

BROOKSHIRE MUNICIPAL
WATER DISTRICT
BROOKSHIRE, TEXAS
FINANCIAL REPORT
August 31, 2024

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Independent Auditors' Report

Board of Directors
Brookshire Municipal Water District
Waller County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Brookshire Municipal Water District (the "District") as of and for the year ended August 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Brookshire Municipal Water District as of August 31, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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.

Responsibility of Management 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.

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

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

In performing an audit in accordance with generally accepted auditing standards, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error and 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, we express no such opinion.
- Evaluate 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.
- 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.

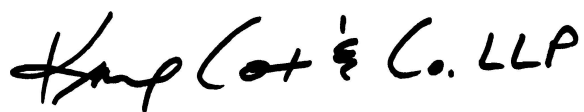
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 on pages 3 through 8 and 34, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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



Sugar Land, Texas
February 10, 2025

Management's Discussion and Analysis

As management of Brookshire Municipal Water District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended August 31, 2024.

FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$4,616,994 (Net Position).
- As of August 31, 2024, the District's governmental funds reported an ending fund balance of \$2,188,222.
- The District's cash balance at August 31, 2024 was \$2,870,828, representing an increase of \$395,507 from August 31, 2023.
- The District had general revenues of \$3,687,728 and a change in net position of \$1,015,575 for the year ended August 31, 2024.
- At the end of the fiscal year, unrestricted and unassigned fund balance for the General Fund was (\$185,869), or a negative 6.1 percent of total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that did not affect cash flows in this fiscal period (e.g., depreciation).

The government-wide financial statements present functions of the District that are provided from funding sources (governmental activities). The government-wide financial statements can be found on pages 10-13 of this report.

FUND FINANCIAL STATEMENTS

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the District consist solely of governmental funds (the General Fund, Debt Service Fund and Capital Project Fund).

Governmental Funds - Governmental funds are used to account for essentially the same function reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented in the governmental funds with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide an adjustments column to facilitate this comparison between the governmental funds and *governmental activities*. The basic governmental fund financial statements can be found on pages 10-13 of this report.

NOTES TO THE FINANCIAL STATEMENTS

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 15 through 38 of this report.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information can be found on pages 41 through 48 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by \$4,616,994 as of August 31, 2024.

The largest portion of the District's net position reflects its net investment in capital assets (e.g. infrastructure). The District uses these capital assets to provide services to the customers we serve; consequently, these assets are not available for future spending.

Additionally, a portion of the District’s net position represents unrestricted financial resources available for future operations. The District has a deficit unrestricted net position of \$157,623.

SUMMARY OF STATEMENT OF NET POSITION

	Governmental Activities	
	2024	2023
Current and other assets	\$ 3,263,851	\$ 2,754,480
Capital assets, net	4,919,061	4,564,240
Total Assets	<u>8,182,912</u>	<u>7,318,720</u>
Deferred Outflows	<u>28,518</u>	<u>59,687</u>
Long-term liabilities	2,627,463	2,731,350
Other liabilities	961,720	1,038,436
Total Liabilities	<u>3,589,183</u>	<u>3,769,786</u>
Deferred Inflows	<u>5,253</u>	<u>7,202</u>
Net Position:		
Net investment in capital assets	4,451,279	3,864,164
Restricted	323,338	295,819
Unrestricted	(157,623)	(558,564)
Total Net Position	<u>\$ 4,616,994</u>	<u>\$ 3,601,419</u>

Net position of the District, all of which relate to governmental activities, increased by \$1,015,575. Key elements of the increase are as follows:

CHANGES IN NET POSITION

	Governmental Activities	
	2024	2023
Revenues		
Water and sewer charges	\$ 2,958,509	\$ 2,354,571
Property taxes, penalties and interest	136,455	110,225
Tap connection fees	304,492	158,431
Impact fees	87,707	66,914
Investment income and other	200,565	182,106
Total Revenues	<u>3,687,728</u>	<u>2,872,247</u>
Expenses		
Personnel services	382,137	310,527
Purchased and contracted services	515,053	463,187
Operating costs and consumable materials	557,755	430,240
Professional fees	187,995	145,574
Repairs and maintenance	1,241,308	975,439
Debt Service	40,809	43,459
Depreciation and amortization	175,681	188,415
Total Expenses	<u>3,100,738</u>	<u>2,556,841</u>
Other Financing Sources		
Capital contributions	<u>428,585</u>	
Change in Net Position	1,015,575	315,406
Net position, beginning	<u>3,601,419</u>	<u>3,286,013</u>
Net Position, Ending	<u>\$ 4,616,994</u>	<u>\$ 3,601,419</u>

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As previously noted, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District's governmental funds are discussed below:

Governmental Funds - The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, fund balances may serve as a useful measure of a government's net resources available for spending for program purposes at the end of the fiscal year.

As of August 31, 2024, the District's governmental funds, which consist of a general fund, debt service fund and capital project fund reported an ending fund balance of \$2,188,222, which is an increase of \$520,357 from last year's total of \$1,667,865. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents a negative 6.01% percent of total general fund expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - The District's investment in capital assets as of August 31, 2024 amounts to \$4,919,061 (net of accumulated depreciation). This investment in capital assets includes infrastructure.

CAPITAL ASSETS SCHEDULE (net of depreciation)

	Governmental Activities	
	2024	2023
Capital assets not being depreciated:		
Land	\$ 227,468	\$ 227,468
Construction in progress	2,272,465	2,240,318
	<u>2,499,933</u>	<u>2,467,786</u>
Capital assets being depreciated:		
Buildings	340,345	340,345
Furniture and equipment	737,821	737,821
Water system	1,847,064	1,847,064
Wastewater system	5,437,837	4,939,482
	<u>8,363,067</u>	<u>7,864,712</u>
Less: accumulated depreciation	<u>(5,943,939)</u>	<u>(5,768,258)</u>
	<u>2,419,128</u>	<u>2,096,454</u>
Total Capital Assets, Net	<u>\$ 4,919,061</u>	<u>\$ 4,564,240</u>

Additional information on the District's capital assets can be found in Note 6 in the notes to financial statements.

LONG-TERM DEBT

As of August 31, 2024, the District has a total bonded debt outstanding of \$2,540,000. Interest expense for the 2024 fiscal year totaled \$31,742 on this bonded debt. The District's outstanding bonds have maturities ranging from 2025 to 2048. Additional information on the District's long-term debt can be found in Note 7 in the notes to the financial statements.

ECONOMIC FACTORS

Unrestricted and unassigned fund balance in the General Fund increased by \$365,810 to a negative \$185,869. An increase of \$168,550 was projected. The District continues to develop plans to increase revenues and decrease expenditures in the near future to help resolve the General Fund deficit.

REQUESTS FOR INFORMATION

The financial report is designed to provide a general overview of Brookshire Municipal Water District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Brookshire Municipal Water District.

FINANCIAL STATEMENTS

Brookshire Municipal Water District

STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS

BALANCE SHEET

August 31, 2024

	General	Debt Service	Capital Projects
<u>Assets and Deferred Outflows</u>			
Cash and temporary investments	\$ 911,202	\$ 311,953	\$ 1,647,673
Receivables:			
Property taxes		12,051	
Customer service accounts, net	190,400		
Due from other governments	13,855		
Other receivables	54,175		
Internal receivables			514,661
Net pension asset			
Capital assets, net of accumulated depreciation:			
Land			
Construction in progress			
Building and equipment			
Infrastructure			
Total Assets	1,169,632	324,004	2,162,334
<u>Deferred Outflows of Resources</u>			
Deferred outflows- pension and OPEB			
Total Deferred Outflows of Resources			
Total Assets and Deferred Outflows	\$ 1,169,632	\$ 324,004	\$ 2,162,334
<u>Liabilities, Deferred Inflows and Fund Balances/Net Position</u>			
Accounts payable and accrued liabilities	262,346	516	97,255
Customer deposits	255,487		
Developer deposits	325,432		
Internal payables	512,236	150	2,275
OPEB liability			
Long-Term Liabilities:			
Compensated absences			
Accrued interest on bonds			
Unamortized bond discount			
Current portion of bonds			
Current portion of notes payable			
Long-term portion of bonds			
Long-term portion of notes payable			
Total Liabilities	1,355,501	666	99,530
<u>Deferred Inflows of Resources</u>			
Deferred inflows - pension and OPEB			
Unavailable revenue - property taxes		12,051	
Total Deferred Inflows of Resources			
<u>Fund Balances/Net Position</u>			
Fund Balances:			
Restricted for debt service		311,287	
Restricted for capital projects			2,062,804
Unrestricted and unassigned	(185,869)		
Total Fund Balances	(185,869)	311,287	2,062,804
Total Liabilities, Deferred Inflows and Fund Balances	\$ 1,169,632	\$ 324,004	\$ 2,162,334
Net Position:			
Net investment in capital assets			
Restricted			
Unrestricted			
Total Net Position			

See Notes to Financial Statements.

