u>	<u>\$ 15,507</u>	<u>\$ 3,480</u>	<u>22.44%</u>
Current Liabilities:				
Accounts Payable & Accrued Liabilities	\$ 17,430	\$ 15,369	\$ 2,061	13.41%
Total Current Liabilities	<u>\$ 17,430</u>	<u>\$ 15,369</u>	<u>\$ 2,061</u>	<u>13.41%</u>
Deferred Inflows of Resources	<u>\$ 16,739</u>	<u>\$ 28,216</u>	<u>\$ (11,477)</u>	<u>(40.68%)</u>
Net Position:				
Net Investment in Capital Assets	\$ 9,277	\$ 11,256	\$ (1,979)	(17.58%)
Unrestricted	645,980	581,884	64,096	11.02%
Total Net Position	<u>\$ 655,257</u>	<u>\$ 593,140</u>	<u>\$ 62,117</u>	<u>10.47%</u>

RUSK COUNTY GROUNDWATER CONSERVATION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

AUGUST 31, 2023

The \$645,980 of unrestricted net position represents resources available to fund the programs of the District next year.

Change in net position. The District's total revenues were \$233,116. Of the District's revenue, 88.35% comes from property taxes, 2.26% comes from fees charged for permits and well inspections, 6.66% is related to interest revenue, and the remaining 2.72% comes from miscellaneous.

The total cost of all programs and services was \$170,998.

Governmental Activities

Rusk County Groundwater Conservation District				
Change in Net Position				
	<u>2023</u>	<u>2022</u>	Increase/ (Decrease) <u>2022-2023</u>	Percentage Change <u>2022-2023</u>
Program Revenues:				
Charges for Services	\$ 5,279	\$ 6,825	\$ (1,546)	(22.65%)
General Revenues:				
Tax Revenue	205,969	189,437	16,532	8.73%
Interest and Miscellaneous	21,868	5,039	16,829	333.97%
Total Revenues	<u>\$ 233,116</u>	<u>\$ 201,301</u>	<u>\$ 31,815</u>	<u>15.80%</u>
Expenses:				
General Government	\$ 170,498	\$ 187,033	\$ (16,535)	(8.84%)
Education Center	500	300	200	66.67%
Total Expenses	<u>\$ 170,998</u>	<u>\$ 187,333</u>	<u>\$ (16,335)</u>	<u>(8.72%)</u>
Change in Net Position	<u>\$ 62,118</u>	<u>\$ 13,968</u>	<u>\$ 48,150</u>	<u>344.72%</u>

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled \$226,014, an increase of \$37,641 from the preceding year. Property tax revenue increased \$16,750 because of an increase in the District's property values and because of a slight decrease in the needs for services, revenues from the issuance of permits and inspection decreased \$1,850 from the prior year. Interest revenue increased \$10,497, due to an increase in interest rates on their CDs.

Expenditures from governmental fund types totaled \$173,425, a decrease of \$14,948 from the preceding year. During the prior year, the District had uncommon repairs and maintenance expenses related to the exterior of the building.

General Fund Budgetary Highlights

During the year, the District revised its budget. Actual expenditures were \$29,178 below budget amounts.

Fund balance in the General Fund increased by \$58,921.

RUSK COUNTY GROUNDWATER CONSERVATION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

AUGUST 31, 2023

CAPITAL ASSETS

At the end of 2023, the District had invested \$183,414 in capital assets, consisting of two vehicles, software, equipment, a computer server, and leasehold improvements for the education center (See Table A-3).

