

BRAZORIA DRAINAGE DISTRICT NO. 4

BRAZORIA COUNTY, TEXAS

FINANCIAL REPORT

September 30, 2018

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Independent Auditors' Report

Board of Commissioners
Brazoria Drainage District No. 4
Brazoria County, Texas

We have audited the accompanying financial statements of the governmental activities and General Fund of Brazoria Drainage District No. 4, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and General Fund of Brazoria Drainage District No. 4, as of September 30, 2018, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The Texas Supplementary Information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Texas Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied to 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

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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 taken as a whole.

McGrath & Co, P.C.

Houston, Texas
April 2, 2019

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Management's Discussion and Analysis

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***Brazoria Drainage District No. 4
Management's Discussion and Analysis
September 30, 2018***

Using this Annual Report

Within this section of the financial report of Brazoria Drainage District No. 4 (the "District"), the District's Board of Commissioners provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended September 30, 2018. This analysis should be read in conjunction with the independent auditors' report and the basic financial statements that follow this section.

In addition to this discussion and analysis, this annual report consists of:

- The District's basic financial statements;
- Notes to the basic financial statements, which provide additional information essential to a full understanding of the data provided in the financial statements;
- Supplementary information required by the Governmental Accounting Standards Board (GASB) concerning the District's budget, the District's pension plan and other post employment benefit plans; and
- Other Texas supplementary information required by the District's state oversight agency, the Texas Commission on Environmental Quality (TCEQ).

Overview of the Financial Statements

The District prepares its basic financial statements using a format that combines fund financial statements and government-wide statements onto one financial statement. The combined statements are the *Statement of Net Position and Governmental Fund Balance Sheet* and the *Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balances*. Each statement contains an adjustments column which quantifies the differences between the government-wide and fund level statements. Additional details of the adjustments are provided in Note 2 to the basic financial statements.

Government-Wide Financial Statements

The focus of government-wide financial statements is on the overall financial position and activities of the District, both long-term and short-term. The District's government-wide financial statements consist of the *Statement of Net Position* and the *Statement of Activities*, which are prepared using the full accrual basis of accounting and the economic resources measurement focus. The *Statement of Net Position* includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the residual reported as net position. Over time, changes in net position may provide a useful indicator of whether the financial position of the District as a whole is improving or deteriorating.

Accounting standards establish three components of net position. The net investment in capital assets component represents the District's investments in capital assets, less any outstanding debt or other borrowings used to acquire those assets. Resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The restricted component of net position consists of financial resources that are restricted for a specific

***Brazoria Drainage District No. 4
Management’s Discussion and Analysis
September 30, 2018***

purpose by enabling legislation or external parties. The unrestricted component of net position represents resources not included in the other components.

The *Statement of Activities* reports how the District’s net position has changed during the fiscal year. All revenues and expenses are included on this statement, regardless of whether cash has been received or paid.

Fund Financial Statements

The fund financial statements include the *Governmental Funds Balance Sheet* and the *Governmental Funds Revenues, Expenditures and Changes in Fund Balances*. The focus of fund financial statements is on specific activities of the District rather than the District as a whole, reported using modified accrual accounting and the current financial resources measurement focus. These statements report on the District’s use of available financial resources and the balances of available financial resources at the end of the year. Except for the General Fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties, governmental statutes or regulations.

For further discussion on the government-wide and fund financial statements, please refer to Note 1 in the financial statements.

Financial Analysis of the District as a Whole

The District’s net position at September 30, 2018, was \$25,159,350. A comparative summary of the District’s overall financial position, as of September 30, 2018 and 2017, is as follows:

	<u>2018</u>	<u>2017</u>
Current and other assets	\$ 20,586,834	\$ 17,055,780
Capital assets	13,118,377	12,942,300
Total assets	<u>33,705,211</u>	<u>29,998,080</u>
 Total deferred outflows of resources	 <u>888,983</u>	 <u>1,972,875</u>
 Current liabilities	 165,511	 165,509
Long-term liabilities	<u>9,135,330</u>	<u>9,165,790</u>
Total liabilities	<u>9,300,841</u>	<u>9,331,299</u>
 Total deferred inflows of resources	 <u>134,003</u>	 <u> </u>
 Net position		
Investment in capital assets	13,118,377	12,942,300
Unrestricted	<u>12,040,973</u>	<u>9,697,356</u>
Total net position	<u>\$ 25,159,350</u>	<u>\$ 22,639,656</u>

Note: 2017 amounts for long-term liabilities and unrestricted net position have been restated for the impact of GASB 75 (see Note 1).

***Brazoria Drainage District No. 4
Management's Discussion and Analysis
September 30, 2018***

The total net position of the District increased during the current fiscal year by \$2,519,694. A comparative summary of the District's *Statement of Activities* for the past two years is as follows:

	<u>2018</u>	<u>2017</u>
Revenues		
Property taxes, penalties and interest	\$ 16,569,884	\$ 15,207,528
Other	472,161	291,819
Total revenues	<u>17,042,045</u>	<u>15,499,347</u>
Expenses		
Operating and administrative	10,051,529	12,190,594
Flood control	3,227,807	4,504,554
Depreciation	1,331,015	1,339,879
Total expenses	<u>14,610,351</u>	<u>18,035,027</u>
Change in net position before other items	2,431,694	(2,535,680)
Other items		
Gain/(loss) from disposition of capital assets	<u>88,000</u>	<u>(19,228)</u>
Change in net position	2,519,694	(2,554,908)
Net position, beginning of year (restated)	<u>22,639,656</u>	<u>25,194,564</u>
Net position, end of year	<u>\$ 25,159,350</u>	<u>\$ 22,639,656</u>

Note: 2018 beginning net position and 2017 amounts for operating and administrative expenses and beginning net position have been restated for the impact of GASB 75.

Financial Analysis of the General Fund

A comparative summary of the General Fund's financial position as of September 30, 2018 and 2017 is as follows:

	<u>2018</u>	<u>2017</u>
Total assets	<u>\$ 20,586,834</u>	<u>\$ 17,055,780</u>
Total liabilities	\$ 1,009	\$ 1,007
Total deferred inflows	449,129	422,116
Total fund balance	20,136,696	16,632,657
Total liabilities, deferred inflows and fund balance	<u>\$ 20,586,834</u>	<u>\$ 17,055,780</u>

***Brazoria Drainage District No. 4
 Management’s Discussion and Analysis
 September 30, 2018***

A comparative summary of the General Fund’s activities for the current and prior fiscal year is as follows:

	<u>2018</u>	<u>2017</u>
Total revenues	\$ 17,015,032	\$ 15,471,968
Total expenditures	<u>(13,563,993)</u>	<u>(14,435,041)</u>
Revenues over expenditures	3,451,039	1,036,927
Other changes in fund balance	53,000	
Net change in fund balance	<u>\$ 3,504,039</u>	<u>\$ 1,036,927</u>

The District manages its activities with the objectives of ensuring that expenditures will be adequately covered by revenues each year and that an adequate fund balance is maintained. The District’s primary financial resources in the General Fund are from a property tax levy, which is dependent upon assessed values in the District and the maintenance tax rate set by the District. Property tax revenues increased from prior year because assessed values in the District increased from the prior year.

General Fund Budgetary Highlights

The Board of Commissioners adopts an annual unappropriated budget for the General Fund prior to the beginning of each fiscal year. The Board did not amend the budget during the fiscal year.

Since the District’s budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was \$3,504,039 greater than budgeted. The *Budgetary Comparison Schedule* on page 40 of this report provides variance information per financial statement line item.

***Brazoria Drainage District No. 4
Management's Discussion and Analysis
September 30, 2018***

Capital Assets

Capital assets held by the District at September 30, 2018 and 2017 are summarized as follows:

	<u>2018</u>	<u>2017</u>
Capital assets not being depreciated		
Land and improvements	\$ 5,544,023	\$ 5,234,151
Capital assets being depreciated		
Buildings and improvements	4,702,788	4,702,788
Equipment	11,323,066	10,571,549
	<u>16,025,854</u>	<u>15,274,337</u>
Less accumulated depreciation		
Buildings and improvements	(2,141,934)	(1,927,299)
Equipment	(6,309,566)	(5,638,889)
	<u>(8,451,500)</u>	<u>(7,566,188)</u>
Depreciable capital assets, net	<u>7,574,354</u>	<u>7,708,149</u>
Capital assets, net	<u>\$ 13,118,377</u>	<u>\$ 12,942,300</u>

Capital asset additions during the current year consist of land and heavy equipment purchases.