Exhibit B(1)

<u>Total</u>	<u>Adjustments (Note 2)</u>	<u>Statement of Net Position</u>
\$ 2,870,828	\$	\$ 2,870,828
12,051		12,051
190,400		190,400
13,855		13,855
54,175		54,175
514,661	(514,661)	
	122,542	122,542
	227,468	227,468
	2,272,465	2,272,465
	284,329	284,329
	2,134,799	2,134,799
<u>3,655,970</u>	<u>4,526,942</u>	<u>8,182,912</u>
	28,518	28,518
	<u>28,518</u>	<u>28,518</u>
<u>\$ 3,655,970</u>		
360,117		360,117
255,487		255,487
325,432		325,432
514,661	(514,661)	
	20,684	20,684
	22,252	22,252
	1,789	1,789
	(11,203)	(11,203)
	110,000	110,000
	16,156	16,156
	2,430,000	2,430,000
	58,469	58,469
<u>1,455,697</u>	<u>2,133,486</u>	<u>3,589,183</u>
	5,253	5,253
<u>12,051</u>	<u>(12,051)</u>	<u>5,253</u>
	(6,798)	
311,287	(311,287)	
2,062,804	(2,062,804)	
(185,869)	185,869	
<u>2,188,222</u>	<u>(2,188,222)</u>	
<u>\$ 3,655,970</u>		
	4,451,279	4,451,279
	323,338	323,338
	(157,623)	(157,623)
	<u>\$ 4,616,994</u>	<u>\$ 4,616,994</u>

Brookshire Municipal Water District

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

Year Ended August 31, 2024

	General	Debt Service	Capital Projects
Revenues			
Water and sewer service charges	\$ 2,958,509	\$	\$
Property taxes		48,703	
Penalties and interest	80,366	1,185	
Tap connection and permit fees	304,492		
Impact Fees			87,707
Investment earnings	12,431	589	77,669
Other	109,876		
Total Revenues	3,465,674	50,477	165,376
Expenditures/Expenses			
Current:			
Personnel services	408,103		
Purchased and contracted services	515,053		
Consumable materials and supplies	64,883		
Operating costs	492,872		
Professional fees	164,759	23,236	
Repairs and maintenance	1,241,308		
Capital Outlay	69,770		32,147
Debt Service			
Principal	79,164	30,000	
Interest and fiscal charges	17,402	22,473	
Depreciation and amortization			
Total Expenditures/Expenses	3,053,314	75,709	32,147
Excess (Deficiency) of Revenues Over (Under) Expenditures	412,360	(25,232)	133,229
Other Financing Sources (Uses)			
Capital contributions			
Internal transfers	(46,550)	46,550	
Total Other Financing Sources (Uses)	(46,550)	46,550	
Change in Fund Balance	365,810	21,318	133,229
Change in Net Position			
Fund Balances/Net Position - Beginning	(551,679)	289,969	1,929,575
Fund Balances/Net Position - Ending	\$ (185,869)	\$ 311,287	\$ 2,062,804

Exhibit B(2)

<u>Total</u>	<u>Adjustments (Note 2)</u>	<u>Statement of Activities</u>
\$ 2,958,509	\$	\$ 2,958,509
48,703	6,201	54,904
81,551		81,551
304,492		304,492
87,707		87,707
90,689		90,689
109,876		109,876
<u>3,681,527</u>	<u>6,201</u>	<u>3,687,728</u>
408,103	(25,966)	382,137
515,053		515,053
64,883		64,883
492,872		492,872
187,995		187,995
1,241,308		1,241,308
101,917	(101,917)	
109,164	(109,164)	
39,875	934	40,809
	175,681	175,681
<u>3,161,170</u>	<u>(60,432)</u>	<u>3,100,738</u>
520,357	66,633	
	428,585	428,585
	<u>428,585</u>	<u>428,585</u>
520,357	(520,357)	
	1,015,575	1,015,575
1,667,865	1,933,554	3,601,419
<u>\$ 2,188,222</u>	<u>\$ 2,428,772</u>	<u>\$ 4,616,994</u>

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Brookshire Municipal Water District

Exhibit B(3)

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the District conform with accounting principles generally accepted in the United States of America. The following is a summary of the most significant policies:

A. Reporting Entity

Brookshire Municipal Water District (District) was created by the 51st Legislature of Texas in 1951 and confirmed by the electorate. The Board of Directors held its first meeting in February 1952 and the first bonds were sold in March 1952.

In 2022, the District converted from a water control and improvement district operating under Chapters 49 and 51 of the Texas Water Code to a municipal utility district operating under Chapters 49 and 54 of the Texas Water Code.

The District is a political subdivision of the State of Texas governed by an elected five member board and is considered a primary government. As required by generally accepted accounting principles, these general purpose financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the District's financial reporting entity. Based on these considerations, no other entities, organizations, or functions have been included in the District's financial reporting entity. Additionally, as the District is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations, or functions in the District's financial reporting entity are based on criteria prescribed by accounting principles generally accepted in the United States of America. These same criteria are evaluated in considering whether the District is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining whether the District's financial reporting entity status is that of a primary government are that it has a separately elected governing body; it is legally separate; and it is fiscally independent of other state and local governments. Although not considered significant in the District's reporting entity evaluation, other prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable; and considerations pertaining to other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The District's primary activities include construction, maintenance, and operation of water and sewer system facilities and debt service on bonds issued to construct the facilities.

Brookshire Municipal Water District

Exhibit B(3)

NOTES TO FINANCIAL STATEMENTS

Financial Statement Presentation

Management's Discussion and Analysis - GASB Statement No. 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "management's discussion and analysis" (MD&A). This analysis is similar to the analysis that private sector companies provide in their annual reports.

Government-wide Financial Statements - The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities, but also capital assets and long-term liabilities (such as buildings and infrastructure and general obligation debt). Accrual accounting reports all of the revenues and costs of providing services each year, not just those received or paid in the current or soon thereafter, as is the case with the modified accrual basis of accounting. Governments report all capital assets, including infrastructure, in the government-wide Statement of Net Position and report related depreciation expense, the cost of "using up" capital assets, in the Statement of Activities. The net position of a government is broken down into three categories: 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

Fund Financial Statements - These statements focus on the District's major funds and are prepared using the modified accrual basis of accounting.

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 the non-fiduciary activities of the primary government and its component units, as applicable. The effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable. The District had no business-type activities or component units as of and for the year ended August 31, 2024.

The governmental funds financial statements consist of the balance sheet and statement of revenues, expenditures and changes in fund balance. These financial statements have been adjusted to arrive at the government-wide financial statement balances (statement of net position and statement of activities). Major individual governmental funds are reported as separate columns in the fund financial statements.

Brookshire Municipal Water District

Exhibit B(3)

NOTES TO FINANCIAL STATEMENTS

B. 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 the timing of related cash flows.

Governmental funds 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. For this purpose, the government considers revenue to be available if collected within 60 days of the end of the current fiscal period. Revenues accrued include interest earned on investments and income from District operations. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service requirements, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The Governmental Accounting Standards Board has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be properly reported within one of the following fund balance categories:

Nonspendable:

To indicate fund balance associated with inventories, prepaids, long-term loans and notes receivable and property held for resale (unless the proceeds are restricted, committed or assigned).

Restricted:

To indicate fund balance that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed:

To indicate fund balance that can be used only for the specific purposes determined by a formal action of the Board of Directors (the District's highest level of decision-making authority).

Assigned:

To indicate fund balance to be used for specific purposes but do not meet the criteria to be classified as restricted or committed.

Unassigned:

To indicate the residual classification of fund balance in the General Fund and includes all spendable amounts not contained in the other classifications.

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In circumstances where an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned and unassigned.

GASB 54 requires disclosure of any formally adopted minimum fund balance policies. The District does not currently have any such policies.

The accounting system is organized on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which comprise its assets, liabilities, fund equity or deficit, revenues and expenditures.

The District reports the following governmental funds:

General Fund

The General Fund is used to account for the operations of the District's water and sewer system and all other financial transactions not properly includable in other funds. The principal sources of revenue are related to water and sewer service operations. Expenditures include all costs associated with the daily operations of the District.

Debt Service Fund

The Debt Service Fund is used to account for the payment of interest and principal on the District's general long-term debt. The primary source of revenue for debt service is property taxes pursuant to requirements of the district's bond resolutions. Expenditures include costs incurred in assessing and collecting these taxes.

Capital Project Fund

The Capital Projects Fund is used to account for expenditure of bond proceeds for the construction of the District's water and sewer facilities.

C. Deferred Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until that time. Deferred outflows of resources consist of differences related to the District's pension plan.

D. Deferred Inflows of Resources

Deferred inflows of resources represent 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. Deferred inflows of resources consist of unearned tax revenues and differences related to the District's pension and OPEB plans.

Brookshire Municipal Water District

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NOTES TO FINANCIAL STATEMENTS

E. Budget

An unappropriated budget is adopted for the General Fund. The budget is prepared using the same method of accounting as for financial reporting and serves as a planning tool. Encumbrance accounting is not utilized.

F. Investments

The District classifies investments that have a remaining maturity of one year or less at the date of purchase as "money market investments" in accordance with Governmental Accounting Standards Board Statement No. 31, "Accounting and Reporting for Certain Investments and External Investment Pools" (Statement No. 31). Statement No. 31 defines "money market investments" as short-term, highly liquid debt instruments including commercial paper, banker's acceptances and U.S. Treasury and agency obligations. The District values its "money market investments" at cost, which is considered to approximate market value. The District's certificates of deposit, if any, are recorded at cost in accordance with Statement No. 31.

In December 2015, GASB issued Statement No. 79 titled "Certain External Investment Pools and Pool Participants" in response to the Securities and Exchange Commission's amendments in 2014 to regulations that apply to money market funds. Statement No. 79 addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. If the external investment pool meets the criteria in Statement No. 79 and measures all of its investments at amortized cost, the pool's participants also should measure their investments in that external investment pool at amortized cost for financial reporting purposes.