Table A-3
Rusk County Groundwater Conservation District
Capital Assets

	<u>2023</u>	<u>2022</u>	<u>Increase/ (Decrease) 2022-2023</u>	<u>Percentage Change 2022-2023</u>
Capital Assets				
Vehicles	\$ 36,096	\$ 36,096	\$ -	0.00%
Equipment	91,698	91,698	-	0.00%
Leasehold Improvements	17,920	17,920	-	0.00%
Software	37,700	37,700	-	0.00%
Total Capital Assets	<u>\$ 183,414</u>	<u>\$ 183,414</u>	<u>\$ -</u>	<u>0.00%</u>
Less Accumulated Depreciation	<u>(174,137)</u>	<u>(172,158)</u>	<u>(1,979)</u>	<u>(1.15%)</u>
Net Capital Assets	<u>\$ 9,277</u>	<u>\$ 11,256</u>	<u>\$ (1,979)</u>	<u>(17.58%)</u>

Capital assets are also presented in Note III B to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Amounts available for appropriation in the General Fund budget are \$231,200, which is an increase of \$5,186 from the 2022-2023 actual ending revenue. Property tax revenue is expected to increase because of an increase in property values.
- General Fund spending decreases in the 2023-2024 budget to \$198,770.
- The District anticipates fund balance slightly increasing approximately \$32,430.

The District's major programs and initiatives for the coming year are outlined in the District's Annual Report 2023. Copies are available from the District's administrative offices and online at www.rcgcd.org.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT STAFF

This financial report is designed to provide residents residing within the District, creditors, and the general public with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Administrative Offices.

Basic Financial Statements

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Rusk County Groundwater Conservation District
Statement of Net Position
August 31, 2023

	<u>Governmental Activities</u>
<u>Assets</u>	
Cash and Cash Equivalents	\$628,250
Interest Receivable	2,985
Taxes Receivable, Net	21,325
Net Pension Asset	8,602
Capital Assets, Net	9,277
Total Assets	\$670,439
<u>Deferred Outflows of Resources</u>	
Deferred Outflows Related to Pensions	\$18,987
Total Deferred Outflows of Resources	\$18,987
<u>Liabilities</u>	
Accounts Payable	\$7,122
Salaries Payable	4,087
Retirement Payable	792
Deposits	3,825
Payroll Tax Liabilities	1,604
Total Liabilities	\$17,430
<u>Deferred Inflows of Resources</u>	
Deferred Inflows Related to Pensions	\$16,739
Total Deferred Inflows of Resources	\$16,739
<u>Net Position</u>	
Net Investment in Capital Assets	\$9,277
Unrestricted	645,980
Total Net Position	\$655,257

The notes to the financial statements are an integral part of this statement.

Rusk County Groundwater Conservation District
Statement of Activities
For the Year Ended August 31, 2023

	<u>Expenses</u>	<u>Program Revenues</u> Charges for <u>Services</u>	<u>Operating</u> Grants and <u>Contributions</u>	<u>Net (Expense)</u> <u>Revenue and</u> <u>Changes in</u> <u>Net Position</u> <u>Governmental</u> <u>Activities</u>
<u>Functions/Programs</u>				
Governmental Activities:				
General Government	\$170,498	\$5,279	\$0	(\$165,219)
Education Center	500	0	0	(500)
Total Governmental Activities	<u>\$170,998</u>	<u>\$5,279</u>	<u>\$0</u>	<u>(\$165,719)</u>
General Revenues:				
Property Taxes				\$205,969
Interest				15,536
Gain on Insurance Recovery				6,332
Total General Revenues				<u>\$227,837</u>
Change in Net Position				62,118
Net Position - Beginning				<u>593,140</u>
Net Position - Ending				<u><u>\$655,257</u></u>

The notes to the financial statements are an integral part of this statement.