Next Year's Budget

In establishing the budget for the next fiscal year, the Board considered various economic factors that may affect the District, most notably projected revenues from property taxes and the projected cost of operating the District. A comparison of next year's budget to current year actual amounts for the General Fund is as follows:

	<u>2018 Actual</u>	<u>2019 Budget</u>
Total revenues	\$ 17,015,032	\$ 16,600,000
Total expenditures	(13,563,993)	(16,600,000)
Revenues over expenditures	3,451,039	
Other changes in fund balance	53,000	
Net change in fund balance	<u>3,504,039</u>	
Beginning fund balance	16,632,657	20,136,696
Ending fund balance	<u>\$ 20,136,696</u>	<u>\$ 20,136,696</u>

Property Taxes

The District's property tax base increased approximately \$492,137,000 for the 2018 tax year from \$11,275,107,193 to \$11,767,243,886. This increase was primarily due to new construction in the District and increased property values. For the 2018 tax year, the District has levied a maintenance tax rate of \$0.146 per \$100 of assessed value. This is the same rate levied for the 2017 tax year.

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Basic Financial Statements

Brazoria Drainage District No. 4
Statement of Net Position and Governmental Fund Balance Sheet
September 30, 2018

	General Fund	Adjustments	Statement of Net Position
Assets			
Cash	\$ 2,006,564	\$ -	\$ 2,006,564
Restricted cash	86,840		86,840
Investments	18,000,000		18,000,000
Taxes receivable	449,129		449,129
Other receivables	44,301		44,301
Capital assets, not being depreciated		5,544,023	5,544,023
Capital assets, net		7,574,354	7,574,354
Total Assets	<u>\$ 20,586,834</u>	<u>13,118,377</u>	<u>33,705,211</u>
Deferred Outflows of Resources			
Contributions subsequent to measurement date for pension plan		573,791	573,791
Changes in actuarial assumptions to determine pension liability		90,963	90,963
Differences in expected and actual pension experience		224,229	224,229
Total Deferred Outflows of Resources		<u>888,983</u>	<u>888,983</u>
Liabilities			
Other payables	\$ 1,009		1,009
Long term obligations due within one year			
Compensated absence payable		164,502	164,502
Long term obligations due after one year			
Compensated absence payable		1,445,260	1,445,260
Net pension liability		1,633,323	1,633,323
Total OPEB liability - retiree medical plan		5,955,696	5,955,696
Total OPEB liability - retiree group term life insurance		101,051	101,051
Total Liabilities	<u>1,009</u>	<u>9,299,832</u>	<u>9,300,841</u>
Deferred Inflows of Resources			
Deferred property taxes	449,129	(449,129)	
Changes in actuarial assumptions to determine pension liability		41,787	41,787
Difference in expected and actual pension experience		622	622
Difference in projected and actual earnings on pension plan assets		91,594	91,594
Total Deferred Inflows of Resources	<u>449,129</u>	<u>(315,126)</u>	<u>134,003</u>
Fund Balance/Net Position			
Fund Balance			
Committed	86,840	(86,840)	
Unassigned	20,049,856	(20,049,856)	
Total Fund Balance	<u>20,136,696</u>	<u>(20,136,696)</u>	
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 20,586,834</u>		
Net Position			
Investment in capital assets		13,118,377	13,118,377
Unrestricted		12,040,973	12,040,973
Total Net Position		<u>\$ 25,159,350</u>	<u>\$ 25,159,350</u>

See notes to basic financial statements.

Brazoria Drainage District No. 4

**Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance
For the Year Ended September 30, 2018**

	General Fund	Adjustments	Statement of Activities
Revenues			
Property taxes	\$ 16,459,006	\$ 42,484	\$ 16,501,490
Penalties and interest	83,865	(15,471)	68,394
Miscellaneous	174,045		174,045
Investment earnings	298,116		298,116
Total Revenues	<u>17,015,032</u>	<u>27,013</u>	<u>17,042,045</u>
Expenditures/Expenses			
Operating and administrative			
Personnel	6,757,630	1,187,435	7,945,065
Professional fees	386,757		386,757
Contracted services	134,945		134,945
Repairs and maintenance	857,749		857,749
Utilities	63,462		63,462
Administrative	645,836		645,836
Other	17,715		17,715
Capital outlay			
Flood control	3,227,807		3,227,807
Capital improvements	1,472,092	(1,472,092)	
Depreciation		1,331,015	1,331,015
Total Expenditures/Expenses	<u>13,563,993</u>	<u>1,046,358</u>	<u>14,610,351</u>
Revenues Over Expenditures/Expenses	3,451,039	(1,019,345)	2,431,694
Other Financing Source			
Proceeds from sale of capital assets	53,000	(53,000)	
Other Item			
Gain from disposition of capital assets		88,000	88,000
Net Change in Fund Balance	3,504,039	(3,504,039)	
Change in Net Position		2,519,694	2,519,694
Fund Balance/Net Position			
Beginning of the year (net position restated)	16,632,657	6,006,999	22,639,656
End of the year	<u>\$ 20,136,696</u>	<u>\$ 5,022,654</u>	<u>\$ 25,159,350</u>

See notes to basic financial statements.

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Brazoria Drainage District No. 4
Notes to Basic Financial Statements
September 30, 2018

Note 1 – Summary of Significant Accounting Policies

The accounting policies of Brazoria Drainage District No. 4 (the “District”) conform with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board. The following is a summary of the most significant policies:

Creation

The District was created by the Brazoria County Commissioners Court on June 28, 1910, and on May 22, 1929 was made a Conservation and Reclamation District by Special Bill No. 25 of the Texas State Legislature. The District’s primary activity is the control of flooding within its boundaries. As such, the District works in conjunction with local, state, federal and other county agencies to maintain existing flood control systems, construct additions and modifications and review additions and modifications proposed by others.

New Accounting Standard

During the current fiscal year, the District adopted the provisions of GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which establishes accounting and financial reporting requirements for the District’s participation in a group term life insurance plan with Texas County & District Retirement System and the District’s retiree medical insurance plan. The District’s beginning net position was restated for the cumulative effect of adopting GASB 75. The restatement resulted in a decrease to net position of \$2,814,129, with \$98,966 attributed to the group term life insurance plan and \$2,715,163 attributed to the medical insurance plan.

Reporting Entity

The District is a political subdivision of the State of Texas governed by an elected three-member board. The Governmental Accounting Standards Board has established the criteria for determining whether or not an entity is a primary government or a component unit of a primary government. A primary government has a separately elected governing body; is legally separate; and is fiscally independent of other state and local governments. Fiscal independence implies that the government has the authority to adopt a budget, levy taxes, set rates, and/or issue bonds without approval from other governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District’s financial statements as component units.

Government-Wide and Fund Financial Statements

Government-wide financial statements display information about the District as a whole. These statements focus on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. These aggregated statements consist of the *Statement of Net Position* and the *Statement of Activities*.

Note 1 – Summary of Significant Accounting Policies (continued)

Government-Wide and Fund Financial Statements (continued)

Fund financial statements display information at the individual fund level. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for a specific purpose. Each fund is considered to be a separate accounting entity. The District uses only a General Fund to account for its operations. The District's principal financial resource is property taxes. Expenditures include costs associated with the daily operations of the District.

As a special-purpose government engaged in a single governmental program, the District has opted to combine its government-wide and fund financial statements in a columnar format showing an adjustments column for reconciling items between the two.

Measurement Focus and Basis of Accounting

The government-wide financial statements use the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year for which they are levied.

The fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized in the accounting period in which it becomes both available and measurable to finance expenditures of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Revenues susceptible to accrual include property taxes and interest earned on investments. Property taxes receivable at the end of the fiscal year are treated as deferred inflows because they are not considered available to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable.

Note 2 further details the adjustments from the governmental fund presentation to the government-wide presentation.

Use of Restricted Resources

When both restricted and unrestricted resources are available for use, the District uses restricted resources first, then unrestricted resources as they are needed.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Receivables from and payables to external parties are reported separately and are not offset, unless a legal right of offset exists. At September 30, 2018, an allowance for uncollectible accounts was not considered necessary.