G. Short-Term Internal Receivables/Payables

During the course of operations, transactions occur between individual funds for specified purposes. These receivables and payables are classified as internal receivables and payables on the combined balance sheet. These amounts are eliminated for government-wide presentation.

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NOTES TO FINANCIAL STATEMENTS

H. Interfund Transactions

During the course of operations, transactions occur between individual funds for specified purposes. If there is an intent to repay, then these receivables and payables are classified as internal receivables and payables on the combined balance sheet. Operating transfers represent legally authorized transfers from the fund receiving resources to the fund through which the resources are to be expended, with no intent to repay. The interfund receivables/payables and operating transfers are eliminated for government-wide presentation.

I. Unamortized Bond Premium or (Discount)

Included within long term liabilities are the unamortized bond premiums or (discount). They are being amortized over the life of the related obligation on the straight-line method. Results obtained are not materially different from the interest method.

J. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the government-wide financial statements. Capital assets, other than infrastructure items, are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant, and equipment of the primary government, as well as the component units, is depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Description</u>	<u>Estimated Useful Life</u>
Land	N/A
Building and equipment	5-40 years
Water system	25 years
Wastewater system	25years

K. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums or discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of any applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums or discounts during the current period. The face amount of new debt issued is reported as other financing sources. Premiums are reported as other financing uses. Issuance costs,

Brookshire Municipal Water District

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NOTES TO FINANCIAL STATEMENTS

whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

L. Compensated Employee Absences

Compensated employee absences, which include unpaid vacation and sick leave, are accumulated during employment. At August 31, 2024, amounts accrued for compensated employee absences are \$12,252.

M. Fund Equity

Reserved/restricted equity balances represent those portions of fund balance/net position not appropriable for expenditures/expenses or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources. Undesignated/unrestricted fund balances/net position represent available balances for the District's future use.

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.

N. Revenue Recognition

Water and Sewer impact fees The District records water and sewer impact fees as revenues. Corresponding cash is recorded as a restricted asset for future expansion of the District's Water and Wastewater systems.

O. Pensions

For purposes of measuring the net pension liability, assets, 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 and District Retirement System (TCDRS) and additions to/deductions from TCDRS's Fiduciary Net Position have been determined on the same basis as they are reported by TCDRS. 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.

P. 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 and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Brookshire Municipal Water District

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NOTES TO FINANCIAL STATEMENTS

Q. Reclassifications

Certain reclassifications to prior year balances have been made to conform to current year presentation. For fiscal year 2022, The District included capital recover fund in the capital project fund in order to segregate impact fees and obligations from the District's general fund. Impact fees had previously been reported with the general fund. Such reclassifications have had no effect on the excess of revenues over expenditures.

R. Date of Management's Review

Subsequent events have been evaluated through February 10, 2025, which is the date the financial statements were available to be issued.

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes an adjustments column to arrive at the government-wide statement of net position balances. Amounts reported in the statement of net position are different because:

Total fund balances - governmental funds	\$	2,188,222
Capital assets used in governmental activities are not financial resources and are not reported in the funds.		4,919,061
Other long-term assets are not available to pay for current period expenditures and therefore, are deferred in the funds.		-
Net pension asset is not a financial resource and is not report in the funds.		122,542
OPEB liability is not a financial resource and is not report in the funds.		(20,684)
Deferred inflows and outflows of resources related to changes in net pension asset and OPEB Liability that are not reported in the funds.		23,265
Property tax revenue recognition and other deferred inflows of resources are subject to availability of funds in the fund financial statements.		12,051
Some liabilities, are not due and payable in the current period, and therefore are not reported in the funds		(22,252)
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported in the funds.		<u>(2,605,211)</u>
Net Position of Governmental Activities	\$	<u>4,616,994</u>

Brookshire Municipal Water District

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NOTES TO FINANCIAL STATEMENTS

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures and changes in fund balances includes an adjustments column to arrive at changes in net position as reported in the government-wide statement of activities. Amounts reported in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$	520,357
Governmental funds report capital outlays as expenditures.		
However, in the statement of activities, the cost of those assets is allocated over their estimated lives and reported as depreciation expense. This is the amount by which capital outlay and capital contributions exceeded depreciation in the current period		
		354,821
Repayment of bond principal is reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
		109,164
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
		6,201
Some expenses reported in the statement of activities do not require the use of current resources and are not report as expenses in the funds.		
		25,032
Change in Net Position of Governmental Activities	\$	1,015,575

NOTE 3 - CASH AND TEMPORARY INVESTMENTS

Cash consists of interest-bearing checking accounts and temporary investments consist of investments in TexPool and Texas Class. The carrying amounts for cash and temporary investment balances, which approximate fair values, by fund at August 31, 2024, are as follows:

	<u>Checking</u>	<u>TexPool</u>	<u>Texas Class</u>	<u>Total</u>
General	\$ 678,679	\$ 1,240	\$ 231,283	\$ 911,202
Debt Service	311,953			311,953
Capital Projects	338,658		1,309,015	1,647,673
	\$ 1,329,290	\$ 1,240	\$ 1,540,298	\$ 2,870,828

Brookshire Municipal Water District

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NOTES TO FINANCIAL STATEMENTS

Investment Policies

The District has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, Texas Government Code. The investments of the District are in compliance with its investment policy.

Applicable state laws and regulations allow the District to invest its funds in direct or indirect obligations of the United States, the State, or any county, city, school district, or other political subdivision of the State. Funds may also be placed in certificates of deposit of state or national banks or savings and loan associations (depository institutions) domiciled within the State. Related state statutes and provisions included in the District's bond resolutions require that all funds invested in depository institutions be guaranteed by federal depository insurance and/or be secured in the manner provided by law for the security of public funds. Balances in checking accounts in depository institutions were entirely guaranteed by federal depository insurance or security as provided by statutes and bond provisions at August 31, 2024.

Investment Pools

The District participates in TexPool, The Texas Local Government Investment Pool. The State Comptroller of Public Accounts (the "Comptroller") administers TexPool, as a public funds investment pool through the Texas Treasury Safekeeping Trust Company (The "Trust Company"). The Comptroller is the sole officer, director, and shareholder of the Trust Company and thus maintains oversight responsibility of TexPool, which includes (1) the ability to significantly influence operations, (2) designation of management and (3) accountability for fiscal matters. The Comptroller has established an advisory board composed of both participants in TexPool and other qualified persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure.

The District participates in Texas Cooperative Liquid Assets Securities System ("Texas Class"), an external investment pool that is not registered with the Security and Exchange Commission. Texas Class is supervised by the Board of Trustees, each of whom is elected by the Participants. The Board of Trustees supervises the Trust and acts as a liaison between Participants, the Custodian and the Program Administrator. Wells Fargo Bank, NA serves as Custodian of the Trust. Public Trust Advisors, LLC serves as Program Administrator.

In compliance with Governmental Accounting Standards Board ("GASB") Statement No. 79, TexPool and Texas Class use amortized cost (which excludes unrealized gains and losses) to compute share price. An external investment pool qualifies for amortized cost reporting if it transacts with its participants at a stable net asset value per share and meets various portfolio maturity, quality, diversification liquidity and pricing requirements. There are no limitations or restriction on withdrawal of either pool.

Brookshire Municipal Water District

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NOTES TO FINANCIAL STATEMENTS

Interest Rate Risk

In accordance with its investment policy, the District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than two years to meet cash requirements for ongoing operation.

Credit Risk – Investments

In accordance with its investment policy, the District minimized credit risk losses due to default of a security issuer or backer, by limiting investments to the safest types of securities. As the District's investments are in investment pools, the District is not exposed to custodial credit risk.

NOTE 4 - PROPERTY TAXES

All property values are determined by the Waller County Appraisal District. A tax lien attaches to all properties within the District on January 1st of each year. Taxes are generally levied on October 1 and are due upon receipt of the tax bill by the property owner. Penalties and interest are charged if taxes are not paid by the succeeding January 31st. There is an additional twenty percent penalty charged on accounts delinquent after July 1st and delinquent personal property after April 1st of each year which generally is payable to the District's delinquent tax attorney.

The voters of the District have authorized the District's Board of Directors to levy maintenance taxes annually, for Defined Area No. 1, for use in financing general operations limited to the maximum amount of \$1.50 per \$100 of assessed value.

Property taxes are prorated between operations and debt service based on the respective rates adopted for the year of the levy. For the current year, the District levied a combined rate of \$0.009 per \$100 of assessed valuation of which all was allocated to debt service. The resulting tax levy was \$57,513 on the adjusted taxable valuation of \$639,033,960. for the 2023 tax year.

There were no tax levied for the Defined Area for the District's 2023 tax year.