Rusk County Groundwater Conservation District
Balance Sheet - General Fund
August 31, 2023

<u>Assets</u>	
Cash and Cash Equivalents	\$628,250
Interest Receivable	2,985
Taxes Receivable, Net	<u>21,325</u>
Total Assets	<u><u>\$652,560</u></u>
Liabilities, Deferred Inflows of Resources, and Fund Balances	
<u>Liabilities</u>	
Accounts Payable	\$7,122
Salaries Payable	4,087
Retirement Payable	792
Deposits	3,825
Payroll Tax Liabilities	<u>1,604</u>
Total Liabilities	<u>\$17,430</u>
<u>Deferred Inflows of Resources</u>	
Deferred Revenue - Unavailable Property Taxes	<u>\$21,325</u>
Total Deferred Inflows of Resources	<u>\$21,325</u>
<u>Fund Balances</u>	
Committed Fund Balance - Legal	375,000
Committed Fund Balance - Equipment Replacement	30,000
Unassigned	<u>208,805</u>
Total Fund Balance	<u>\$613,805</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u><u>\$652,560</u></u>

The notes to the financial statements are an integral part of this statement.

Rusk County Groundwater Conservation District
 Reconciliation of the Balance Sheet-General Fund
 to the Statement of Net Position
 August 31, 2023

Amounts Reported for Governmental Activities in the Statement of Net Position
 are Different Because:

Total Fund Balances-Total Governmental Funds (Page 13)	\$613,805
Net Delinquent Property Taxes Receivable is a "long-term asset" and not available to pay for current period expenditures and therefore is deferred in the funds.	21,325
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	9,277
Recognition of the District's proportionate share of the net pension asset is not reported in the funds.	8,602
Deferred Resource Inflows related to TCDRS are not reported in the funds	(16,739)
Deferred Resource Outflows related to TCDRS are not reported in the funds	18,987
Net Position of Governmental Activites (Page 11)	\$655,257

The notes to the financial statements are an integral part of this statement.

Rusk County Groundwater Conservation District
Statement of Revenues, Expenditures, and
Changes in Fund Balances-General Fund
For the Year Ended August 31, 2023

<u>Revenues:</u>	
Tax Revenue	\$205,199
Interest	15,536
Permits and Fees	5,279
Total Revenues	\$226,014
<u>Expenditures:</u>	
Assessment - Appraisal District	\$5,113
Assessor Commissions	2,383
Audit/Bookkeeping	9,220
Automobile Expense	6,340
Consultant	2,900
Computer & Software	7,874
Director Fees	5,657
Dues, Fees, & Subscriptions	1,396
Education Center	500
Insurance	18,694
Legal & Professional	361
Office Expense	8,325
Payroll Taxes	6,827
Postage	362
Printing & Reproduction	50
Repairs & Maintenance	466
Salaries	85,456
Employee Benefits	6,337
Security	393
Telephone & Internet	2,573
Travel & Conferences	2,198
Total Expenditures	\$173,425
Excess of Revenues Over Expenditures	\$52,589
Other Financing Source	
Insurance Recoveries	6,332
Total Other Financing Sources	6,332
Net Change in Fund Balance	\$58,921
Fund Balance, September 1, 2022	554,884
Fund Balance, August 31, 2023	\$613,805

The notes to the financial statements are an integral part of this statement.

Rusk County Groundwater Conservation District
 Reconciliation of the Statement of Revenues, Expenditures,
 and Changes in Fund Balances-General Fund
 To the Statement of Activities
 For the Year Ended August 31, 2023

Amounts Reported for Governmental Activities in the Statement of Activities
 are Different Because:

Net Change in Fund Balances-Total Governmental Funds (Page 15)	\$58,921
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	770
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.	(1,979)
Pension expense related to GASB 68 is recorded in the Statement of Activities but not in the funds.	4,406
Changes in Net Position of Governmental Activities (Page 12)	\$62,118

The notes to the financial statements are an integral part of this statement.

RUSK COUNTY GROUNDWATER CONSERVATION DISTRICT

Notes to Financial Statements

August 31, 2023

I. Summary of Significant Accounting Policies

Rusk County Groundwater Conservation District was established by acts of the 78th Legislature, House Bill No. 3569 and approved by the voters of Rusk County in a confirmation election held June 5, 2004. The organization functions under Chapter 36 of the Texas Water Code. The District is managed by a board of directors of nine members. The permanent board consists of nine members with one elected at large from the entire District and two each to be elected from each county commission's precinct. The purpose of the District is to provide for the conservation, preservation, and management of groundwater and the related issues of waste.