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets do not provide financial resources at the fund level, and, therefore, are reported only in the government-wide statements. The District defines capital assets as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of one year. Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire the asset on the acquisition date. The District has not capitalized interest incurred during the construction of its capital assets. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Depreciable capital assets, which primarily consist of buildings, building improvements, heavy equipment and vehicles, are depreciated using the straight-line method as follows:

<u>Assets</u>	<u>Useful Life</u>
Buildings and improvements	5-20 years
Equipment and vehicles	3-15 years

Deferred Inflows and Outflows of Financial Resources

A deferred inflow of financial resources is the acquisition of resources in one period that is applicable to a future period, while a deferred outflow of financial resources is the consumption of financial resources in one period that is applicable to a future period. A deferred inflow results from the acquisition of an asset without a corresponding revenue or assumption of a liability. A deferred outflow results from the use of an asset without a corresponding expenditure or reduction of a liability.

The District’s deferred outflows and deferred inflows of financial resources at the government wide level relate to the pension plan provided to employees

At the fund level, property taxes receivable not collected within 60 days of fiscal year end do not meet the availability criteria required for revenue recognition and are recorded as deferred inflows of financial resources.

Net Position – Governmental Activities

Governmental accounting standards establish the following three components of net position:

Net investment in capital assets – represents the District’s investments in capital assets, less any outstanding debt or other borrowings used to acquire those assets.

Restricted – consists of financial resources that are restricted for a specific purpose by enabling legislation or external parties.

Brazoria Drainage District No. 4
Notes to Basic Financial Statements
September 30, 2018

Note 1 – Summary of Significant Accounting Policies (continued)

Net Position – Governmental Activities (continued)

Unrestricted – resources not included in the other components.

Fund Balances – Governmental Funds

Governmental accounting standards establish the following fund balance classifications:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The District does not have any nonspendable fund balances.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. The District does not have any restricted fund balances.

Committed - amounts that can be used only for specific purposes determined by a formal action of the Board of Commissioners. The Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The District's committed fund balance consist of deposits received for the maintenance of certain pumped detention ponds in the event that the facilities are not properly maintained by their owners.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances and does not have any assigned fund balances.

Unassigned - all other spendable amounts.

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

Note 1 – Summary of Significant Accounting Policies (continued)

Compensated Employee Absences

Compensated employee absences, which include vacation and sick leave, are accrued by employees when earned. The rate at which an employee earns benefits will vary depending upon their employment status and years employed with the District. Employees are eligible for vacation time after one year of employment and earn between 80 and 240 hours vacation per year. At December 31 of each year, an employee may carry over up to 120 hours of vacation to the next calendar year. Once the maximum carryover amount is reached, an employee may be compensated for up to 40 hours of unused vacation time. Employees are eligible for sick leave after 90 days of employment and earn 10 hours per month. There is no limit as to the number of sick leave hours an employee can accumulate. Upon termination, employees are paid for accumulated vacation and up to 800 hours of accumulated sick leave.

Pensions

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

Use of 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, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses/expenditures during the period reported. These estimates include, among others, the collectibility of receivables, the useful lives and impairment of capital assets, and the value of compensated absences, pension obligations and other post-employment benefit obligations. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

Brazoria Drainage District No. 4
Notes to Basic Financial Statements
September 30, 2018

Note 2 – Adjustment from Governmental to Government-wide Basis

Reconciliation of the *Governmental Fund Balance Sheet* to the *Statement of Net Position*

Total fund balance, governmental fund		\$20,136,696
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.

Historical cost		\$21,569,877
Less accumulated depreciation		<u>(8,451,500)</u>
Change due to capital assets		13,118,377

The District provides retirement benefits to its employees through a defined benefit pension plan, retiree medical plan and group term life insurance. Payments related to these plans are not due and payable in the current period and, therefore, are not recorded in the funds. The government wide statements include the following components of the District's pension and OPEB obligations:

Deferred outflows of resources for pension plan		888,983
Net pension liability		(1,633,323)
Total OPEB liability		(6,056,747)
Deferred inflows of resources for pension plan		<u>(134,003)</u>
		(6,935,090)

Liabilities for compensated absences are not due and payable in the current period and, therefore, are not reported as liabilities in the General Fund.		(1,609,762)
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Property taxes receivable and related penalties and interest have been levied and are due, but are not available soon enough to pay current period expenditures and, therefore, are deferred in the funds.

Property taxes receivable		316,968
Penalty and interest receivable		<u>132,161</u>
Change due to property taxes		449,129

Total net position - governmental activities		<u><u>\$25,159,350</u></u>
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Brazoria Drainage District No. 4
Notes to Basic Financial Statements
September 30, 2018

Note 2 – Adjustment from Governmental to Government-wide Basis (continued)

Reconciliation of the *Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance* to the *Statement of Activities*

Net change in fund balance - total governmental fund	\$ 3,504,039	
Governmental funds do not report revenues that are not available to pay current obligations. In contrast, such revenues are reported in the <i>Statement of Activities</i> when earned. The difference is for property taxes and related penalties and interest.		27,013
Costs associated with retirement benefits to be received by employees in the future do not use current financial resources and are not recorded in the funds. They are, however, recorded as liabilities, deferred outflows and deferred inflows and offset against personnel cost in the government wide statements.		(1,187,435)
Governmental funds report capital outlays as expenditures. However, in the <i>Statement of Activities</i> , the cost of the assets are allocated over their estimated lives as depreciation expense.		
Capital outlays	\$ 1,472,092	
Depreciation expense	<u>(1,331,015)</u>	
		141,077
The disposition of capital assets is treated differently between the fund and government wide statements. In the funds, proceeds from the sale provide financial resources; however, in the government wide statements, the difference between proceeds and net book value is recorded as a gain or loss.		
Proceeds from sale of capital assets	(53,000)	
Gain from sale of capital assets	<u>88,000</u>	
		35,000
Change in net position of governmental activities		<u><u>\$ 2,519,694</u></u>

Note 3 – Deposits and Investments

Deposit Custodial Credit Risk

Custodial credit risk as it applies to deposits (i.e. cash and certificates of deposit) is the risk that, in the event of the failure of the depository institution, a government will not be able to recover its deposits or will not be able to recover collateral securities. The *Public Funds Collateral Act* (Chapter 2257, Texas Government Code) requires that all of the District’s deposits with financial institutions be covered by federal depository insurance and, if necessary, pledged collateral held by a third party custodian. The act further specifies the types of securities that can be used as collateral. The District’s written investment policy establishes additional requirements for collateralization of deposits.

Note 3 – Deposits and Investments (continued)

Restricted Cash

Restricted cash consists of amounts permanently restricted for the repair of certain pumped detention ponds, in the event that the owners of said ponds do not provide adequate maintenance.

Investments

The District is authorized by the *Public Funds Investment Act* (Chapter 2256, Texas Government Code) to invest in the following: (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including Federal Home Loan Banks, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) certain collateralized mortgage obligations, (4) other obligations, which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies or instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States, (5) certain A rated or higher obligations of states and political subdivisions of any state, (6) bonds issued, assumed or guaranteed by the State of Israel, (7) certain insured or collateralized certificates of deposit and share certificates, (8) certain fully collateralized repurchase agreements, (9) bankers' acceptances with limitations, (10) commercial paper rated A-1 or P-1 or higher and a maturity of 270 days or less, (11) no-load money market mutual funds and no-load mutual funds, with limitations, (12) certain guaranteed investment contracts, (13) certain qualified governmental investment pools and (14) a qualified securities lending program.

The District has adopted a written investment policy to establish the principles by which the District's investment program should be managed. This policy further restricts the types of investments in which the District may invest.

As of September 30, 2018, the District's investments consist of certificates of deposits held with its depository bank in the amount of \$18,000,000. These investments are stated at cost, which approximates fair value.

Brazoria Drainage District No. 4
Notes to Basic Financial Statements
September 30, 2018

Note 4 – Capital Assets

A summary of changes in capital assets, for the year ended September 30, 2018, is as follows:

	Beginning Balances	Additions	Retirements	Ending Balances
Capital assets not being depreciated				
Land and improvements	\$ 5,234,151	\$ 309,872	\$ -	\$ 5,544,023
Capital assets being depreciated				
Buildings and improvements	4,702,788			4,702,788
Equipment	10,571,549	1,197,220	(445,703)	11,323,066
	<u>15,274,337</u>	<u>1,197,220</u>	<u>(445,703)</u>	<u>16,025,854</u>
Less accumulated depreciation				
Buildings and improvements	(1,927,299)	(214,635)		(2,141,934)
Equipment	(5,638,889)	(1,116,380)	445,703	(6,309,566)
	<u>(7,566,188)</u>	<u>(1,331,015)</u>	<u>445,703</u>	<u>(8,451,500)</u>
Subtotal depreciable capital assets, net	<u>7,708,149</u>	<u>(133,795)</u>		<u>7,574,354</u>
Capital assets, net	<u>\$ 12,942,300</u>	<u>\$ 176,077</u>	<u>\$ -</u>	<u>\$ 13,118,377</u>

Depreciation expense for the current year was \$1,331,015.