Property taxes receivable at August 31, 2024, consisted of the following:

	Debt Service Fund	Total
2023 Levy	\$ 6,883	\$ 6,883
2022 Levy	2,648	2,648
2021 Levy	730	730
2020 Levy	690	690
2019 and prior	1,100	1,100
Total Property Taxes Receivable	\$ 12,051	\$ 12,051

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NOTES TO FINANCIAL STATEMENTS

NOTE 5 - RECEIVABLES

Receivables as of year-end for the government's individual major funds are as follows:

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>
Receivables:			
Taxes	\$	\$ 12,051	\$ 12,051
Accounts	190,400		190,400
Other	68,030		68,030
Total Receivables	<u>\$ 258,430</u>	<u>\$ 12,051</u>	<u>\$ 270,481</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>
Delinquent property taxes receivable - debt service fund	<u>\$ 12,051</u>
Total Deferred Inflows for Governmental Funds	<u>\$ 12,051</u>

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NOTES TO FINANCIAL STATEMENTS

NOTE 6 - CAPITAL ASSETS

A summary of changes in capital assets for the year ended August 31, 2024, follows:

	<u>Sept. 1, 2023</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Aug. 31, 2023</u>
Governmental Activities:				
Non-depreciable Assets:				
Land	\$ 227,468	\$	\$	\$ 227,468
Construction in progress	<u>2,240,318</u>	<u>32,147</u>		<u>2,272,465</u>
Total Non-depreciable Assets	<u>2,467,786</u>	<u>32,147</u>		<u>2,499,933</u>
Depreciable Assets:				
Buildings and improvements	340,345			340,345
Vehicles and equipment	737,821			737,821
Water system	1,847,064			1,847,064
Wastewater system	<u>4,939,482</u>	<u>498,355</u>		<u>5,437,837</u>
Total Depreciable Assets	<u>7,864,712</u>	<u>498,355</u>		<u>8,363,067</u>
Less Accumulated Depreciation	<u>(5,768,258)</u>	<u>(175,681)</u>		<u>(5,943,939)</u>
Totals	<u>\$ 4,564,240</u>	<u>\$ 354,821</u>	<u>\$</u>	<u>\$ 4,919,061</u>

Depreciation expense for the year ended August 31, 2024, totaled \$175,681.

NOTE 7 - LONG-TERM DEBT

Long-term debt consists of bonds payable. Payments of principal and interest on the bonds are to be provided from tax levies on properties within the District and revenues earned by the District. Investment income realized by the Debt Service Fund from investment of funds will be used to pay outstanding bond principal and interest.

The following is a summary of changes in bonds payable for the year ended August 31, 2024:

Bonds payable, September 1, 2023	\$ 2,640,000
Bonds retired	<u>(100,000)</u>
Bonds Payable, August 31, 2024	<u>\$ 2,540,000</u>

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NOTES TO FINANCIAL STATEMENTS

Bonds payable at August 31, 2024, are comprised of the following individual issues:

	<u>Amounts Outstanding</u>	<u>Interest Rate</u>	<u>Date Serially Begin/End</u>	<u>Maturity Interest Dates</u>	<u>Callable Date</u>
2013	\$545,000	1.70% - 3.60%	1-Aug 2014/2036	Feb. 1/ August 1	August 1, 2021*
2019A	\$885,000		1-Aug 2020/2048	Feb. 1/ August 1	February 1, 2030*
2019B	\$1,110,000	.06% - 1.14%	1-Aug 2021/2048	Feb. 1/ August 1	February 1, 2030*

* Or any interest payment date thereafter in accordance with redemption provisions of the bond resolution.

As of August 31, 2024, the debt service requirements on bonds outstanding for the next five fiscal years to maturity through 2048 are as follow:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 110,000	30,684	\$ 140,684
2026	110,000	29,397	139,397
2027	110,000	28,024	138,024
2028	115,000	26,489	141,489
2029	115,000	24,724	139,724
2020-2034	630,000	93,607	723,607
2035-2039	520,000	38,935	558,935
2040-2044	450,000	20,425	470,425
2045-Thereafter	380,000	6,216	386,216
	<u>\$ 2,540,000</u>	<u>\$ 298,501</u>	<u>\$ 2,838,501</u>

At August 31, 2024, the District had authorized and unissued tax bonds in the amount of \$0.

Defined Area No. 1 has tax bonds authorized by the voters in the amount of \$38,000,000. No bonds have been issued related to the Defined Area No. 1 as of August 31, 2024.

Notes Payable

In July 2022, The District financed the purchase of two vehicles with two seventy-five month notes payable. The notes carry an interest rate of 9.88% and are payable in monthly principal and interest payments of \$972 and \$933. As of August 31, 2024, the notes have a combined outstanding balance of \$71,941.

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NOTES TO FINANCIAL STATEMENTS

Changes in Long-Term Liabilities

Long-term liability activity for the year ended August 31, 2024, was as follows:

	Balance			Balance	Amounts
	Sept. 1, 2023	Additions	Reductions	Aug. 31, 2024	Due within
					One Year
Governmental Activities:					
General obligation tax bonds	\$ 575,000	\$	\$ (30,000)	\$ 545,000	\$ 35,000
Revenue bonds	2,065,000		(70,000)	1,995,000	75,000
Unamortized bond discount	(12,222)		1,019	(11,203)	
Notes payable	83,790		(11,849)	71,941	16,156
Compensated absences	17,909	4,343		22,252	
Total Long-term Debt	<u>2,729,477</u>	<u>4,343</u>	<u>(110,830)</u>	<u>2,622,990</u>	<u>126,156</u>

The Debt Service Fund has \$311,287, available to service the above bonds, which includes \$251,210 to meet Reserve and Sinking and Interest Fund requirements, as set forth in the District's 2019A and 2019B Bond Order.

NOTE 8 – PENSION PLAN

Plan Description

The District provides retirement, disability, and death benefits for all full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The TCERS Board of Trustees is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of more than 760 nontraditional defined benefit pension plans. TCERS in the aggregate issues a annual comprehensive financial report (ACFR) on a calendar year basis. The ACFR is available upon written request from the Board or Trustees at P.O. Box 2034, Austin, Texas 78768-2034 or online at www.tcders.org.

The plan provisions are adopted by the governing body of the employer within the options available in the Texas state statues governing TCERS (TCERS Act). Members can retire at ages 60 and above with 10 or more years of service, with 20 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 10 years of service 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 deposits 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 TCERS 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 deposits and the employer-

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NOTES TO FINANCIAL STATEMENTS

financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TDRCS Act.

At the December 31, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	5
Inactive employees entitled to but not yet receiving benefits	27
Active employees	2
Totals	<u>34</u>

Funding Policy/Contributions

The employer has chosen a Fixed-Rate plan under the provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. The contribution rate of the employee is a fixed percent equal to the 7% deposit rate payable by the employee members as adopted by the governing body of the employer. Under the TCDRS Act, the contribution rate of the employer is actuarially determined on a calendar year basis. The employer contributed using the actuarially determined rate of 6.02% and 7.07% for 2023 and 2024 respectively. Total employer contributions for the year ended August 31, 2024 was \$20,211.

Actuarial Assumptions

The Net Pension Liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which the contributions are reports.
Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and services. 4.7% average over career including inflation
Investment Rate of Return	7.50%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the PUB-2010 General Retiree Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

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NOTES TO FINANCIAL STATEMENTS

Long-Term Expected Rate of Return

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2024 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 TCDRS Board of Trustees adopted the current assumptions at their March 2021 meeting. The assumption for the long-term is reviewed annually for continued compliance with the relevant actuarial standards of practice.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Geometric Real Rate of Return (Expected Minus Inflation)</u>
US Equity	11.5%	4.75%
Private Equity	25.0%	7.75%
Global Equities	2.5%	4.75%
International Equities-Developed	5.0%	4.75%
International Equities-Emerging	6.0%	4.75%
Investment-Grade Bonds	3.0%	2.35%
Strategic Credit	9.0%	3.65%
Direct Lending	16.0%	7.25%
Distressed Debt	4.0%	6.90%
REIT Equities	2.0%	4.10%
Master Limited Partnerships	2.0%	5.20%
Private Real Estate Partnerships	6.0%	5.70%
Hedge Funds	6.0%	3.25%
Cash equivalents	2.0%	0.60%
Total	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.60%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. 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 Liability.

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NOTES TO FINANCIAL STATEMENTS

Changes in the Net Pension Liability

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability (Asset)</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a) - (b)</u>
Balance at 12/31/22	\$ 1,977,393	\$ 2,037,551	\$ (60,158)
Changes for the year:			
Service cost	29,909		29,909
Interest on total pension liability	149,950		149,950
Effect of plan changes			
Effect of economic/demographic gains or losses	11,347		11,347
Effect of assumptions changes or inputs			
Refund of contributions			
Benefit payments	(69,825)	(69,825)	
Administrative expenses		(1,160)	1,160
Member contributions		17,342	(17,342)
Net investment income		223,557	(223,557)
Employer contributions		14,914	(14,914)
Other		(1,064)	1,064
Net Changes	<u>121,381</u>	<u>183,764</u>	<u>(62,383)</u>
Balance at 12/31/23	<u>\$ 2,098,774</u>	<u>\$ 2,221,315</u>	<u>\$ (122,541)</u>

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

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

	1% Decrease in Discount Rate 6.60%	Current Discount Rate 7.60%	1% Increase in Discount Rate 8.60%
Total pension liability	\$ 2,350,420	\$ 2,098,774	\$ 1,884,412
Fiduciary net position	<u>2,221,315</u>	<u>2,221,315</u>	<u>2,221,315</u>
District's net pension liability (asset)	<u>\$ 129,105</u>	<u>\$ (122,541)</u>	<u>\$ (336,903)</u>

Brookshire Municipal Water District

Exhibit B(3)

NOTES TO FINANCIAL STATEMENTS

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

Pension Expense

		January 1, 2023 to December 31, 2023
Pension Expense		
Service cost	\$	29,909
Interest on total pension liability (1)		149,950
Effect of plan changes		
Administrative expenses		1,160
Member contributions		(17,342)
Expected investment return net of investment expenses		(153,369)
Recognition of economic/demographic gains and losses		11,974
Recognition of assumption changes or inputs		
Recognition of investment gains and losses		(42,184)
Other (2)		1,064
Total Pension Expense	\$	<u>(18,838)</u>

(1) Reflects the change in the liability due to the time value of money.