The District is authorized to levy taxes, and the current rate adopted is \$.0050 cent per \$100 of valuation. The District is also allowed under the act to establish production fees and charge for permits.

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The government's significant accounting policies are described below.

A. Reporting Entity

In evaluating how to define the District for financial reporting purposes, management has considered all potential component units for which the District may be financially accountable and, as such, should be included within the District's financial statements. The District is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization, or (2) there is a potential for the organization to provide specific financial burden on the District. Additionally, the District is required to consider other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. Based upon the application of those criteria, the District has no component units.

B. Government-Wide and Fund Financial Statements

The Government-Wide Financial Statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the District. Any interfund activity is removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are to be reported separately from business-type activities. Rusk County Groundwater Conservation District has no business-type activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers, citizens, or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. The District's program revenues consist of permits for the drilling of wells and fees for the inspection of wells and donations for the establishment of the education center. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Major individual governmental funds are reported as separate columns in the Fund Financial Statements.

RUSK COUNTY GROUNDWATER CONSERVATION DISTRICT

Notes to Financial Statements

August 31, 2023

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The Government-Wide Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due. The District considers property taxes measurable and available only when cash is received by the District.

The District reports the following major Governmental fund:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the general government.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources, as they are needed.

D. Assets, Liabilities, and Net Position or Equity

1. Deposits and Investments

The District's cash includes amounts on hand and in demand deposits.

State statutes authorize the District to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, and repurchase agreements.

2. Property Taxes

The District's property taxes are levied on October 1 on the assessed value as of the previous January 1 for all real and personal property located in the District and are due on January 31. The District is limited by State statute to a tax rate of \$0.0050 per \$100 of assessed valuation. All unpaid taxes levied on October 1 become delinquent July 1 of the following year. Property taxes are recorded when levied. Revenue is recognized as taxes are levied on the government-wide statements and as collected on the fund statements. Property taxes that are not recognized as revenue in the current year are shown on the governmental funds balance sheet as deferred revenue.

3. Capital Assets

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

RUSK COUNTY GROUNDWATER CONSERVATION DISTRICT

Notes to Financial Statements

August 31, 2023

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Equipment & Vehicles	5
Software	3
Leasehold Improvements	20

4. *Deferred Outflows and Inflows of Resources*

In addition to assets, the statements of financial position (the government-wide Statement of Net Position and governmental funds Balance Sheet) will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and/or fund balance that applies to one or more future periods and so will not be recognized as an outflow of resources (expenses/expenditures) until then. The District has deferred outflows of resources related to pensions.

In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. Deferred Revenue – Unavailable Property Taxes, which is reported in the governmental fund Balance Sheet and deferred inflows related to pensions.

5. *Fund Balances – Governmental Funds*

Fund balances of the governmental funds are classified as follows:

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

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

Committed Fund Balance – represents amount that can only be used for a specific purpose because of a formal action by the District’s Board of Directors. Committed amounts cannot be used for any other purpose unless the Board of Directors removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the Board of Directors. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance – represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the Board of Directors or by an official or body to which the Board of Directors delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund’s primary purpose.

RUSK COUNTY GROUNDWATER CONSERVATION DISTRICT

Notes to Financial Statements

August 31, 2023

Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself. The Board of Directors has not authorized an individual to assign fund balance.

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

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

6. *Net Position Flow Assumption*

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District’s policy to consider restricted – net position to have been depleted before unrestricted –net position is applied.

7. *Implementation of New Standards*

In the current year, the District implemented the following new standard. The applicable provisions of the new standard is summarized below.

GASB Statement No. 96, Subscription-Based Information Technology Arrangements

This Standard provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAS) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

The District did not identify any SBITAs for the year ended August 31, 2023.

8. *Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual results could differ from those estimates.