Note 5 – Compensated Absences

As of September 30, 2018, a liability has been recorded for earned but unused vacation and sick leave in the *Statement of Net Position* in the amount of \$1,609,762. A summary of the change in compensated absences for the year ended September 30, 2018 is as follows:

Balance, beginning of year	\$ 1,501,425
Current year change	<u>108,337</u>
Balance, end of year	<u>\$ 1,609,762</u>
Due within one year	<u>\$ 164,502</u>

Note 6 – Property Taxes

All property values and exempt status, if any, are determined by the Brazoria County Appraisal District. Assessed values are determined as of January 1 of each year, at which time a tax lien attaches to the related property. Taxes are levied around October/November, are due upon receipt and are delinquent the following February 1. Penalty and interest attach thereafter.

***Brazoria Drainage District No. 4
Notes to Basic Financial Statements
September 30, 2018***

Note 6 – Property Taxes (continued)

Property taxes are collected based on rates adopted in the year of the levy. The District’s 2018 fiscal year was financed through the 2017 tax levy, pursuant to which the District levied property taxes of \$0.146 per \$100 of assessed value, all of which was allocated to maintenance and operations. The resulting tax levy was \$16,461,657 on the adjusted taxable value of \$11,275,107,193.

Total property taxes receivable, at September 30, 2018, consisted of the following:

Current year taxes receivable	\$ 111,361
Prior years taxes receivable	205,607
	<u>316,968</u>
Penalty and interest receivable	132,161
Total property taxes receivable	<u><u>\$ 449,129</u></u>

Note 7 – Pension Plan

General Information

Plan Description

The District provides retirement, disability and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (“TCDRS”). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of more than 700 nontraditional defined benefit pension plans. TCDRS, in the aggregate, issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034 or at www.tcdrs.org.

Benefits Provided

The plan provisions are adopted by the District’s Board of Commissioners (the “Board”); within the options available in the Texas state statutes governing TCDRS (the “TCDRS Act”). Members can retire at age 60 and above with 8 or more years of service, or at any age with 20 years of service, or when the sum of their age and years of service equals 75 or more.

Members are vested after 8 years of service but must leave their accumulated contributions in the plan to receive any District financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by the District. Retirement benefits are calculated based on the member’s account balance (contributions plus interest) and the District’s employer match, which is currently 250%. These funds are converted to an annuity with monthly payments to the retiree. Cost of living adjustments for retirees are considered substantively automatic.

Brazoria Drainage District No. 4
Notes to Basic Financial Statements
September 30, 2018

Note 7 – Pension Plan

General Information (continued)

Employees Covered

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	23
Inactive employees entitled to but not yet receiving benefits	14
Active employees	70
Total	<u><u>107</u></u>

Contributions

Under the TCDRS Act, the contribution rate of the District is actuarially determined annually. The District contributed using the actuarially determined rate of 8.02% for the 2017 calendar year and the 8.76% rate for the 2018 calendar year. The contribution rate payable by the employee members, for calendar years 2017 and 2018, is the rate of 7%, as adopted by the District’s Board. During the current fiscal year, the District contributed \$660,181, which consisted of required contributions of \$360,181 and an optional contribution of \$300,000.

Funding Policy

A combination of three elements funds the District’s plan: employee deposits, District contributions and investment income. Pursuant to state law, employers participating in the system must pay 100% of their actuarially determined required contributions on an annual basis. Each employer has the opportunity to make additional contributions in excess of its annual required contribution rate either by adopting an elected rate that is higher than the required rate or by making additional contributions on an ad hoc basis. Employers may make additional contributions to pay down their liabilities faster, pre-fund benefit enhancements and/or buffer against future adverse experience.

Brazoria Drainage District No. 4
Notes to Basic Financial Statements
September 30, 2018

Note 7 – Pension Plan (continued)

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

For the measurement year ended December 31, 2017, the District reported pension expense of \$2,401,194, which is comprised of the following:

Service cost	\$ 679,333
Interest on total pension liability ⁽¹⁾	1,411,649
Effect of plan changes	1,667,581
Administrative expenses	12,331
Member contributions	(287,951)
Expected investment return net of investment expenses	(1,300,834)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	40,868
Recognition of assumption changes or losses	12,223
Recognition of investment gains or losses	170,081
Other ⁽²⁾	(4,087)
Pension expense	<u><u>\$ 2,401,194</u></u>

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

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

At September 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Difference in expected and actual experience	\$ 622	\$ 224,229
Changes in assumptions	41,787	90,963
Net difference in projected and actual earnings	91,594	
Contributions made subsequent to measurement date		573,791

Brazoria Drainage District No. 4
Notes to Basic Financial Statements
September 30, 2018

Note 7 – Pension Plan (continued)

Pension Income and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Deferred outflows of resources resulting from contributions subsequent to the measurement date in the amount of \$573,791 will be recognized as pension expense in the year ending September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2018	\$ 223,184
2019	179,015
2020	(129,181)
2021	(152,200)
2022	53,103
Thereafter	7,270

Net Pension Liability and Actuarial Assumptions

The District’s net pension liability is measured as the total pension liability less the pension plan’s fiduciary net position. The net pension liability was measured as of December 31, 2017, using an actuarial valuation as of that date.

All actuarial assumptions that determined the total pension liability as of December 31, 2017 were based on the results of an actuarial experience study for the period January 1, 2013 – December 31, 2016, except where required to be different by accounting standards. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Valuation date	December 31, 2017
Measurement date	December 31, 2017
Actuarial cost method	Entry Age Normal
Discount rate	8.10%
Inflation	2.75%
Overall payroll growth	2.50%
Investment rate of return	8.00%

The annual salary increase rates assumed for individual members vary by length of service and entry age group. The annual rate consist of a general wage inflation component of 3.25% (made up of 2.75% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.6% per year for a career employee.

Brazoria Drainage District No. 4
Notes to Basic Financial Statements
September 30, 2018

Note 7 – Pension Plan (continued)

Net Pension Liability and Actuarial Assumptions (continued)

Mortality rates for depositing members were based on the gender-distinct RP-2014 Active Employee Mortality Table, with 90% for each males and females. Mortality rates for retirees, beneficiaries and non-depositing members were based on the gender-distinct RP-2014 Healthy Annuitant Mortality Table, with 130% for males and 110% for females. For disabled retirees, the gender-distinct RP-2014 Disabled Mortality Table with 130% for males and 115% for females. The rates on all tables are projected with 110% of the MP-2014 Ultimate scale after 2014.

The long-term expected rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined by adding expected inflation to the expected long term real returns, and reflecting expected volatility and correlation. 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 30 year time horizon; the most recent analysis was performed in 2017.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Geometric Real Rate of Return (Expected minus Inflation)
US Equities	11.50%	4.55%
Private Equity	16.00%	7.55%
Global Equities	1.50%	4.85%
International Equities - Developed	11.00%	4.55%
International Equities - Emerging	8.00%	5.55%
Investment Grade Bonds	3.00%	0.75%
Strategic Credit	8.00%	4.12%
Direct Lending	10.00%	8.06%
Distressed Debt	2.00%	6.30%
REIT Equities	2.00%	4.05%
Master Limited Partnerships	3.00%	6.00%
Private Real Estate Partnerships	6.00%	6.25%
Hedge Funds	18.00%	4.10%
Total	100.00%	

The discount rate used to measure the total pension liability was 8.1%. 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, inactive and retired members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Brazoria Drainage District No. 4
Notes to Basic Financial Statements
September 30, 2018

Note 7 – Pension Plan (continued)

Net Pension Liability and Actuarial Assumptions (continued)