TCDRS does not charge fees or interest.

(2) Relates to allocation of system-wide items.

At August 31, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual economic experience	\$	\$ 5,673
Changes in actuarial assumptions		
Net difference between projected and actual investment earnings		5,682
Contributions subsequent to the measurement date		14,361
Totals	<u>\$ 0</u>	<u>\$ 25,716</u>

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions subsequent to the measurement date, will be recognized in pension expense as follows:

<u>Year Ended Dec 31:</u>		
2024	\$	(10,773)
2025		(8,247)
2026		44,411
2027		(14,036)
2028		0
Thereafter		0

Brookshire Municipal Water District

Exhibit B(3)

NOTES TO FINANCIAL STATEMENTS

NOTE 9- OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The District participates in the retiree Group Term Life (GTL) program for the Texas County & District Retirement System (TCDRS), which is a statewide, multiple-employer, public employee retirement system. 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 GTL 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 employees 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.

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

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 January 1, each year. 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.

TCERS issues a publicly available annual comprehensive financial report (ACFR) that includes financial statements and require supplementary information. This report is available at TCERS' website at www.TCERS.org.

At December 31, 2023, membership consisted of the following:

Inactive employees entitled to but not yet receiving benefits	5
Inactive employees or beneficiaries currently receiving benefits	6
Active employees	<u>2</u>
Totals	<u><u>13</u></u>

All actuarial assumptions and methods that determined the total OPEB liability as of December 31 2023 were based on the results of an actuarial experience study for the period January 1, 2017-December 31, 2020, except were required to be different by GASB 75.

Brookshire Municipal Water District

Exhibit B(3)

NOTES TO FINANCIAL STATEMENTS

Below is a schedule of significant assumptions used to estimate the District's total OPEB liability.

Actuarial Assumptions

Valuation Date	Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which the contributions are reports.
Actuarial Cost Method	Entry Age Level Percent of Salary
Amortization Method	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	3.26% (20-year Bond GO Index published by bondbuyer.com as of 12/28/2023)
Mortality:	
Depositing Members	135% of the Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% of the Pub-2010 General Employee Amount-Weighted Mortality Tables for females, both projected with 100% of the MP-2010 Ultimate scale after 2010.
Service Retirees, Beneficiaries and Nondepositing Members	135% of the Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% of the Pub-2010 General Employee Amount-Weighted Mortality Tables for females, both projected with 100% of the MP-2010 Ultimate scale after 2010.
Disabled Retirees	160% of the Pub-2010 General Employees Amount-Weighted Mortality Table for males and 125% of the Pub-2010 General Employee Amount-Weighted Mortality Tables for females, both projected with 100% of the MP-2010 Ultimate scale after 2010.

Discount Rate

The TCDRS GTL program is treated as an unfunded OPEB plan because the GTL trust covers both actives and retirees and the assets are not segregated for these groups. Under GASB 75 (paragraph 155), the discount rate for an unfunded OPEB plan should be based on 20-year tax-exempt AA or higher Municipal Bonds. Therefore, a discount rate of 3.26% based on the 20 Year bond GO Index published by bondbuyer.com is used as of the measurement date of December 31, 2023.

Brookshire Municipal Water District

Exhibit B(3)

NOTES TO FINANCIAL STATEMENTS

Changes in the Total OPEB Liability

	Changes in Total OPEB Liability
Balance at 12/31/22	\$ 17,830
Changes for the year:	
Service cost	192
Interest on OPEB liability	669
Effect of plan changes	
Effect of economic/demographic gains or losses	121
Effect of assumptions changes or inputs	1,946
Benefit payments	(74)
Net Changes	2,854
Balance at 12/31/23	\$ 20,684

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

	1% Decrease in Discount Rate 2.26%	Current Discount Rate 3.26%	1% Increase in Discount Rate 4.26%
Total OPEB Liability	\$ 25,859	\$ 20,684	\$ 16,738

At August 31, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual economic experience	\$ 3	\$ 976
Changes in actuarial assumptions	5,250	1,578
Contributions subsequent to the measurement date		248
Totals	\$ 5,253	\$ 2,802

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to OPEB, excluding contributions subsequent to the measurement date, will be recognized in pension expense as follows:

Year Ended Dec 31:		
2024	\$	(734)
2025		(1,191)
2026		(1,189)
2027		415
2028		0
Thereafter		0

Brookshire Municipal Water District

Exhibit B(3)

NOTES TO FINANCIAL STATEMENTS

NOTE 10 – 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; and natural disasters for which the District carries commercial insurance. The District has not significantly reduced insurance coverage or had any settlements or claims for the past three fiscal years.

NOTE 11 – DEVELOPMENT AGREEMENT

On March 4, 2019, The District signed a Facilities Development, Reimbursement and Out-of-District Service Agreement with Brookwood Communities (“Brookwood”) for the construction, acquisition, expansion, operation and maintenance of additions and improvements to the District’s water and wastewater system required to serve Brookwood properties as defined in the Agreement. Under the Agreement, the District agreed to share in facility construction costs (currently estimated to be \$730,000). As of August 31, 2024, Brookwood has contributed \$630,000 of which \$201,415 remains and is recorded as a liability on the Districts financials.

NOTE 12 – DEFINED AREA

May 4, 2024, District voters approved the designation of a defined area (“Defined Area No. 1”) and the issuance of \$30,000,000 of water, sanitary sewer, drainage, and storm sewer system bonds, \$30,000,000 of water, sanitary sewer, drainage, and storm sewer system refunding bonds, \$8,000,000 for parks and recreation facilities bonds and \$8,000,000 for parks and recreation facilities refunding bonds to service Defined Area No. 1, the imposition of defined area taxes sufficient to pay the principal and interest on such bonds, and the levy and collection of a defined area operation and maintenance tax not to exceed 1.50 per one hundred dollars valuation of taxable property within Defined Area No. 1. Any debt issued by Defined Area No. 1 will be the sole obligation of Defined Area No. 1. The District has not issued any bonds related to Defined Area No. 1 as of August 31, 2024.

Brookshire Municipal Water District

Exhibit B(3)

NOTES TO FINANCIAL STATEMENTS

NOTE 13 -FUND BALANCE/NET POSITION (DEFICIT)

The District recorded an unrestricted and unassigned fund balance deficit in the General Fund of \$185,869 and a deficit unrestricted net position of \$157,623 for the year ending August 31, 2024. The negative unrestricted fund balance in the General Fund and the unrestricted net position was primarily the result of repairs and maintenance expenditures exceeding expectations for the last several years. In fiscal year 2024, the District generated additional revenue through increase water rates. As a result of the increased rates, the District's unassigned fund balance deficit in the General Fund decreased \$365,810 from \$551,679 to 185,869 and the District's unrestricted net position deficit decreased \$400,941 from \$558,564 to \$157,623. Management expects these measures to alleviate the negative unrestricted and unassigned fund balance and net position within the next two to four years.

REQUIRED SUPPLEMENTARY INFORMATION

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Brookshire Municipal Water District

Exhibit C(1)

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND

Year Ended August 31, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Water and sewer service charges	\$ 2,476,000	\$ 2,476,000	\$ 2,958,509	\$ 482,509
Penalties and interest	55,000	55,000	80,366	25,366
Tap connection and permit fees	225,000	225,000	304,492	79,492
Impact fees				
Investment earnings	9,000	9,000	12,431	3,431
Other	120,000	120,000	109,876	(10,124)
Total Revenues	<u>2,885,000</u>	<u>2,885,000</u>	<u>3,465,674</u>	<u>580,674</u>
<u>Expenditures</u>				
Current:				
Personnel services	481,100	481,100	408,103	(72,997)
Purchased and contracted	484,000	484,000	515,053	31,053
Consumable materials	100,000	100,000	64,883	(35,117)
Operating costs	487,150	487,150	492,872	5,722
Professional fees	172,200	172,200	164,759	(7,441)
Repairs and maintenance	992,000	992,000	1,241,308	249,308
Debt service			96,566	96,566
Capital Outlay			69,770	69,770
Total Expenditures	<u>2,716,450</u>	<u>2,716,450</u>	<u>3,053,314</u>	<u>336,864</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	168,550	168,550	412,360	243,810
<u>Other Financing Sources (Uses)</u>				
Internal transfers			(46,550)	(46,550)
Total Other Financing Sources (Uses)			<u>(46,550)</u>	<u>(46,550)</u>
Change in Fund Balance	168,550	168,550	365,810	197,260
Fund Balances - Beginning	(551,679)	(551,679)	(551,679)	
Fund Balances - Ending	<u>\$ (383,129)</u>	<u>\$ (383,129)</u>	<u>\$ (185,869)</u>	<u>\$ 197,260</u>

Brookshire Municipal Water District

GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NOS. 67 & 68, DEFINED BENEFIT PENSION PLAN, SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Year Ended August 31, 2024