RUSK COUNTY GROUNDWATER CONSERVATION DISTRICT

Notes to Financial Statements

August 31, 2023

E. Pensions

The fiduciary net position of the Texas County & District Retirement System (TCDRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TCERS' fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

At August 31, 2023 the District reported the following:

Net Pension Asset	\$8,602
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II. Stewardship, Compliance, and Accountability

Budgetary Information

Prior to September 1, the District discusses and considers an operating budget for the fiscal year commencing the following September 1. The operating budget includes expenditures and the means of financing them for the upcoming year. The budget for the 2022-2023 year was approved on August 29, 2022.

Once a budget is approved, it can be amended only by approval of a majority of the members of the Board of Directors. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. The budget was amended during the year. All budget appropriations lapse at year-end.

III. Detailed Notes on All Funds

A. Deposits and Investments

Deposits

At August 31, 2023, the carrying amount of the District's deposits with financial institutions was \$628,250, and the bank balances were \$627,611. The bank balance was fully covered by federal depository insurance or collateral held by the pledging financial institution's agent in the District's name.

Investments

The District is required by Texas Water Code Chapter 49 and Government Code Chapter 2256, The Public Funds Investment Act ("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.

RUSK COUNTY GROUNDWATER CONSERVATION DISTRICT

Notes to Financial Statements

August 31, 2023

The Act requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports, and 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. During the year ended August 31, 2022, the District invested only in certificates of deposit with its depository bank.

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:

- **Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. The District was not exposed to credit risk.

- **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. The District was not exposed to custodial credit risk.

- **Concentration of Credit Risk**

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District was not exposed to concentration of credit risk.

- **Interest Rate Risk**

This is the risk that changes in interest rates will adversely affect the fair value of an investment. The District was not exposed to interest rate risk.

- **Foreign Currency Risk**

This is the risk that exchange rates will adversely affect the fair value of an investment. The District does not engage in foreign currency transactions. The District was not exposed to foreign currency risk.

RUSK COUNTY GROUNDWATER CONSERVATION DISTRICT

Notes to Financial Statements
August 31, 2023

B. Capital Assets

Capital asset activity for the year ended August 31, 2023, was as follows:

	Balance September 1, <u>2022</u>			Balance August 31, <u>2023</u>		
	<u>2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>2023</u>		
Capital Assets Being Depreciated:						
Vehicles & Equipment	\$ 127,794	\$ -	\$ -	\$ 127,794		
Leasehold Improvements	17,920	-	-	17,920		
Software	37,700	-	-	37,700		
Total Capital Assets Being Depreciated	\$ 183,414	\$ -	\$ -	\$ 183,414		
Less: Accumulated Depreciation for:						
Vehicles & Equipment	\$ (126,170)	\$ (1,083)	\$ -	\$ (127,253)		
Leasehold Improvements	(8,288)	(896)	-	(9,184)		
Software	(37,700)	-	-	(37,700)		
Total Accumulated Depreciation	\$ (172,158)	\$ (1,979)	\$ -	\$ (174,137)		
Total Capital Assets Being Depreciated, Net	\$ 11,256	\$ (1,979)	\$ -	\$ 9,277		
Capital Assets, Net	\$ 11,256	\$ (1,979)	\$ -	\$ 9,277		

Depreciation was charged to functions as follows:

General Government	\$ 1,979
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C. Property Taxes Receivable

Current Tax Year	\$ 6,100
Prior Tax Years	18,133
Total	24,233
Less: Allowance for Uncollectible Taxes	(2,908)
Net Taxes Receivable	\$ 21,325

D. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the District carries commercial insurance. There have been no significant reductions in insurance coverages during the year ended August 31, 2023.

RUSK COUNTY GROUNDWATER CONSERVATION DISTRICT

Notes to Financial Statements

August 31, 2023

E. Pension Plan

Plan Description

The District provides retirement, disability, and death benefits for all of its full-time employees through an agent, multiple-employer pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of over 600 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2038.