Since the District’s cost-of-living adjustments are considered substantively automatic, an annual 2% cost of living adjustment is included in the calculation of net pension liability.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance as of December 31, 2016	\$ 17,020,176	\$ 15,909,985	\$ 1,110,191
Changes for the year:			
Service cost	679,333		679,333
Interest on total pension liability ⁽¹⁾	1,411,649		1,411,649
Effect of plan changes	1,667,581		1,667,581
Effect of economic/demographic gains or losses	(711)		(711)
Effect of assumptions changes or inputs	(47,757)		(47,757)
Refund of contributions	(17,837)	(17,837)	
Benefit payments	(536,437)	(536,437)	
Administrative expenses		(12,331)	12,331
Member contributions		287,951	(287,951)
Net investment income		2,327,346	(2,327,346)
Employer contributions		579,910	(579,910)
Other		4,087	(4,087)
Balance as of December 31, 2017	<u>\$ 20,175,997</u>	<u>\$ 18,542,674</u>	<u>\$ 1,633,323</u>

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

Sensitivity Analysis

The following presents the net pension liability of the District, calculated using the discount rate of 8.1%, as well as what the District’s net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.1%) or 1 percentage point higher (9.1%) than the current rate:

	1% Decrease 7.1%	Current Discount Rate 8.1%	1% Increase 9.1%
Total pension liability	\$ 23,314,205	\$ 20,175,997	\$ 17,573,099
Fiduciary net position	18,542,674	18,542,674	18,542,674
Net pension liability / (asset)	<u>\$ 4,771,531</u>	<u>\$ 1,633,323</u>	<u>\$ (969,575)</u>

Note 8 – Other Post-Employment Benefits – Retiree Medical Plan

General Information

Plan Description

The District provides a single-employer, defined benefit postemployment (OPEB) health insurance plan. The plan is administered by the District and is funded on a pay as you go basis. There are no plan financial statements and no assets are accumulated in a trust that meets the criteria in GASB 75.

Benefits Provided

The Plan provides medical, dental, vision and disability insurance for eligible retirees and their dependents through the District’s group health insurance plan, which covers both active and retired members. Employees are eligible for benefits when they become eligible for pension benefits as discussed in Note 7. Benefit provisions are established by the District. Retired employees and spouses remain on the District’s medical plan only until Medicare eligible, at which time the District will reimburse the retiree and spouse for the cost of a personnel supplemental insurance plan. The retiree and spouse remain on the District’s dental and vision plans.

Contributions

The District pays the current insurance premium cost or reimbursement for supplemental insurance for retired plan members and beneficiaries as those amounts come due. Retired members and beneficiaries are not required to contribute toward the cost of the medical plan. For the fiscal year ended September 30, 2018, the District paid \$107,850 for health insurance premiums.

Employees Covered

At September 30, 2018, the following employees were covered by the benefit terms:

Active employees	67
Retired	12
Deceased*	1
Total	<u>80</u>

*Only included when a surviving beneficiary is currently receiving benefits.

Total OPEB Liability

The District’s total OPEB liability of \$5,955,696 was measured as of September 30, 2018 using the alternative measurement method, which is similar to an actuarial valuation , but with simplifications of several assumptions.

*Brazoria Drainage District No. 4
 Notes to Basic Financial Statements
 September 30, 2018*

Note 8 – Other Post-Employment Benefits – Retiree Medical Plan (continued)

Total OPEB Liability (continued)

Valuation Assumptions

A summary of principal assumptions and methods used to determine the total OPEB liability is shown below.

Valuation/measurement date	September 30, 2018
Actuarial cost method	Entry Age Normal
Average retirement age	65
Discount rate/Bond yield	4.09%
Projected salary increases	3.00%
Amortization period	20
Amortization method	Level percent of payroll
Percentage participation	100%

Mortality rates for active members were based on the gender-distinct RP-2000 Active Employee Mortality Table, projected 18 years. This assumption does not include a margin for future improvements in longevity.

Healthcare cost trends for the insurance benefits provided by the plan are as follows:

	Medical	Pharmacy	Dental	Vision
Year 1	4.6%	7.6%	3.5%	3.0%
Year 2	4.7%	6.2%	3.0%	3.0%
Year 3	4.8%	4.9%	3.0%	3.0%
Year 4	4.8%	4.8%	3.0%	3.0%
Year 5	4.8%	4.8%	3.0%	3.0%
Year 6	4.8%	4.8%	3.0%	3.0%
Year 7	4.7%	4.7%	3.0%	3.0%
Year 8	4.7%	4.7%	3.0%	3.0%
Year 9	4.7%	4.7%	3.0%	3.0%
Year 10+	4.7%	4.7%	3.0%	3.0%

The cost trend numbers used were developed consistent with the Getzen model promulgated by the Society of Actuaries for use in long-term trend projection. The ACA excise tax will ultimately affect all plans and could raise the average annual trend by 0.5% or more in each year.

Discount Rate

The discount rate used to measure the OPEB liability was 4.09%, which is based on 20-year tax-exempt AA or higher Municipal Bonds. The discount rate changed from the prior measurement date. The discount rate was 3.880% for the September 30, 2017 measurement date.

Brazoria Drainage District No. 4
Notes to Basic Financial Statements
September 30, 2018

Note 8 – Other Post-Employment Benefits – Retiree Medical Plan (continued)

Changes in Total OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a)-(b)
Balance as of September 30, 2017	\$ 6,619,710	\$ -	\$ 6,619,710
Changes for the year:			
Service cost	437,389		437,389
Interest on total OPEB liability ⁽¹⁾	271,743		271,743
Effect of economic/demographic gains or losses	(1,038,948)		(1,038,948)
Effect of assumptions changes or inputs	(226,348)		(226,348)
Benefit payments	(107,850)	(107,850)	
Employer contributions		107,850	(107,850)
Balance as of September 30, 2018	<u>\$ 5,955,696</u>	<u>\$ -</u>	<u>\$ 5,955,696</u>

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

Sensitivity Analysis

Discount Rate

The following presents the total OPEB liability of the District, as well as the what the liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease 3.09%	Current Discount Rate 4.09%	1% Increase 5.09%
Total OPEB liability	\$ 7,150,003	\$ 5,955,696	\$ 5,022,697

Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Baseline Trend	1% Increase
Total OPEB liability	\$ 4,907,910	\$ 5,955,696	\$ 7,321,822

Brazoria Drainage District No. 4
Notes to Basic Financial Statements
September 30, 2018

Note 8 – Other Post-Employment Benefits – Retiree Medical Plan (continued)

OPEB Expense/Income

For the measurement year ended September 30, 2018, the District recognized a net reduction in OPEB expense of \$556,164. The components of the current year reduction in OPEB expense are as follows:

Service cost	\$ 437,389
Interest on total OPEB liability	271,743
Effect of economic/demographic gains or losses	(1,038,948)
Effect of assumption changes or losses	(226,348)
OPEB expense	<u><u>\$ (556,164)</u></u>

Note 9 – Other Post-Employment Benefits – Group Term Life Plan

General Information

Plan Description

The District participates in an agent multiple employer defined-benefit group-term life insurance plan (GTL) operated by TCDRS. This plan is optional for employers that offer a pension plan through TCDRS and provides group term life insurance coverage to both current and retired employees. The District makes a combined contribution for both the active and retiree coverage; however, only the retiree coverage is considered a postemployment benefit other than pension subject to GASB Statement 75. Since the assets of the GTL fund can be used to pay benefits to active employees who are not part of the OPEB plan, no assets are accumulated in a trust that meets all the requirements of GASB 75, paragraph 4. Accordingly, the GTL is considered an unfunded plan.

TCDRS issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for the GTL. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034 or at www.tcdrs.org.

Benefits Provided

The GTL provides a fixed lump sum life insurance benefit in the amount of \$5,000 to beneficiaries of all active employees and retirees. Benefit terms are established under the TCDRS Act. The District’s participation in the GTL program is optional and the District may elect to opt out of (or opt into) coverage as of Jan. 1 each year.

Brazoria Drainage District No. 4
Notes to Basic Financial Statements
September 30, 2018

Note 9 – Other Post-Employment Benefits – Group Term Life Plan (continued)

General Information (continued)

Employees Covered

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Active employees	70
Inactive employees entitled to but not yet receiving benefits*	3
Inactive employees or beneficiaries currently receiving benefits*	17
Total	<u>90</u>

* Receiving benefits indicates member is retired and receiving monthly pension benefits and his or her beneficiary is eligible for the life insurance benefit upon the retiree's death.