Year Ending December 31	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<u>Total Pension Liability</u>				
Service cost	\$ 29,909	\$ 27,372	\$ 21,412	\$ 19,086
Interest on total pension liability	149,950	141,288	133,401	128,484
Effect of plan changes				
Effect of assumption changes or inputs			(2,958)	86,879
Effect of economic/demographic gains or (losses)	11,347	12,600	16,453	6,051
Benefit payments	(69,825)	(69,825)	(71,123)	(76,247)
Net change in total pension liability	<u>121,381</u>	<u>111,435</u>	<u>97,185</u>	<u>164,253</u>
Total pension liability, beginning	1,977,393	1,865,958	1,768,773	1,604,520
Total Pension Liability, Ending (a)	<u><u>\$ 2,098,774</u></u>	<u><u>\$ 1,977,393</u></u>	<u><u>\$ 1,865,958</u></u>	<u><u>\$ 1,768,773</u></u>
<u>Fiduciary Net Position</u>				
Employer contributions	\$ 14,914	\$ 13,163	\$ 3,304	\$ 8,795
Member contributions	17,342	16,024	16,640	11,909
Investment income net of investment expenses	223,557	(126,047)	402,659	179,518
Benefit payments/refunds of contributions	(69,825)	(69,825)	(71,123)	(76,247)
Administrative expenses	(1,160)	(1,194)	(1,195)	(1,361)
Other	(1,064)	(3,876)	(938)	(1,471)
Net Change in Plan Fiduciary Net Position	<u>183,764</u>	<u>(171,755)</u>	<u>349,347</u>	<u>121,143</u>
Fiduciary net position, beginning	2,037,551	2,209,306	1,859,959	1,738,816
Fiduciary Net Position, Ending (b)	<u><u>\$ 2,221,315</u></u>	<u><u>\$ 2,037,551</u></u>	<u><u>\$ 2,209,306</u></u>	<u><u>\$ 1,859,959</u></u>
Net Pension Liability, Ending (a)-(b)	<u><u>\$ (122,541)</u></u>	<u><u>\$ (60,158)</u></u>	<u><u>\$ (343,348)</u></u>	<u><u>\$ (91,186)</u></u>
Fiduciary Net Position as a % of total pension liability	105.84%	103.04%	118.40%	105.16%
Covered Payroll	\$ 247,737	\$ 228,920	\$ 237,712	\$ 170,125
Net Pension Liability as a % of Covered Payroll	-49.46%	-26.28%	-144.44%	-53.60%

This schedule is presented to illustrate the requirement to show information for 10 years.

Exhibit C(2)

2019	2018	2017	2016	2015	2014
\$ 38,401	\$ 37,164	\$ 34,060	\$ 21,974	\$ 39,496	\$ 40,545
128,205	118,528	108,677	97,516	96,168	91,327
		10,261		(3,794)	
(75,072)	8,513	(4,086)	24,228	14,292	(20,583)
(61,571)	(30,996)	(29,819)	(28,614)	(75,421)	(60,450)
<u>29,963</u>	<u>133,209</u>	<u>119,093</u>	<u>115,104</u>	<u>19,066</u>	<u>50,839</u>
1,574,557	1,441,348	1,322,255	1,207,151	1,188,085	1,137,246
<u>\$ 1,604,520</u>	<u>\$ 1,574,557</u>	<u>\$ 1,441,348</u>	<u>\$ 1,322,255</u>	<u>\$ 1,207,151</u>	<u>\$ 1,188,085</u>
\$ 8,704	\$ 9,094	\$	\$ 7,301	\$ 9,283	\$ 21,286
15,826	21,951	19,216	18,596	17,328	24,670
250,859	(29,013)	199,591	94,500	(18,190)	84,118
(61,571)	(30,996)	(29,819)	(28,614)	(51,675)	(60,450)
(1,325)	(1,227)	(1,036)	(1,027)	(939)	(1,002)
(1,026)	159	995	(1,808)	(12,694)	1,268
<u>211,467</u>	<u>(30,032)</u>	<u>188,947</u>	<u>88,948</u>	<u>(56,887)</u>	<u>69,890</u>
1,527,349	1,557,381	1,368,434	1,279,486	1,336,373	1,266,483
<u>\$ 1,738,816</u>	<u>\$ 1,527,349</u>	<u>\$ 1,557,381</u>	<u>\$ 1,368,434</u>	<u>\$ 1,279,486</u>	<u>\$ 1,336,373</u>
<u>\$ (134,296)</u>	<u>\$ 47,208</u>	<u>\$ (116,033)</u>	<u>\$ (46,179)</u>	<u>\$ (72,335)</u>	<u>\$ (148,288)</u>
108.37%	97.00%	108.05%	103.49%	105.99%	112.48%
\$ 226,080	\$ 313,586	\$ 274,509	\$ 265,654	\$ 247,536	\$ 352,424
-59.40%	15.05%	-42.27%	-17.38%	-29.22%	-42.08%

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Brookshire Municipal Water District

Exhibit C(3)

GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NOS. 67 & 68, DEFINED BENEFIT PENSION PLAN, SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended August 31, 2024

Fiscal Year Ended December 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll *	Contribution as a % of Covered Payroll
2014	\$ 21,286	\$ 21,286	\$	\$ 352,424	6.0%
2015	9,283	9,283		247,536	3.8%
2016	7,301	7,301		265,654	2.7%
2017				274,509	
2018	9,094	9,094		313,586	2.9%
2019	8,704	8,704		226,080	3.8%
2020	8,795	8,795		170,125	5.2%
2021	3,304	3,304		237,712	1.4%
2022	13,163	13,163		228,920	5.8%
2023	14,914	14,914		247,737	6.0%

* Payroll is calculated based on contributions as reported to TCDRS.

Actuarial Methods and Assumptions Used for Funding Policy

TCDRS calculates actuarially determined contributions on a calendar year basis. GASB Statement No. 68 indicates the employer should report employer contribution amounts on a fiscal year basis. Payroll is calculated based on contributions as reported to TCDRS

Valuation Timing

Actuarial determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which contributions are reported.

Actuarial Cost Method

Entry Age Normal

Amortization Method

Level percentage of payroll, closed

Remaining Amortization Period

19.4 years (based on contribution rate calculated in 12/31/2023 valuation)

Asset Valuation Method

5-year smoothed market

Inflation

2.50%

Salary Increases

varies by age and service. 4.7% average over career including inflation

Investment Rate of Return

7.5%, 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 retiree is 61.

Mortality

135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010

Changes in Plan Provisions Reflected in the Schedule

2023: No changes in plan provisions are reflected in the Schedule of Employer Contributions.

Brookshire Municipal Water District

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND REALTED RATIOS TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM

Year Ended August 31, 2024

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total OPEB Liability					
Service Cost	\$ 192	\$ 320	\$ 242	\$ 281	\$ 302
Interest (on the Total OPEB Liability)	669	523	460	477	524
Changes of assumptions or other inputs	1,946	(8,250)	90	2,991	4,591
Economic/demographic gains or losses	121	232	2,956	663	(720)
Benefit payments	(74)	(137)	(143)	(34)	(45)
Net Change in Total Liability	<u>\$ 2,854</u>	<u>\$ (7,312)</u>	<u>\$ 3,605</u>	<u>\$ 4,378</u>	<u>\$ 4,652</u>
Total OPEB liability, beginning	<u>17,830</u>	<u>25,142</u>	<u>21,537</u>	<u>17,159</u>	<u>12,507</u>
Total OPEB Liability, ending	<u><u>\$ 20,684</u></u>	<u><u>\$ 17,830</u></u>	<u><u>\$ 25,142</u></u>	<u><u>\$ 21,537</u></u>	<u><u>\$ 17,159</u></u>
Covered Employee Payroll	\$ 247,737	\$ 228,920	\$ 237,712	\$ 170,125	\$ 226,080
Net OPEB Liability as a Percentage of Covered Employee Payroll	8.35%	7.79%	10.58%	12.66%	7.59%

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 current GASB standards, they should not be reported.

Exhibit C(4)

2018	2017	2016	2015	2014
\$ 364	\$ 204	\$ NA	\$ NA	\$ NA
486	439	NA	NA	NA
(2,094)	1,027	NA	NA	NA
(3)	724	NA	NA	NA
(31)	(55)	NA	NA	NA
<u>\$ (1,278)</u>	<u>\$ 2,339</u>	<u>\$ NA</u>	<u>\$ NA</u>	<u>\$ NA</u>
<u>13,785</u>	<u>11,446</u>	<u>NA</u>	<u>NA</u>	<u>NA</u>
<u><u>\$ 12,507</u></u>	<u><u>\$ 13,785</u></u>	<u><u>\$ NA</u></u>	<u><u>\$ NA</u></u>	<u><u>\$ NA</u></u>
\$ 313,586	\$ 274,509	\$ NA	\$ NA	\$ NA
3.99%	5.02%	NA	NA	NA

Brookshire Municipal Water District

Exhibit C(5)

GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT OTHER POSTEMPLOYMENT BENEFITS - SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended August 31, 2024

Fiscal Year Ended December 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll *	Contribution as a % of Covered Payroll
2017	\$ 55	\$ 55	\$	\$ 274,509	0.020%
2018	31	31		313,586	0.010%
2019	45	45		226,080	0.020%
2020	34	34		170,125	0.020%
2021	143	143		237,712	0.060%
2022	137	137		228,920	0.060%
2023	74	74		247,737	0.030%

* Payroll is calculated based on contributions as reported to TCDRS.

Actuarial Methods and Assumptions Used for Funding Policy

TCDRS calculates actuarially determined contributions on a calendar year basis. GASB Statement No. 75 indicates the employer should report employer contribution amounts on a fiscal year basis. Payroll is calculated based on contributions as reported to TCDRS

Valuation Timing

Actuarial determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which contributions are reported.