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas State statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 10 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 80 or more. Members are vested after 5 years but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the 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 governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer'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.

Contributions

Employees for the Rusk County Groundwater Conservation District were required to contribute 7% of their gross earnings during the fiscal year. The contribution rates for the District were 6.84% and 6.84% in calendar 2022 and 2023, respectively. The District's contributions to TCDRS for the year ended August 31, 2023 were \$6,079 and were equal to the required contributions.

Net Pension Asset

At December 31, 2023, the District reported a net pension asset of \$8,602. The changes in the net pension asset were as follows:

RUSK COUNTY GROUNDWATER CONSERVATION DISTRICT

Notes to Financial Statements

August 31, 2023

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(a) - (b)
Balance at 12/31/2021	\$ 145,610	\$ 164,763	\$ (19,153)
Changes for the year:			
Service Cost	10,262	-	10,262
Interest	11,799	-	11,799
Effect of Plan Changes	-	-	-
Effect of economic/demographic G/L	-	-	-
Diff between expected/actual experience	(8,011)	-	(8,011)
Changes of assumptions	-	-	-
Contributions - employer	-	6,225	(6,225)
Contributions - employee	-	6,270	(6,270)
Net investment income	-	(10,616)	10,616
Benefit payments, including refunds of employee contributions	-	-	-
	(1,271)	(1,271)	-
Administrative expenses	-	(98)	98
Other charges	-	1,718	(1,718)
Net changes	\$ 12,779	\$ 2,228	\$ 10,551
Balance at 12/31/2022	\$ 158,389	\$ 166,991	\$ (8,602)

Discount Rate

The discount rate used to measure the total pension asset was 7.6%. There was no change in discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contribution employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset.

Discount Rate Sensitivity Analysis

The following presents the net pension asset of the District, calculated using the discount rate of 7.6%, as well as what the District's net pension asset would be if it were calculated using a discount rate that is 1 percentage point lower (6.60%) or 1 percentage point higher (8.60%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
	6.6%	7.6%	8.6%
Net pension liability / (asset)	\$27,960	(\$8,602)	(\$37,009)

RUSK COUNTY GROUNDWATER CONSERVATION DISTRICT

Notes to Financial Statements

August 31, 2023

Deferred Outflows and Inflows of Resources Related to Pensions

For the year ended August 31, 2023 the District recognized pension expense in the amount of (\$4,406).

At August 31, 2023, the District reported deferred inflows of resources and deferred outflows of resources related to pensions from the following sources:

Deferred Inflows/Outflows of Resources	Deferred Inflows Of Resources	Deferred Outflows Of Resources
Differences between expected and actual experience	\$16,703	\$839
Changes of assumptions	36	8,807
Net difference between projected and actual earnings	0	5,333
Contributions made subsequent to measurement date	<u>0</u>	<u>4,008</u>
Total	\$16,739	\$18,987

\$4,008 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 asset for the year ending August 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2023	\$(915)
2024	429
2025	845
2026	4,642
2027	(86)
Thereafter	(6,675)

F. Subsequent Events

Subsequent events were evaluated through March 8, 2024, the date on which the financial statements were available to be issued.

Required Supplementary Information

Rusk County Groundwater Conservation District
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balances - Budget and Actual
 General Fund (Budgetary Basis)
 For the Year Ended August 31, 2023