Contributions

The District’s contribution rate is calculated annually on an actuarial basis and is equal the cost of providing a one-year death benefit equal to \$5,000. The contribution rates retirees for the 2018 and 2017 calendar years were 0.09% and 0.12%, respectively. During the current fiscal year, the District contributed \$12,018.

Total OPEB Liability

The District’s total OPEB liability was measured as of December 31, 2017, using an actuarial valuation as of that date.

Actuarial Assumptions

All actuarial assumptions that determined the total OPEB liability as of December 31, 2017 were based on the results of an actuarial experience study for the period January 1, 2013 – December 31, 2016, except where required to be different by accounting standards.

A summary of principal assumptions and methods used to determine the total OPEB liability is shown below.

Valuation date	December 31, 2017
Measurement date	December 31, 2017
Actuarial cost method	Entry Age Normal
Discount rate	3.44%

Brazoria Drainage District No. 4
Notes to Basic Financial Statements
September 30, 2018

Note 9 – Other Post-Employment Benefits – Group Term Life Plan (continued)

Total OPEB Liability (continued)

Mortality rates for active members were based on the gender-distinct RP-2014 Active Employee Mortality Table, with rates of 90% for males and 90% for females. Mortality rates for retirees and beneficiaries were based on the gender-distinct RP2014 Healthy Annuitant Mortality Table, with rates of 130% for males and 110% for females. For disabled annuitants, the gender-distinct RP-2014 Disabled Mortality Table is used, with rates of 130% for males and 115% for females. The rates on all tables are projected with 110% of the MP-2014 Ultimate scale after that 2014.

Discount Rate

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 3.44% based on the 20 Year Bond GO Index published by bondbuyer.com is used as of the measurement date of December 31, 2017.

Changes in Total OPEB Liability

Balance as of December 31, 2016	\$ 98,966
Changes for the year:	
Service cost	3,054
Interest on total OPEB Liability ⁽¹⁾	3,764
Effect of economic/demographic gains or losses	(4,147)
Effect of assumptions changes or inputs ⁽²⁾	4,350
Benefit payments	(4,936)
Balance as of December 31, 2017	<u>\$ 101,051</u>

(1) Reflects the change in the liability due to the time value of money.
(2) Reflects change in discount rate and the new assumptions.

Sensitivity Analysis

The following presents the total OPEB liability of the District, calculated using the discount rate of 3.44%, as well as what the District’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.44%) or 1 percentage point higher (4.44%) than the current rate:

	1% Decrease 2.44%	Current Discount Rate 3.44%	1% Increase 4.44%
Total OPEB liability	\$ 119,045	\$ 101,051	\$ 86,869

Brazoria Drainage District No. 4
Notes to Basic Financial Statements
September 30, 2018

Note 9 – Other Post-Employment Benefits – Group Term Life Plan (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

GASB 75 required that certain changes in the GTL be deferred and amortized to expense in the current and future years. The District did not recognize these deferrals and amortizations because the amounts were deemed to be immaterial. For the measurement year ended December 31, 2017, the components of the District’s actuarially determined OPEB expense of \$6,840 are as follows:

Service cost	\$	3,054
Interest on total OPEB liability ⁽¹⁾		3,764
Recognition of deferred inflows/outflows of resources		
Recognition of economic/demographic gains or losses		(461)
Recognition of assumption changes or losses		483
OPEB Expense	<u>\$</u>	<u>6,840</u>

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

At September 30, 2018, the District’s GTL had deferred outflows of resources and deferred inflows of resources related to OPEB, as determined by an actuarial valuation (but not recorded on the financial statements) from the following sources:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Difference in expected and actual experience	\$ 3,686	\$ -
Changes in assumptions		3,867
Contributions made subsequent to measurement date		2,893

If these amounts had been deferred, the contributions subsequent to the measurement date would be recognized as OPEB expense in the following year (offset by that year’s deferral) and the other deferrals would have been recognized as OPEB expense over ten years with an average annual charge of \$23.

Note 10 – Interlocal Agreements

The District has entered into an interlocal agreement with Brazoria County for various improvement projects that benefit both entities. Generally, the District provides labor and equipment and Brazoria County provides materials.

Note 11 – 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 personal injuries. The risk of loss is covered by commercial insurance. There have been no significant reductions in insurance coverage from the prior year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Required Supplementary Information

***Brazoria Drainage District No. 4
 Required Supplementary Information - Budgetary Comparison Schedule - General Fund
 For the Year Ended September 30, 2018***

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Property taxes	\$ 16,450,000	\$ 16,459,006	\$ 9,006
Penalties and interest	53,000	83,865	30,865
Miscellaneous	30,000	174,045	144,045
Investment earnings	67,000	298,116	231,116
Total Revenues	<u>16,600,000</u>	<u>17,015,032</u>	<u>415,032</u>
Expenditures			
Operating and administrative			
Personnel	7,050,000	6,757,630	292,370
Professional fees	175,000	386,757	(211,757)
Contracted services	140,000	134,945	5,055
Repairs and maintenance	1,235,000	857,749	377,251
Utilities	75,000	63,462	11,538
Administrative	1,500,000	645,836	854,164
Other		17,715	(17,715)
Capital outlay			
Flood control	5,025,000	3,227,807	1,797,193
Capital improvements	1,400,000	1,472,092	(72,092)
Total Expenditures	<u>16,600,000</u>	<u>13,563,993</u>	<u>3,036,007</u>
Revenues Over Expenditures		3,451,039	3,451,039
Other Financing Source			
Proceeds from sale of capital assets		53,000	53,000
Net Change in Fund Balance		3,504,039	3,504,039
Fund Balance			
Beginning of the year	16,632,657	16,632,657	
End of the year	<u>\$ 16,632,657</u>	<u>\$ 20,136,696</u>	<u>\$ 3,504,039</u>

Brazoria Drainage District No. 4

Schedule of Changes in Net Pension Liability and Related Ratios - Last Ten Years *

September 30, 2018

	Year Ended December 31,			
	2017	2016	2015	2014
Total Pension Liability				
Service cost	\$ 679,333	\$ 664,964	\$ 613,595	\$ 594,084
Interest on total pension liability	1,411,649	1,260,205	1,196,541	1,149,182
Effect of plan changes	1,667,581	(46,948)	(1,536,538)	
Effect of assumption changes or inputs	(47,757)		145,542	
Effect of economic/demographic (gains)/losses	(711)	155,093	172,656	(96)
Benefit payments/refunds of contributions	(554,274)	(526,220)	(455,064)	(515,943)
Net change in total pension liability	3,155,821	1,507,094	136,732	1,227,227
Total pension liability, beginning	17,020,176	15,513,082	15,376,350	14,149,123
Total pension liability, ending	20,175,997	17,020,176	15,513,082	15,376,350
Fiduciary Net Position				
Employer contributions	579,910	580,723	548,008	608,049
Member contributions	287,951	266,630	246,595	214,561
Investment income of net investment expenses	2,327,346	1,071,346	(346,160)	875,351
Benefit payments/refunds of contributions	(554,274)	(526,220)	(455,064)	(515,943)
Administrative expenses	(12,331)	(11,644)	(10,411)	(10,675)
Other	4,087	65,693	38,281	28,435
Net change in fiduciary net position	2,632,689	1,446,528	21,249	1,199,778
Fiduciary net position, beginning	15,909,985	14,463,457	14,442,208	13,242,430
Fiduciary net position, ending	18,542,674	15,909,985	14,463,457	14,442,208
Net pension liability, ending	\$ 1,633,323	\$ 1,110,191	\$ 1,049,625	\$ 934,142
Fiduciary net position as a % of total pension liability	91.90%	93.48%	93.23%	93.92%
Pensionable covered payroll	\$ 4,113,593	\$ 3,808,996	\$ 3,522,790	\$ 3,065,161
Net pension liability as a % of covered payroll	39.71%	29.15%	29.80%	30.48%

*The District implemented GASB 68 in fiscal year 2015 (measurement date December 31, 2014). Accordingly, information prior to fiscal year 2015 is not available. Over time, this schedule will report ten years of data.