Actuarial Cost Method

Entry Age Normal

Amortization Method

Straight-line method over expected working life

Asset Valuation Method

Does not apply

Inflation

Does not apply

Salary Increases

Does not apply

Investment Rate of Return

3.26% 20 year Bond GO Index published by bondbuyer.com as of December 28, 2023

Retirement Age

Members eligible for service retirement are assumed to retire at the later of age 60 and earliest retirement eligibility.

Mortality

135% of the Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% of the Pub-2010 General Employees Amount-Weighted Mortality for females, both projected with 100% of the MP-2021 Ultimate scale after 2010

ADDITIONAL INFORMATION

Brookshire Municipal Water District

SCHEDULE OF SERVICES AND RATES

Year Ended August 31, 2024

1. Services provided by the District:

<input checked="" type="checkbox"/>	Retail Water	<input type="checkbox"/>	Wholesale Water	<input type="checkbox"/>	Drainage
<input checked="" type="checkbox"/>	Retail Sewer	<input type="checkbox"/>	Wholesale Sewer	<input type="checkbox"/>	Irrigation
<input type="checkbox"/>	Parks/Recreation	<input type="checkbox"/>	Fire Protection	<input type="checkbox"/>	Security
<input type="checkbox"/>	Solid Waste/Garbage	<input type="checkbox"/>	Flood Control	<input type="checkbox"/>	Roads
<input type="checkbox"/>	Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)				
<input type="checkbox"/>	Other (specify): _____				

2. Retail rates based on 5/8" meter

Retail rates not applicable

The most prevalent type of meter (if not a 5/8"): 1"

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1,000 Gallons Over Minimum</u>	<u>Usage Levels</u>
Water	<u>23.75</u>	<u>2,500</u>	<u>N</u>	<u>\$ 4.50</u>	<u>2,501 to 5,000</u>
	<u> </u>	<u> </u>	<u> </u>	<u>\$ 4.65</u>	<u>5,001 to 7,500</u>
	<u> </u>	<u> </u>	<u> </u>	<u>\$ 4.75</u>	<u>7,501 to 10,000</u>
	<u> </u>	<u> </u>	<u> </u>	<u>\$ 5.00</u>	<u>10,001 to 15,000</u>
	<u> </u>	<u> </u>	<u> </u>	<u>\$ 5.50</u>	<u>15,001 to 20,000</u>
	<u> </u>	<u> </u>	<u> </u>	<u>\$ 6.25</u>	<u>Over 20,000</u>
Waste	<u>26.50</u>	<u>2,500</u>	<u>N</u>	<u>\$ 4.90</u>	<u>2,501 to 5,000</u>
	<u> </u>	<u> </u>	<u> </u>	<u>\$ 5.05</u>	<u>5,001 to 7,500</u>
	<u> </u>	<u> </u>	<u> </u>	<u>\$ 5.20</u>	<u>7,501 to 10,000</u>
	<u> </u>	<u> </u>	<u> </u>	<u>\$ 5.50</u>	<u>10,001 to 15,000</u>
	<u> </u>	<u> </u>	<u> </u>	<u>\$ 6.15</u>	<u>15,001 to 20,000</u>
	<u> </u>	<u> </u>	<u> </u>	<u>\$ 4.15</u>	<u>Over 20,000</u>

Surcharge 0 Per 1,000 Groundwater Reduction Plan Fee

District employs winter averaging for wastewater usage? Yes No

Total water and sewer charges per 10,000 gallons usage (including surcharges) 122.88

3. Water and Wastewater Retail Connections:

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
< or = .75"	<u>1,816</u>	<u>1,706</u>	x 1.0	<u>1,706</u>
1"	<u>58</u>	<u>54</u>	x 2.5	<u>135</u>
1.5"	<u>15</u>	<u>14</u>	x 5.0	<u>70</u>
2"	<u>50</u>	<u>46</u>	x 8.0	<u>368</u>
3"	<u>13</u>	<u>12</u>	x 15.0	<u>180</u>
4"	<u>6</u>	<u>6</u>	x 25.0	<u>150</u>
6"	<u>2</u>	<u>1</u>	x 50.0	<u>50</u>
8"	<u>1</u>	<u>1</u>	x 80.0	<u>80</u>
Total Water	<u>1,961</u>	<u>1,840</u>	<u> </u>	<u>2,739</u>
Total Wastewater	<u>1,763</u>	<u>1,734</u>	x 1.0	<u>1,734</u>

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

Gallons pumped into system:	230,824,000
Gallons billed to customers:	158,773,724
Percent of gallons billed to pumped	68.8%

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

For the most recent full fiscal year:

Debt Service:	Total levy	\$ _____
	Total collected	\$ _____
	Percentage collected	_____ %
Operation & Maintenance	Total levy	\$ _____
	Total collected	\$ _____
	Percentage collected	_____ %

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

6. Location of District:

County in which District is located. Waller

Is the District located entirely within one county? Yes X No ___

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

City in which District is located. Brookshire

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

ETJ's in which District is located. _____

Is the general membership of the Board appointed by an office outside the District?
Yes ___ No X

If yes, by whom? _____

Brookshire Municipal Water District
SCHEDULE OF GENERAL FUND EXPENDITURES
Year Ended August 31, 2024

TSI-2

Current

Personnel Services	<u>\$ 408,103</u>
Purchased and Contracted Services:	
Utilities	197,889
Sludge removal	160,064
Other	157,100
	<u>515,053</u>
Consumable Materials and Supplies:	
Materials and maintenance	25,813
Chemicals	37,370
Other	1,700
	<u>64,883</u>
Repairs and Maintenance	<u>1,241,308</u>
Operating Costs:	
Field office	68,228
Bluebonnet groundwater	12,294
Conferences	18,301
Directors fees	32,557
Insurance	23,491
Tap connections	101,792
Other	236,209
	<u>492,872</u>
Professional Fees:	
Legal	106,233
Engineering	20,089
Audit	15,750
Bookkeeper	22,687
	<u>164,759</u>
Capital Outlay	<u>69,770</u>
Debt Service	<u>96,566</u>
Total Expenditures	<u><u>\$ 3,053,314</u></u>

Brookshire Municipal Water District

TSI-3

SCHEDULE OF CASH AND TEMPORARY INVESTMENTS

Year Ended August 31, 2024

Funds	Interest Rate (%)	Maturity Date	Balances at August 31, 2024	Accrued Interest
<u>General Fund</u>				
Checking	N/A	N/A	\$ 678,679	\$
TexPool	Variable	N/A	1,240	
Texas Class	Variable	N/A	231,283	
Total General Fund			911,202	
<u>Debt Service Fund</u>				
Checking	N/A	N/A	\$ 311,953	\$
Total Debt Service Fund			311,953	
<u>Capital Projects Fund</u>				
Checking	N/A	N/A	\$ 338,658	\$
Texas Class	Variable	N/A	1,309,015	
Total Capital Projects Fund			1,647,673	
Total - All Funds			\$ 2,870,828	\$ -0-

Brookshire Municipal Water District

TSI-4

ANALYSIS OF TAXES LEVIED AND RECEIVABLE

Year Ended August 31, 2024

	General Fund	Debt Service Fund	Total
Taxes Receivable - September 01, 2023	\$	\$ 5,850	\$ 5,850
Adjustments		(2,609)	(2,609)
2023 Original Tax Roll		57,832	57,832
Additions and corrections		(319)	(319)
Adjusted tax roll		57,513	57,513
Total to be Accounted for		60,754	60,754
<u>Tax Collections</u>			
Current year		50,630	50,630
Prior years		(1,927)	(1,927)
Total Collections		48,703	48,703
Taxes Receivable - August 31, 2024	\$	\$ 12,051	\$ 12,051

Taxes Receivable - By Year

2023	\$	\$ 6,883	\$ 6,883
2022		2,648	2,648
2021		730	730
2020		690	690
2019 and prior		1,100	1,100
Taxes Receivable - August 31, 2024	\$	\$ 12,051	\$ 12,051

Assessed

	2023	2022	2021	2020	2019
<u>Property Valuations</u>					
Land, improvements and personal property	\$ 639,033,960	\$ 547,767,754	\$ 442,313,833	\$ 391,900,000	\$ 352,097,722
	\$ 639,033,960	\$ 547,767,754	\$ 442,313,833	\$ 391,900,000	\$ 352,097,722

Tax Rates Per \$100

<u>Valuations</u>					
Debt service	\$ 0.009	\$ 0.010	\$ 0.012	\$ 0.015	\$ 0.018
General operations					
Total Tax Rate per \$100 Valuation	\$ 0.009	\$ 0.010	\$ 0.012	\$ 0.015	\$ 0.018
Adjusted Tax Levy	\$ 57,513	\$ 54,777	\$ 53,078	\$ 58,785	\$ 63,378

Year Ended August 31, 2024

Percent of current taxes collected to current taxes levied (as adjusted)	88.0%
Percent of current and delinquent taxes collected to current levied (as adjusted) and delinquent taxes outstanding at the beginning of the year (as adjusted)	80.2%

