

Brazoria Drainage District No. 4
Information required by Section 26.18, Texas Tax Code

Date: 10/01/2025

- 1) Name of each member of the governing body:

Jeffrey Brennan

Scott Feules

Adrian Hernandez

- 2) Mailing address, e-mail address, and telephone number:

4813 W. Broadway, Pearland, TX 77581

info@bdd4.org

(281) 485-1434

- 3) Official contact information for each member of the governing body:

Same as item (2) above.

- 4) District's budget for the preceding two years:

See attached.

- 5) Proposed budget for the current year:

See attached.

- 6) Change in amount of District budget from the preceding year to current year, by dollar amount and percentage:

FY 2025: \$43,813,310 - FY 2026: \$33,534,210 = -\$10,279,100 (-23.46%)

- 7) Amount of property tax revenue budgeted for maintenance and operations for the preceding two years and the current year:

See attached budgets.

- 8) Amount of property tax revenue budgeted for debt service for the preceding two years and the current year:

The District does not budget for debt service.

- 9) Tax rate for maintenance and operations adopted by the taxing unit for the preceding two years:

<u>2024</u>	<u>\$0.113276 / \$100</u>
<u>2023</u>	<u>\$0.114786 / \$100</u>

- 10) The tax rate for debt service adopted by the taxing unit for the preceding two years:

<u>2024</u>	<u>\$0.00</u>
<u>2023</u>	<u>\$0.00</u>

- 11) This information required by section 26.18 is applicable only to school districts.

- 12) Tax rate information for maintenance and operations proposed by the taxing unit for the current year:

\$0.113276 per \$100 of value

- 13) Tax rate for debt service proposed by the taxing unit for the current year:

- 14) This information required by section 26.18 is applicable only to school districts.

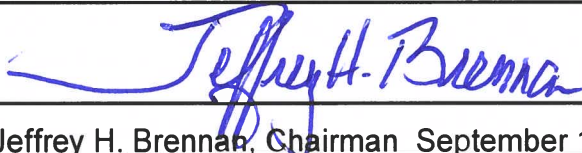
- 15) The most recent financial audit of the District:

See attached.

Brazoria Drainage District No.4
Fiscal Year 2024 Revenue
October 1, 2023 - September 30, 2024

	<u>Budget Amt</u>
Tax Revenue	\$21,965,447
Delinquent Tax Revenue	\$136,000
Penalty & Interest Revenue	\$95,000
Interest Revenue - CD's	\$300,000
Plat/Plan Review & Permitting	\$100,000
Checking Account Interest	\$5,000
Equipment Sales	\$275,000
Flood Control Funds Carried over from FY 2023	\$5,881,159
Other Revenue	\$5,000
Total	<u><u>\$28,762,606</u></u>

Adopted Budget for 2023-2024 0.114786 / \$100 - Tax Rate for Year 2023



Jeffrey H. Brennan, Chairman September 12, 2023

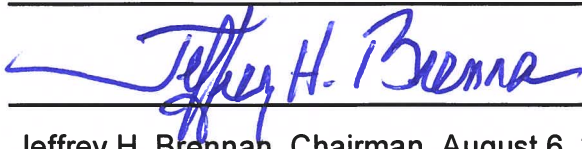
Brazoria Drainage District No.4
Fiscal Year 2024 Expenses
October 1, 2023 - September 30, 2024

***Amended - 04/02/2024**

****Amended - 08/06/2024**

	<u>Budget Amt</u>
Labor - Gross	\$5,850,000
Employee Benefit	\$3,413,000
Liability/WC Insurance	\$320,000
Accounting	\$30,000
HR	\$15,000
Engineering (Outsourced Reviews)	\$20,000
Legal	\$90,000
Capital Equipment M/R	\$420,000
Fuel & Oil	\$700,000
Shop & Safety	\$285,000
Office Expenses	\$130,000
Utilities	\$95,000
Audit Expense	\$37,000
County Services	\$270,000
Equipment Replacement**	\$2,247,000
Capital Improvement	\$50,000
Flood Control**	\$14,790,606
Land Acquisition*	\$2,047,524
Total	\$30,810,130