	<u>Original</u>	<u>Amended</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Tax Revenue	\$198,100	\$198,100	\$202,816	\$4,716
Interest	3,500	3,500	15,536	12,036
Permits and Fees	2,000	2,000	5,279	3,279
Other Revenue	1,000	1,000	6,332	5,332
Total Revenues	<u>\$204,600</u>	<u>\$204,600</u>	<u>\$229,963</u>	<u>\$25,363</u>
<u>Expenditures:</u>				
Accounting	\$9,700	\$9,700	\$9,220	\$ 480
Assessment-Appraisal District	6,100	6,100	5,113	987
Automobile Expense	4,000	7,000	6,340	660
Computer and Software	13,000	13,000	7,874	5,126
Consultant	7,000	7,000	2,900	4,100
Directors Fees	6,000	6,000	5,657	343
Dues and Subscriptions	2,220	2,220	1,396	824
Education/Conservation Printing	900	900	500	400
Equipment	2,000	2,000	0	2,000
Insurance	20,000	20,000	18,694	1,306
Repairs	2,500	2,500	466	2,034
Legal	7,500.00	3,300.00	361	2,939
Office Expense	5,000	5,000	9,130	(4,130)
Payroll and Related Taxes	107,550	107,550	98,620	8,930
Telephone and Internet	3,400	3,400	2,573	827
Travel and Conferences	2,000	3,200	2,198	1,002
Water Center	750	750	-	750
Texas Workforce	600	600	-	600
Total Expenditures	<u>\$200,220</u>	<u>\$200,220</u>	<u>\$171,042</u>	<u>\$29,178</u>
Net Change in Fund Balance	4,380	4,380	58,921	(54,541)
Fund Balance, September 1, 2022	<u>554,884</u>	<u>554,884</u>	<u>554,884</u>	<u>-</u>
Fund Balance, August 31, 2023	<u><u>\$559,264</u></u>	<u><u>\$559,264</u></u>	<u><u>\$613,805</u></u>	<u><u>(\$54,541)</u></u>

Rusk County Groundwater Conservation District
 Reconciliation of the Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - (Budgetary Basis) - General Fund to the Statement of Revenues, Expenditures, and Changes in the Fund Balance - General Fund
 For the Year Ended August 31, 2023

Total revenues - Exhibit 5	\$	229,963
Tax Assessor Commissions		2,383
		232,346
Total revenues - General Fund - Exhibit 4	\$	232,346
Total Expenditures - Exhibit 5	\$	171,042
Tax Assessor Commissions		2,383
		173,425
Total expenditures - General Fund - Exhibit 4	\$	173,425

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Rusk County Groundwater Conservation District
 Schedule of Changes in Net Position Liability and Related Ratios
 Last Ten Years

	Year Ended December 31									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total Pension Liability										
Service cost	\$ 10,261	\$ 10,568	\$ 8,297	\$ 10,700	\$ 10,137	\$ 10,097	\$ 10,345	\$ 8,359	\$ 14,212	N/A
Interest on total pension liability	11,799	10,387	8,463	7,572	6,260	5,120	3,717	3,045	2,664	N/A
Changes of benefit terms	-	-	-	-	394	-	-	(515)	-	N/A
Difference between expected and actual experience	(8,011)	(758)	1,230	(3,605)	111	(113)	(677)	(3,802)	(6,831)	N/A
Change of assumptions	-	(48)	13,207	-	-	171	-	848	-	N/A
Benefit payments/refunds of contributions	(1,271)	(1,271)	(1,271)	(1,271)	(1,245)	(1,245)	(933)	-	(5,171)	N/A
Net change in total pension liability	12,778	18,878	29,927	13,396	15,657	14,030	12,452	7,936	4,874	N/A
Total pension liability, beginning	145,610	126,732	96,805	83,409	67,752	53,722	41,270	33,334	28,460	N/A
Total pension liability, ending (a)	\$ 158,388	\$ 145,610	\$ 126,732	\$ 96,805	\$ 83,409	\$ 67,752	\$ 53,722	\$ 41,270	\$ 33,334	N/A
Fiduciary Net Position										
Employer contributions	\$ 6,225	\$ 3,368	\$ 3,862	\$ 3,974	\$ 4,156	\$ 3,919	\$ 4,787	\$ 5,063	\$ 4,376	N/A
Employee contributions	6,270	5,599	5,739	6,101	6,508	6,179	6,347	6,250	5,402	N/A
Investment income net of investment expenses	(10,616)	28,982	11,198	13,984	(1,327)	8,782	3,385	(468)	1,613	N/A
Benefit payments/refunds of contributions	(1,271)	(1,271)	(1,271)	(1,271)	(1,245)	(1,245)	(933)	-	(5,171)	N/A
Administrative expenses	(98)	(89)	(94)	(82)	(68)	(51)	(37)	(29)	(24)	N/A
Other	1,717	253	257	317	288	118	865	(3)	(2)	N/A
Net change in fiduciary net position	2,227	36,842	19,691	23,023	8,312	17,702	14,414	10,812	6,194	N/A
Fiduciary net position, beginning	164,763	127,920	108,229	85,206	76,894	59,192	44,778	33,966	27,772	N/A
Fiduciary net position, ending (b)	\$ 166,990	\$ 164,762	\$ 127,920	\$ 108,229	\$ 85,206	\$ 76,894	\$ 59,192	\$ 44,778	\$ 33,966	N/A
Net pension liability / (asset), ending = (a) - (b)	\$ (8,602)	\$ (19,152)	\$ (1,188)	\$ (11,424)	\$ (1,797)	\$ (9,142)	\$ (5,470)	\$ (3,508)	\$ (632)	N/A
Fiduciary net position as a % of total pension liability	105.43%	113.15%	100.94%	111.80%	102.15%	113.49%	110.18%	108.50%	101.90%	N/A
Pensionable covered payroll	\$ 89,566	\$ 79,991	\$ 81,969	\$ 74,933	\$ 92,971	\$ 88,268	\$ 90,670	\$ 89,291	\$ 77,170	N/A
Net pension liability as a % of covered payroll	-9.60%	-23.94%	-1.45%	-15.25%	-1.93%	-10.36%	-6.03%	-3.93%	-0.82%	N/A