Brookshire Municipal Water District

TSI-5

GENERAL LONG-TERM DEBT SERVICE REQUIREMENTS BY YEARS

August 31, 2024

Year	All Series			Series 2013		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 110,000	\$ 30,684	\$ 140,684	\$ 35,000	\$ 21,468	\$ 56,468
2026	110,000	29,397	139,397	35,000	20,260	55,260
2027	110,000	28,024	138,024	35,000	19,000	54,000
2028	115,000	26,489	141,489	40,000	17,600	57,600
2029	115,000	24,724	139,724	40,000	16,000	56,000
2030	120,000	22,937	142,937	45,000	14,400	59,400
2031	120,000	20,912	140,912	45,000	12,600	57,600
2032	125,000	18,869	143,869	50,000	10,800	60,800
2033	130,000	16,604	146,604	50,000	8,800	58,800
2034	135,000	14,285	149,285	55,000	6,800	61,800
2035	135,000	11,743	146,743	55,000	4,600	59,600
2036	140,000	9,183	149,183	60,000	2,400	62,400
2037	80,000	6,405	86,405			
2038	80,000	6,009	86,009			
2039	85,000	5,595	90,595			
2040	90,000	5,115	95,115			
2041	90,000	4,615	94,615			
2042	90,000	4,100	94,100			
2043	90,000	3,570	93,570			
2044	90,000	3,025	93,025			
2045	95,000	2,475	97,475			
2046	95,000	1,865	96,865			
2047	95,000	1,249	96,249			
2048	95,000	627	95,627			
	<u>\$ 2,540,000</u>	<u>\$ 298,501</u>	<u>\$ 2,838,501</u>	<u>\$ 545,000</u>	<u>\$ 154,728</u>	<u>\$ 699,728</u>

	Series 2019A			Series 2019B		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 35,000	\$	\$ 35,000	\$ 40,000	\$ 9,216	\$ 49,216
2026	35,000		35,000	40,000	9,137	49,137
2027	35,000		35,000	40,000	9,024	49,024
2028	35,000		35,000	40,000	8,889	48,889
2029	35,000		35,000	40,000	8,724	48,724
2030	35,000		35,000	40,000	8,537	48,537
2031	35,000		35,000	40,000	8,312	48,312
2032	35,000		35,000	40,000	8,069	48,069
2033	35,000		35,000	45,000	7,804	52,804
2034	35,000		35,000	45,000	7,485	52,485
2035	35,000		35,000	45,000	7,143	52,143
2036	35,000		35,000	45,000	6,783	51,783
2037	35,000		35,000	45,000	6,405	51,405
2038	35,000		35,000	45,000	6,009	51,009
2039	35,000		35,000	50,000	5,595	55,595
2040	40,000		40,000	50,000	5,115	55,115
2041	40,000		40,000	50,000	4,615	54,615
2042	40,000		40,000	50,000	4,100	54,100
2043	40,000		40,000	50,000	3,570	53,570
2044	40,000		40,000	50,000	3,025	53,025
2045	40,000		40,000	55,000	2,475	57,475
2046	40,000		40,000	55,000	1,865	56,865
2047	40,000		40,000	55,000	1,249	56,249
2048	40,000		40,000	55,000	627	55,627
	<u>\$ 885,000</u>	<u>\$</u>	<u>\$ 885,000</u>	<u>\$ 1,110,000</u>	<u>\$ 143,773</u>	<u>\$ 1,253,773</u>

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Brookshire Municipal Water District

TSI-6

ANALYSIS OF CHANGES IN GENERAL LONG-TERM DEBT

August 31, 2024

	Bond Issue			Total
	2013	2019A	2019B	
Interest rate	1.7-3.6%		.06-1.14%	
Dates interest payable	2/1;8/1	2/1;8/1	2/1;8/1	
Maturity dates	8/1/14- 8/1/36	8/1/20- 8/1/48	8/1/21- 8/1/48	
Bonds payable at beginning of year \$	575,000	\$ 920,000	\$ 1,145,000	\$ 2,640,000
Bonds sold				
Bonds refunded				
Principal retirements	(30,000)	(35,000)	(35,000)	(100,000)
Bonds Payable at End of Year	\$ 545,000	\$ 885,000	\$ 1,110,000	\$ 2,540,000
Interest Retirements	\$ 22,473	\$	\$ 9,269	\$ 31,742

Paying Agent/Registrar

2013	Bank of Texas
2019A and 2019B	Zion Bank

Bond Authority	Defined Area No. 1 Tax Bonds
Amount authorized	
Water, sanitary sewer, drainage and storm sewer	\$ 30,000,000
Parks and recreation	8,000,000
Amount issued	
Remaining	\$ 38,000,000

Debt Service Fund Cash and Temporary	\$ 311,953
Average Annual Debt Service Payment for Remaining Term of all Debt	\$ 118,271

Brookshire Municipal Water District

COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES - GENERAL AND DEBT SERVICE FUNDS

Last Five Fiscal Years

	Amounts				
	2024	2023	2022	2021	2020
General Fund Revenues					
Water and sewer service	\$ 2,958,509	\$ 2,354,571	\$ 1,939,872	\$ 1,657,365	\$ 1,477,464
Tap connections, penalties interest and other	507,165	331,187	424,171	584,420	334,324
Total Revenues	<u>3,465,674</u>	<u>2,685,758</u>	<u>2,364,043</u>	<u>2,241,785</u>	<u>1,811,788</u>
General Fund Expenditures					
Current	2,983,544	2,443,749	2,374,389	2,624,836	2,268,419
Capital outlay	69,770				29,656
Total Expenditures	<u>3,053,314</u>	<u>2,443,749</u>	<u>2,374,389</u>	<u>2,624,836</u>	<u>2,298,075</u>
Revenues Over (Under) Expenditures	<u>\$ 412,360</u>	<u>\$ 242,009</u>	<u>\$ (10,346)</u>	<u>\$ (383,051)</u>	<u>\$ (486,287)</u>
 Debt Service Fund Revenues					
Prop. taxes and penalties	\$ 49,888	\$ 53,030	\$ 55,218	\$ 60,116	\$ 63,317
Interest	589	365	68	10	130
Total Revenues	<u>50,477</u>	<u>53,395</u>	<u>55,286</u>	<u>60,126</u>	<u>63,447</u>
 Debt Service Fund Expenditures					
Tax collection	23,236	800	800	1,110	864
Debt service	52,473	53,432	54,362	50,112	54,075
Total Expenditures	<u>75,709</u>	<u>54,232</u>	<u>55,162</u>	<u>51,222</u>	<u>54,939</u>
Revenues Over (Under) Expenditures	<u>\$ (25,232)</u>	<u>\$ (837)</u>	<u>\$ 124</u>	<u>\$ 8,904</u>	<u>\$ 8,508</u>

Percent of Total Fund Revenues				
2024	2023	2022	2021	2020
85.4 %	87.7 %	82.1 %	73.9 %	81.5 %
14.6	12.3	17.9	26.1	18.5
<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
86.1	91.0	100.4	117.1	125.2
2.0				1.6
<u>88.1</u>	<u>91.0</u>	<u>100.4</u>	<u>117.1</u>	<u>126.8</u>
<u>11.9 %</u>	<u>9.0 %</u>	<u>(0.4) %</u>	<u>(17.1) %</u>	<u>(26.8) %</u>
98.8 %	99.3 %	99.9 %	100.0 %	99.8 %
1.2	0.7	0.1		0.2
<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
46.0	1.5	1.4	1.8	1.4
104.0	100.1	98.3	83.3	85.2
<u>150.0</u>	<u>101.6</u>	<u>99.7</u>	<u>85.1</u>	<u>86.6</u>
<u>(50.0) %</u>	<u>(1.6) %</u>	<u>0.3 %</u>	<u>14.9 %</u>	<u>13.4 %</u>

Brookshire Municipal Water District

BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS

August 31, 2024

District's Mailing Address: P.O. Box 1850
 Brookshire, Texas 77423
 District's Business Telephone Number: (281) 375-5010

Submission Date of the most recent District Registration From
 (TWC Section 36.054 and 49.054): 8/21/2024

<u>Name and Address</u>	<u>Term</u>	<u>Fees</u>	<u>Expenses</u>	<u>Title</u>	<u>Resident of District?</u>
<u>Board Members</u>					
Stephanie Green	5/22- 5/26	\$ 7,200	\$ 1,471	President	yes
LaKethia Connor	11/24- 5/28	7,200	1,121	Vice President	yes
NaKeshia Barley	11/24- 5/28	3,757	574	Assistant Secretary	yes
Shirley Williams	11/24- 5/28	7,200		Investment Officer	yes
Erin Jackson	5/22- 5/26	7,200	571	Secretary	yes

Note: No director is disqualified from serving on this board under the Texas Water Code.

<u>Name and Address</u>	<u>Term or Date Hire</u>	<u>Salaries and Fees</u>	<u>Title</u>	<u>Resident of District?</u>
<u>Key Administrative Personnel</u>				
Tonya Pierre	6/06	\$ 76,292	General Manager	No
<u>Consultants</u>				
Radcliffe Bobbitt Adams Polley PLLC America Tower 2929 Allen Parkway, Ste. 3450 Houston, Texas 77019	8/06	94,372	Attorney	No
Municipal Operations & Consulting, Inc. 1825 N. Mason Road Katy, Texas 77449	7/10	889,047	Operating Services	No
Knox Cox & Co. 77 Sugar Creek Center Blvd. #215 Sugar Land, Texas 77478	8/16	22,750	Auditor	No
Clay & Leyendecker 1350 Avenue D Katy, Texas 77493	9/74	38,039	Engineer	No
Protocol Bookkeeping, Inc. 1506 Whispering Pines Houston, Texas 77055	8/16	17,716	Bookkeeper	No
Assessments of the Southwest, Inc P.O. Box 1368 Friendswood, Texas 77549	10/23	37,877	Tax Assessor	No

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