Adopted Budget for 2023-2024 0.114786 / \$100 - Tax Rate for Year 2023



Jeffrey H. Brennan, Chairman August 6, 2024

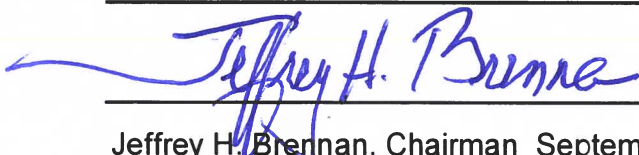
Brazoria Drainage District No.4
Fiscal Year 2025 Expenses
October 1, 2024 - September 30, 2025

***Amended: May 6, 2025**

****Amended: August 5, 2025**

	<u>Budget Amt</u>
Labor - Gross	\$6,400,000
Employee Benefit	\$2,708,000
Liability/WC Insurance	\$370,000
Accounting	\$22,000
HR	\$5,000
Engineering (Outsourced Reviews)	\$19,913
Legal	\$120,000
Capital Equipment M/R	\$400,000
Fuel & Oil	\$630,000
Shop & Safety	\$250,000
Office Expenses	\$135,000
Utilities	\$90,000
Audit Expense	\$70,000
County Services	\$270,000
Equipment Replacement	\$1,220,000
Capital Improvement	\$70,000
Flood Control	\$17,535,873
**Land Acquisition	\$13,497,524
Total	\$43,813,310

Adopted Budget for 2024-2025 0.113276 / \$100 - Tax Rate for Year 2024

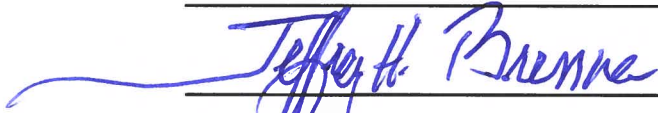


Jeffrey H. Brennan, Chairman September 10, 2024 (amended 05/06/2025 & 08/05/2025)

Brazoria Drainage District No.4
Fiscal Year 2025 Revenue
October 1, 2024 - September 30, 2025
***Amended May 6, 2025**
****Amended August 5, 2025**

	<u>Budget Amt</u>
Tax Revenue	\$23,116,824
Delinquent Tax Revenue	\$140,000
Penalty & Interest Revenue	\$95,000
Interest Revenue - CD's	\$700,000
Plat/Plan Review & Permitting	\$110,000
Checking Account Interest	\$5,000
Equipment Sales	\$340,000
FY 2024 Flood Control & Land Acquisition Funds Carried Over	\$6,092,624
Other Revenue	\$25,000
**Reserves	\$13,188,862
Total	\$43,813,310

Adopted Budget for 2024-2025 0.113276 / \$100 - Tax Rate for Year 2024

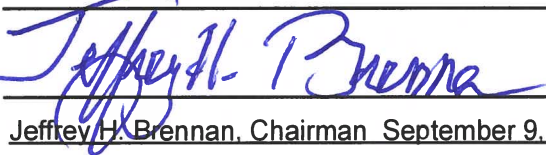


Jeffrey H. Brennan, Chairman September 10, 2024 (amended 05/06/2025 & 08/05/2025)

Brazoria Drainage District No.4
Fiscal Year 2026 Revenue
October 1, 2025 - September 30, 2026

	<u>Budget Amt</u>
Tax Revenue	\$23,514,595
Penalty & Interest Revenue	\$125,000
Interest Revenue - CD's	\$600,000
Plat/Plan Review & Permitting	\$134,000
Checking Account Interest	\$1,500
Equipment Sales	\$243,000
Preallocated Funds for Ongoing Projects	\$8,891,115
Other Revenue	\$25,000
Reserves	\$0
Total	\$33,534,210

Adopted Budget for 2025-2026 \$0.113276 / \$100 - Tax Rate for Year 2025

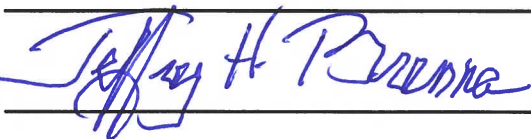


Jeffrey H. Brennan, Chairman September 9, 2025

Brazoria Drainage District No.4
Fiscal Year 2026 Expenses
October 1, 2025 - September 30, 2026