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 67/68, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been implemented.

Rusk County Groundwater Conservation District
 Schedule Of Contributions
 For the Year Ended August 31, 2023

	Fiscal Year Ended August 31,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 6,225	\$ 3,368	\$ 3,862	\$ 3,974	\$ 4,156	\$ 3,919	\$ 4,787	\$ 4,723	\$ 4,376	\$ 7,558
Contributions in relation to										
actuarially determined contribution	(6,225)	(3,368)	(3,862)	(3,974)	(4,156)	(3,919)	(4,787)	(5,063)	(4,376)	(7,558)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (340)	\$ -	\$ -
Covered employee payroll	\$ 89,566	\$ 79,991	\$ 81,989	\$ 87,152	\$ 92,971	\$ 88,268	\$ 90,670	\$ 89,291	\$ 77,170	\$ 138,180
Contributions as a percentage of covered employee payroll	6.95%	4.21%	4.71%	4.56%	4.47%	4.44%	5.28%	5.29%	5.67%	5.47%

Rusk County Groundwater Conservation District
 NOTES TO SCHEDULE OF CONTRIBUTIONS
 FOR THE YEAR ENDED AUGUST 31, 2023

Valuation Date: Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	0.0 years (based on contribution rate calculated in 12/31/2019 valuation)
Asset Valuation Method	5-yr smoothed market
Inflation	2.75%
Salary Increases	Varies by age and service. 4.9% average over career including inflation.
Investment Rate of Return	8.0%, net of investment expenses, including inflation.
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	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.

Other Information: There were no benefit changes during the year.

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Compliance Section

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Independent Auditor's Report

Report on Internal Control over Financial
Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

March 8, 2024

Board of Directors
Rusk County Groundwater Conservation District
P.O. Box 97
Henderson, TX 75653

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, and each major fund of Rusk County Groundwater Conservation District as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 8, 2024.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

MEMBER

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS AND TEXAS SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

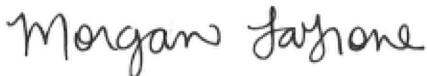
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Rusk County Groundwater Conservation District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Respectfully submitted,



Morgan LaGrone
Certified Public Accountant