Brazoria Drainage District No. 4

***Schedule of Changes in Total OPEB Liability and Related Ratios -Retiree Medical Plan - Last Ten Years *
September 30, 2018***

	Year Ended September 30, 2018
Total OPEB Liability	
Service cost	\$ 437,389
Interest on Total OPEB Liability	271,743
Effect of plan changes	
Effect of economic/demographic (gains)/losses	(1,038,948)
Effect of assumption changes or inputs	(226,348)
Benefit payments	(107,850)
Net change in Total OPEB Liability	(664,014)
Total OPEB Liability, beginning	6,619,710
Total OPEB Liability, ending	<u>\$ 5,955,696</u>
Covered payroll	\$ 4,349,295
Total OPEB liability as a % of covered payroll	136.93%

*The District implemented GASB 75 in fiscal year 2018. Accordingly, information prior to fiscal year 2018 is not available. Over time, this schedule will report ten years of data.

Brazoria Drainage District No. 4

***Schedule of Changes in Total OPEB Liability and Related Ratios - Group Term Life - Last Ten Years *
September 30, 2018***

	Year Ended December 31, 2017
Total OPEB Liability	
Service cost	\$ 3,054
Interest on total OPEB Liability	3,764
Effect of assumption changes or inputs	4,350
Effect of economic/demographic (gains)/losses	(4,147)
Benefit payments/refunds of contributions	(4,936)
Net change in total OPEB liability	2,085
Total OPEB liability, beginning	98,966
Total OPEB liability, ending	<u>\$ 101,051</u>
Pensionable covered payroll	\$ 4,113,593
Net OPEB Liability as a % of covered payroll	2.46%

*The District implemented GASB 75 in fiscal year 2018 (measurement date December 31, 2017). Accordingly, information prior to fiscal year 2018 is not available. Over time, this schedule will report ten years of data.

***Brazoria Drainage District No. 4
Schedule of Employer Contributions for Pension Plan - Last Ten Years
For the Fiscal Year Ended September 30, 2018***

<u>Year Ending December 31</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Pensionable Covered Payroll</u>	<u>Actual Contribution as a % of Covered Payroll</u>
2008	\$ 297,018	\$ 797,018	\$ (500,000)	\$ 2,498,049	31.9%
2009	331,424	631,424	(300,000)	2,613,756	24.2%
2010	318,423	618,423	(300,000)	2,855,809	21.7%
2011	297,410	297,410		3,056,632	9.7%
2012	298,778	298,778		3,258,212	9.2%
2013	297,855	497,855	(200,000)	3,017,784	16.5%
2014	308,049	608,049	(300,000)	3,065,161	19.8%
2015	295,210	548,008	(252,798)	3,522,790	15.6%
2016	280,723	580,723	(300,000)	3,808,996	15.2%
2017	329,910	579,910	(250,000)	4,113,593	14.1%

Brazoria Drainage District No. 4
Notes to Required Supplementary Information
September 30, 2018

Note A - Budgets and Budgetary Accounting

An annual unappropriated budget is adopted for the General Fund by the District’s Board of Commissioners. The budget is prepared using the same method of accounting as for financial reporting. There were no amendments to the budget during the year.

Note B – Pension Plan

Valuation Dates

Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported. Pension liability and fiduciary net position are measured as of the December 31 before the end of the fiscal year.

Actuarial Methods and Assumptions

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	Zero years
Asset valuation method	Five year smoothed market
Inflation	2.75%
Salary increases	Varies by age and service. 4.9% average over career including inflation
Investment rate of return	8%, net of investment expenses, including inflation
Retirement age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Changes in assumptions and methods reflected in the schedule	2015: New inflation, mortality and other assumptions were reflected 2017: New mortality assumptions were reflected
Changes in plan provisions reflected in the schedule	2015: Employer contributions reflected that a flat 2% COLA was adopted 2016: Employer contributions reflected that a flat 1% COLA was adopted 2017: New annuity purchase rates were reflected for benefits earned

Brazoria Drainage District No. 4
Notes to Required Supplementary Information
September 30, 2018

Note C – OPEB Plan - Retiree Medical Insurance

Valuation Date

The total OPEB liability amount was determined as of the District’s fiscal year end using an alternative measurement method. This method is similar to an actuarial valuation, but GASB permits simplification of certain assumptions.

Plan Assets

No assets are accumulated in a trust that meets the criteria of GASB 75 to pay related benefits.

Valuation Methods and Assumptions

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll
Remaining amortization period	Twenty years
Discount rate/bond yield	4.09%
Salary increases	3.0%
Retirement age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age and years of service. The average age at service retirement for recent retirees is 63.
Net OPEB liability	Calculated using the alternative measurement method in accordance with GASB methodology.
Mortality	RP-2000 Mortality Table for Males and Females Projected 18 years; this assumption does not include a margin for future improvements in longevity
Turnover	Derived from data maintained by the U.S. Office of Personnel Management regarding the most recent experience of the employee group covered by the Federal Employees Retirement System
Healthcare Trend Rates	
Medical	4.6% in year 1, increasing to 4.7% in year 2, 4.8 % in years 3 -6, and 4.7% thereafter
Pharmacy	7.6% in year 1, 6.2% in year 2, 4.9% in year 3, 4.8% in years 4 - 6, and 4.8% thereafter
Dental	3.5% in year 1 and 3% thereafter
Vision	3% per year

Brazoria Drainage District No. 4
Notes to Required Supplementary Information
September 30, 2018

Note D – OPEB Plan - Group Term Life Insurance

Valuation Date

Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported. The total OPEB liability is determined as of the December 31, prior to the end of the District’s fiscal year.

Plan Assets

No assets are accumulated in a trust that meets the criteria of GASB 75 to pay related benefits.

Actuarial Methods and Assumptions

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Straight-line amortization over expected working life
Discount rate	3.44% (based on the 20 year Bond GO Index published by bondbuyer.com as of 12/28/17)
Disability	Custom table based on TCDRS experience
Mortality	90% of the RP-2014 Healthy Annuitant Mortality Table for males and 90% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Retirement age	Custom table based on TCDRS experience
Other Termination of Employment	Custom table based on TCDRS experience

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Texas Supplementary Information

Brazoria Drainage District No. 4
TSI-1. Services and Rates
September 30, 2018

1. Services provided by the District During the Fiscal Year:

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

2. Retail Service Providers N/A

(You may omit this information if your district does not provide retail services)

a. Retail Rates for a 5/8" meter (or equivalent):

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate (Y / N)</u>	<u>Rate per 1,000 Gallons Over Minimum Usage</u>	<u>Usage Levels</u>
Water:	_____	_____	_____	_____	_____ to _____
Wastewater:	_____	_____	_____	_____	_____ to _____
Surcharge:	_____	_____	_____	_____	_____ to _____

District employs winter averaging for wastewater usage? Yes No

Total charges per 10,000 gallons usage: Water _____ Wastewater _____

b. Water and Wastewater Retail Connections:

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFC'S</u>
Unmetered	_____	_____	x 1.0	_____
less than 3/4"	_____	_____	x 1.0	_____
1"	_____	_____	x 2.5	_____
1.5"	_____	_____	x 5.0	_____
2"	_____	_____	x 8.0	_____
3"	_____	_____	x 15.0	_____
4"	_____	_____	x 25.0	_____
6"	_____	_____	x 50.0	_____
8"	_____	_____	x 80.0	_____
10"	_____	_____	x 115.0	_____
Total Water	_____	_____	_____	_____
Total Wastewater	_____	_____	x 1.0	_____

See accompanying auditor's report.

***Brazoria Drainage District No. 4
TSI-2 General Fund Expenditures
For the Year Ended September 30, 2018***

Personnel (including benefits)*	<u>\$ 6,757,630</u>
Professional fees	
Legal	7,973
Audit	25,650
Engineering	<u>353,134</u>
	<u>386,757</u>
Contracted services	
Appraisal district	111,581
Tax collector	20,532
County clerk	<u>2,832</u>
	<u>134,945</u>
Repairs and maintenance	<u>857,749</u>
Utilities	<u>63,462</u>
Administrative	
Printing and office supplies	120,285
Insurance	190,307
Other	<u>335,244</u>
	<u>645,836</u>
Other	<u>17,715</u>
Capital outlay	
Flood control	3,227,807
Capital improvements	<u>1,472,092</u>
	<u>4,699,899</u>
Total expenditures	<u><u>\$ 13,563,993</u></u>

*Number of persons employed by the District: 65 Full time

See accompanying auditors' report.