	<u>Budget Amt</u>
Labor - Gross	\$6,850,000
Employee Benefit	\$2,870,480
Liability/WC Insurance	\$400,000
Accounting	\$30,000
HR	\$5,000
Engineering (Outsourced Reviews)	\$20,000
Legal	\$100,000
Capital Equipment M/R	\$500,000
Fuel & Oil	\$400,000
Shop & Safety	\$250,000
Office & IT Expenses	\$160,000
Utilities	\$90,000
Audit Expense	\$60,000
County Services	\$220,000
Equipment Replacement	\$1,256,000
Capital Improvement	\$0
Flood Control	\$20,322,730
Land Acquisition	\$0
Total	\$33,534,210

Adopted Budget for 2025-2026 \$0.113276 / \$100 - Tax Rate for Year 2025



Jeffrey H. Brennan, Chairman September 9, 2025

BRAZORIA DRAINAGE DISTRICT NO. 4

BRAZORIA COUNTY, TEXAS

FINANCIAL REPORT

September 30, 2024

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McGRATH & CO., PLLC

Certified Public Accountants

2900 North Loop West, Suite 880

Houston, Texas 77092

Independent Auditor's Report

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

Opinions

We have audited the accompanying financial statements of the governmental activities and General Fund of Brazoria Drainage District No. 4 (the "District"), as of and for the year ended September 30, 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 General Fund of Brazoria Drainage District No. 4, as of September 30, 2024, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

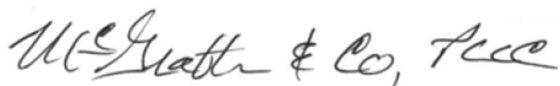
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB plans to be presented to supplement the basic financial statements. Such information is the responsibility 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

***Board of Directors
Brazoria Drainage District No. 4
Brazoria County, Texas***

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 schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Texas Supplementary Information schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.



Houston, Texas
March 5, 2025

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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, 2024***

Using this Annual Report

This section of the financial report of Brazoria Drainage District No. 4 (the "District") provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended September 30, 2024. This analysis should be read in conjunction with the independent auditor's 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, pension plan, and OPEB plan; 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 Funds Balance Sheet* and the *Statement of Activities and Governmental Funds 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 accrual basis of accounting. 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. The restricted component of net position consists of financial resources that are restricted for a specific 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.

***Brazoria Drainage District No. 4
Management's Discussion and Analysis
September 30, 2024***

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. 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, 2024, was \$96,093,644. A comparative summary of the District's overall financial position, as of September 30, 2024 and 2023, is as follows:

	2024	2023
Current and other assets	\$ 25,439,904	\$ 22,456,008
Net pension asset	2,615,673	928,660
Capital assets	83,770,756	77,217,192
Total assets	<u>111,826,333</u>	<u>100,601,860</u>
Total deferred outflows of resources	<u>2,255,634</u>	<u>2,905,541</u>
Current liabilities	1,268,849	1,224,854
Long-term liabilities		
OPEB liability	13,017,387	13,606,247
Other long-term liabilities	1,729,400	1,500,999
Total liabilities	<u>16,015,636</u>	<u>16,332,100</u>
Total deferred inflows of resources	<u>1,972,687</u>	<u>28,939</u>
Net position		
Investment in capital assets	83,770,756	77,217,192
Restricted for pension obligations	2,615,673	928,660
Unrestricted	9,707,215	9,000,510
Total net position	<u>\$ 96,093,644</u>	<u>\$ 87,146,362</u>

Brazoria Drainage District No. 4
Management's Discussion and Analysis
September 30, 2024

The total net position of the District increased during the current fiscal year by \$8,947,282. A comparative summary of the District's *Statement of Activities* for the past two years is as follows:

	2024	2023
Revenues		
Property taxes, penalties and interest	\$ 21,515,829	\$ 21,925,879
Intergovernmental contributions		2,702,168
Other	1,326,088	1,060,211
Total revenues	<u>22,841,917</u>	<u>25,688,258</u>
Expenses		
Operating and administrative	11,513,299	6,461,870
Flood control	1,121,222	1,001,355
Depreciation	1,419,526	1,388,007
Total expenses	<u>14,054,047</u>	<u>8,851,232</u>
Change in net position before other items	8,787,870	16,837,026
Other items		
Gain from disposition of capital assets	<u>159,412</u>	<u>268,478</u>
Change in net position	8,947,282	17,105,504
Net position, beginning of year	87,146,362	70,040,858
Net position, end of year	<u>\$ 96,093,644</u>	<u>\$ 87,146,362</u>

Financial Analysis of the District's Funds

General Fund

A comparative summary of the General Fund's financial position as of September 30, 2024 and 2023, is as follows:

	2024	2023
Total assets	<u>\$ 25,439,904</u>	<u>\$ 22,456,008</u>
Total liabilities	\$ 888,887	\$ 865,756
Total deferred inflows	797,226	573,402
Total fund balance	23,753,791	21,016,850
Total liabilities, deferred inflows and fund balance	<u>\$ 25,439,904</u>	<u>\$ 22,456,008</u>

***Brazoria Drainage District No. 4
Management's Discussion and Analysis
September 30, 2024***

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

	2024	2023
Total revenues	\$ 22,618,093	\$ 26,424,947
Total expenditures	(20,040,564)	(28,346,912)
Revenues over/(under) expenditures	2,577,529	(1,921,965)
Other changes in fund balance	159,412	441,744
Net change in fund balance	\$ 2,736,941	\$ (1,480,221)

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. While assessed values in the District increased from the prior year, property tax revenues decreased because the District decreased the maintenance component of the levy.

General Fund Budgetary Highlights

The Board of Directors adopts an annual unappropriated budget for the General Fund prior to the beginning of each fiscal year. The Board amended the budget during the year to reflect changes in anticipated expenditures.

Since the District's budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was \$10,665,624 greater than budgeted. The *Budgetary Comparison Schedule* on page 43 of this report provides variance information per financial statement line item.

***Brazoria Drainage District No. 4
Management's Discussion and Analysis
September 30, 2024***

Capital Assets

Capital assets held by the District at September 30, 2024 and 2023, are summarized as follows:

	2024	2023
Capital assets not being depreciated		
Land, improvements and easements	\$ 40,181,602	\$ 33,583,440
Flood control facilities	30,950,323	30,950,323
Construction in progress	4,467,150	5,253,170
	<u>75,599,075</u>	<u>69,786,933</u>
Capital assets being depreciated		
Buildings and improvements	4,974,558	4,924,788
Equipment	14,986,967	13,850,901
	<u>19,961,525</u>	<u>18,775,689</u>
Less accumulated depreciation		
Buildings and improvements	(3,389,879)	(3,182,473)
Equipment	(8,399,965)	(8,162,957)
	<u>(11,789,844)</u>	<u>(11,345,430)</u>
Depreciable capital assets, net	<u>8,171,681</u>	<u>7,430,259</u>
Capital assets, net	<u>\$ 83,770,756</u>	<u>\$ 77,217,192</u>

Capital asset additions during the current fiscal year consist of land and right-of-way acquisitions, building improvement additions, and heavy equipment purchases. The District's construction in progress is for the construction of various flood control facilities.

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:

	2024 Actual	2025 Budget
Total revenues	\$ 22,618,093	\$ 24,191,824
Total expenditures	(20,040,564)	(32,363,310)
Revenues over/(under) expenditures	2,577,529	(8,171,486)
Other changes in fund balance	159,412	340,000
Net change in fund balance	2,736,941	(7,831,486)
Beginning fund balance	21,016,850	23,753,791
Ending fund balance	<u>\$ 23,753,791</u>	<u>\$ 15,922,305</u>

***Brazoria Drainage District No. 4
Management's Discussion and Analysis
September 30, 2024***

Property Taxes

The District's property tax base increased approximately \$1,472,746,000 for the 2024 tax year from \$18,785,682,326 to \$20,258,428,142. This increase was primarily due to new construction in the District and increased property values. For the 2024 tax year, the District has levied a maintenance tax rate of \$0.113276 per \$100 of assessed value. Tax rates for the 2023 tax year were \$0.114786 per \$100 of assessed value for maintenance and operations.

Basic Financial Statements

Brazoria Drainage District No. 4
Statement of Net Position and Governmental Fund Balance Sheet
September 30, 2024

	General Fund	Adjustments	Statement of Net Position
Assets			
Cash	\$ 2,183,425	\$ -	\$ 2,183,425
Restricted cash	174,355		174,355
Investments	22,000,000		22,000,000
Taxes receivable	551,568		551,568
Accrued interest receivable	523,678		523,678
Other receivable	6,878		6,878
Net pension asset		2,615,673	2,615,673
Capital assets, not being depreciated		75,599,075	75,599,075
Capital assets, net		8,171,681	8,171,681
Total Assets	<u>\$ 25,439,904</u>	<u>86,386,429</u>	<u>111,826,333</u>
Deferred Outflows of Resources			
Contributions subsequent to measurement date for pension plan		677,205	677,205
Changes in actuarial assumptions to determine pension liability		696,302	696,302
Difference in expected and actual pension experience		215,294	215,294
Difference in projected and actual earnings on pension plan assets		154,126	154,126
Changes in actuarial assumptions to determine OPEB liability		512,707	512,707
Total Deferred Outflows of Resources		<u>2,255,634</u>	<u>2,255,634</u>
Liabilities			
Accounts payable	\$ 505,430		505,430
Salaries payables	261,150		261,150
Other payables	122,307		122,307
Long term obligations due within one year			
Compensated absence payable		379,962	379,962
Long term obligations due after one year			
Compensated absence payable		1,729,400	1,729,400
Total OPEB liability - retiree medical plan		12,884,829	12,884,829
Total OPEB liability - retiree group term life insurance		132,558	132,558
Total Liabilities	<u>888,887</u>	<u>15,126,749</u>	<u>16,015,636</u>
Deferred Inflows of Resources			
Deferred property taxes	551,568	(551,568)	
Deferred investment earnings	245,658	(245,658)	
Changes in actuarial assumptions to determine pension liability		5,967	5,967
Difference in expected and actual pension experience		86,715	86,715
Difference in expected and actual OPEB experience		1,880,005	1,880,005
Total Deferred Inflows of Resources	<u>797,226</u>	<u>1,175,461</u>	<u>1,972,687</u>
Fund Balance/Net Position			
Fund Balance			
Committed	174,355	(174,355)	
Unassigned	23,579,436	(23,579,436)	
Total Fund Balance	<u>23,753,791</u>	<u>(23,753,791)</u>	
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 25,439,904</u>		
Net Position			
Investment in capital assets		83,770,756	83,770,756
Restricted for pension obligations		2,615,673	2,615,673
Unrestricted		9,707,215	9,707,215
Total Net Position		<u>\$ 96,093,644</u>	<u>\$ 96,093,644</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, 2024**

	General Fund	Adjustments	Statement of Activities
Revenues			
Property taxes	\$ 21,372,552	\$ 34,958	\$ 21,407,510
Penalties and interest	108,319		108,319
Miscellaneous	175,058		175,058
Investment earnings	962,164	188,866	1,151,030
Total Revenues	<u>22,618,093</u>	<u>223,824</u>	<u>22,841,917</u>
Expenditures/Expenses			
Operating and administrative			
Personnel	8,750,376	567,047	9,317,423
Professional fees	141,893		141,893
Contracted services	261,480		261,480
Repairs and maintenance	983,409		983,409
Utilities	75,434		75,434
Administrative	733,590		733,590
Other	70		70
Capital outlay			
Flood control	6,623,139	(5,501,917)	1,121,222
Capital improvements	2,471,173	(2,471,173)	
Depreciation		1,419,526	1,419,526
Total Expenditures/Expenses	<u>20,040,564</u>	<u>(5,986,517)</u>	<u>14,054,047</u>
Revenues Over Expenditures/Expenses	2,577,529	6,210,341	8,787,870
Other Financing Sources			
Proceeds from sale of capital assets	159,412	(159,412)	
Other Items			
Gain from disposition of capital assets		159,412	159,412
Net Change in Fund Balance	2,736,941	(2,736,941)	
Change in Net Position		8,947,282	8,947,282
Fund Balance/Net Position			
Beginning of the year	<u>21,016,850</u>	<u>66,129,512</u>	<u>87,146,362</u>
End of the year	<u>\$ 23,753,791</u>	<u>\$ 72,339,853</u>	<u>\$ 96,093,644</u>

See notes to basic financial statements.