Brazoria Drainage District No. 4
TSI-3. Investments
September 30, 2018

Fund	Interest Rate	Maturity Date	Balance at End of Year	Interest Receivable
General				
Certificate of deposit	2.09%	10/11/2018	\$ 500,000	\$ 2,290
Certificate of deposit	2.09%	10/11/2018	500,000	2,290
Certificate of deposit	2.12%	10/17/2018	500,000	2,120
Certificate of deposit	2.12%	10/17/2018	500,000	2,120
Certificate of deposit	2.12%	10/17/2018	500,000	2,120
Certificate of deposit	2.18%	10/31/2018	500,000	1,762
Certificate of deposit	2.06%	10/2/2018	500,000	1,637
Certificate of deposit	2.06%	10/2/2018	500,000	1,637
Certificate of deposit	2.06%	10/2/2018	500,000	1,637
Certificate of deposit	2.06%	10/2/2018	500,000	1,637
Certificate of deposit	2.06%	10/2/2018	500,000	1,637
Certificate of deposit	2.06%	10/2/2018	500,000	1,637
Certificate of deposit	2.06%	10/2/2018	500,000	1,637
Certificate of deposit	2.06%	10/2/2018	500,000	1,637
Certificate of deposit	2.06%	10/2/2018	500,000	1,637
Certificate of deposit	2.19%	11/15/2018	500,000	1,350
Certificate of deposit	2.19%	11/15/2018	500,000	1,350
Certificate of deposit	2.21%	11/23/2018	500,000	1,029
Certificate of deposit	2.21%	11/23/2018	500,000	1,029
Certificate of deposit	2.21%	11/23/2018	500,000	1,029
Certificate of deposit	2.21%	11/23/2018	500,000	1,029
Certificate of deposit	2.21%	11/23/2018	500,000	1,029
Certificate of deposit	2.20%	11/5/2018	500,000	784
Certificate of deposit	2.20%	11/5/2018	500,000	784
Certificate of deposit	2.27%	12/13/2018	500,000	529
Certificate of deposit	2.27%	12/13/2018	500,000	529
Certificate of deposit	2.26%	12/5/2018	500,000	743
Certificate of deposit	2.26%	12/5/2018	500,000	743
Certificate of deposit	2.26%	12/5/2018	500,000	743
Certificate of deposit	2.26%	12/5/2018	500,000	743
Certificate of deposit	2.26%	12/5/2018	500,000	743
Certificate of deposit	2.22%	11/19/2018	500,000	335
Certificate of deposit	2.22%	11/19/2018	500,000	335
Certificate of deposit	2.29%	12/20/2018	500,000	188
Certificate of deposit	2.29%	12/20/2018	500,000	188
Total			<u>\$ 18,000,000</u>	<u>\$ 44,304</u>

See accompanying auditors' report.

Brazoria Drainage District No. 4
TSI-4. Taxes Levied and Receivable
September 30, 2018

	Maintenance Taxes			
Taxes Receivable, Beginning of Year				\$ 274,483
Adjustments				36,055
Adjusted Receivable				<u>310,538</u>
2017 Original Tax Levy				15,610,923
Adjustments				850,734
Adjusted Tax Levy				<u>16,461,657</u>
Rendition Penalties				<u>3,779</u>
Total to be accounted for				<u>16,775,974</u>
Tax Collections:				
Current year				16,354,075
Prior years				104,931
Total Collections				<u>16,459,006</u>
Taxes Receivable, End of Year				<u>\$ 316,968</u>
Taxes Receivable, By Years				
2017				\$ 111,361
2016				54,742
2015				29,088
2014 and prior				121,777
Taxes Receivable, End of Year				<u>\$ 316,968</u>
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Property Valuations:				
Land	\$ 2,869,031,283	\$ 2,724,477,223	\$ 2,366,912,543	\$ 2,290,687,418
Improvements	11,015,502,464	10,114,339,883	8,700,505,491	7,728,393,036
Personal Property	1,026,083,602	1,055,684,765	1,135,644,358	1,238,109,691
Exemptions	(3,635,510,156)	(3,537,798,956)	(2,968,843,966)	(2,705,728,576)
Total Property Valuations	<u>\$ 11,275,107,193</u>	<u>\$ 10,356,702,915</u>	<u>\$ 9,234,218,426</u>	<u>\$ 8,551,461,569</u>
Tax Rates per \$100 Valuation:				
Maintenance tax rates	<u>\$ 0.146</u>	<u>\$ 0.146</u>	<u>\$ 0.1555</u>	<u>\$ 0.1560</u>
Adjusted Tax Levy	<u>\$ 16,461,657</u>	<u>\$ 15,120,786</u>	<u>\$ 14,359,210</u>	<u>\$ 13,340,280</u>
Percentage of Taxes Collected to Taxes Levied **	<u>99.32%</u>	<u>99.64%</u>	<u>99.80%</u>	<u>99.82%</u>

** Calculated as taxes collected for a tax year divided by taxes levied for that tax year.

See accompanying auditors' report.

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Brazoria Drainage District No. 4
TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund
For the Last Five Fiscal Years

	Amounts				
	2018	2017	2016	2015	2014
Revenues					
Property taxes	\$ 16,459,006	\$ 15,091,970	\$ 14,410,005	\$ 13,356,022	\$ 12,404,437
Penalties and interest	83,865	88,179	85,927	92,855	86,445
Miscellaneous	174,045	171,070	66,760	102,835	146,897
Investment earnings	298,116	120,749	64,161	29,890	28,724
Total Revenues	17,015,032	15,471,968	14,626,853	13,581,602	12,666,503
Expenditures					
Operating and administrative					
Personnel	6,757,630	6,214,779	5,788,477	5,244,800	4,851,858
Professional fees	386,757	322,447	223,253	317,313	418,875
Contracted services	134,945	126,573	126,212	116,463	110,913
Repairs and maintenance	857,749	854,939	722,939	825,761	1,241,058
Utilities	63,462	54,056	57,582	59,512	53,748
Administrative	645,836	524,283	487,523	496,089	571,205
Other	17,715	1,413	10,010		
Capital outlay	4,699,899	6,336,551	3,590,173	6,195,745	2,390,194
Total Expenditures	13,563,993	14,435,041	11,006,169	13,255,683	9,637,851
Revenues Over Expenditures	\$ 3,451,039	\$ 1,036,927	\$ 3,620,684	\$ 325,919	\$ 3,028,652

*Percentage is negligible

See accompanying auditors' report.

Percent of Fund Total Revenues

2018	2017	2016	2015	2014
97%	97%	99%	98%	98%
*	1%	1%	1%	1%
1%	1%	*	1%	1%
2%	1%	*	*	*
100%	100%	100%	100%	100%
40%	40%	40%	39%	38%
2%	2%	2%	2%	3%
1%	1%	1%	1%	1%
5%	6%	5%	6%	10%
*	*	*	*	*
4%	3%	3%	4%	5%
*	*	*		
28%	41%	25%	46%	19%
80%	93%	76%	98%	76%
20%	7%	24%	2%	24%

***Brazoria Drainage District No. 4
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended September 30, 2018***

Complete District Mailing Address: 4813 W. Broadway, Pearland, Texas 77581
 District Business Telephone Number: (281) 485-1434
 Submission Date of the most recent District Registration Form
 (TWC Sections 36.054 and 49.054): January 14, 2011
 Limit on Fees of Office that a Commissioner may receive during a fiscal year: N/A
 (Set by Board Resolution -- TWC Section 49.0600)

<u>Names:</u>	<u>Term of Office (Elected or Appointed) or Date Hired</u>	<u>Fees of Office Paid *</u>	<u>Expense Reimburse- ments</u>	<u>Title at Year End</u>
Board Members				
Jeffrey H. Brennan	12/16 - 12/20	\$ 14,600	\$ -	Chairman
Dan Keller	12/16 - 12/20	14,600		Secretary
Edward H. Rogers	12/18 - 12/22	14,600		Member
Key Administrative Personnel:				
Michael Yost	1979	189,836		Superintendent/ Investment Officer
Consultants				
Brazoria County Appraisal District	Legislative Action	<u>Amounts Paid</u> \$ 111,581		Property Value Appraisal
Ro'vin Garrett County Tax Assessor and Collector	1910	20,532		Tax Assessor/ Collector
Smith, Murdaugh, Little & Bonham, L.L.P.	2002	7,973		Attorney
McGrath & Co., PLLC	Annual	22,500		Auditor
Perdue Brandon Fielder Collins and Mott, LLP	1999			Delinquent Tax Attorney

* *Fees of Office* are the amounts actually paid to a commissioner during the District's fiscal year.
 See accompanying auditors' report.