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Brazoria Drainage District No. 4
Notes to Financial Statements
September 30, 2024

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 (“GASB”). 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.

Reporting Entity

The District is a political subdivision of the State of Texas governed by an elected three-member board. The GASB has established the criteria for determining the reporting entity for financial statement reporting purposes. To qualify as a primary government, a government must have a separately elected governing body, be legally separate, and be fiscally independent of other state and local governments, while a component unit is a legally separate government for which the elected officials of a primary government are financially accountable. 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*.

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 revenue source 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.

Note 1 – Summary of Significant Accounting Policies (continued)

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. Receivables not collected within sixty days of fiscal year end are not considered available and are reported as deferred inflows. 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, 2024, an allowance for uncollectible accounts was not considered necessary.

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 that exceeds the capitalization threshold for the asset class and has an estimated useful life in excess of one year. The District defines capital assets as assets with an initial cost that exceeds the capitalization threshold for the asset class and an estimated useful life in excess of one year. Capital assets that individually are below the capitalization threshold but, in the aggregate, are above the threshold are capitalized. Subsequent replacements of these assets that do not exceed the threshold are not capitalized.

Brazoria Drainage District No. 4
Notes to Financial Statements
September 30, 2024

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Assets (continued)

The district uses the following capitalization thresholds:

Assets Type	Amount
Detention basins (improvements to land)	\$100,000
Flood control facilities	\$500,000
All other	\$5,000

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:

Assets	Useful Life
Buildings and improvements	5-30 years
Equipment and vehicles	3-15 years

Detention ponds and flood control facilities have an inexhaustible useful life and are non-depreciable.

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.

At the fund level, revenues that do not meet the availability criteria required for revenue recognition are recorded as deferred inflows of financial resources.

Deferred outflows and inflows of financial resources at the government-wide level are related to the pension and OPEB plans provided to employees (See Notes 8 and 9).

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.

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Balances – Governmental Funds

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

Unrestricted – resources not included in the other components.

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 a nonspendable fund balance.

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 a restricted fund balance.

Committed - amounts that can be used only for specific purposes determined by a formal action of the Board of Directors. 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 balance and does not have an assigned fund balance.

Unassigned - all other spendable amounts.

When an expenditure is incurred for which committed, assigned, or unassigned fund balance 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. On 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.

Pension

For purposes of measuring the net pension asset/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 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 are 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 collectability 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 Financial Statements
September 30, 2024

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	\$ 23,753,791
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the General Fund.

Historical cost	\$ 95,560,600	
Less accumulated depreciation	(11,789,844)	
		83,770,756
Change due to capital assets		

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 fund. The government-wide statements include the following components of the District's pension and OPEB obligations:

Deferred outflows of resources for pension plan	1,742,927	
Deferred outflows of resources for OPEB plans	512,707	
Net pension asset	2,615,673	
Total OPEB liability	(13,017,387)	
Deferred inflows of resources for pension plan	(92,682)	
Deferred inflows of resources for OPEB plans	(1,880,005)	
		(10,118,767)

Liabilities for compensated absences are not due and payable in the current period and, therefore, are not reported as liabilities in the General Fund.	(2,109,362)
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Receivables for revenues that are not collected within 60 days of fiscal year end are not considered available to finance current period expenditures and are deferred in the General Fund.

Property taxes and penalties and interest	551,568	
Investment earnings	245,658	
		797,226

Total net position - governmental activities	\$ 96,093,644
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Brazoria Drainage District No. 4
Notes to Financial Statements
September 30, 2024

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	\$ 2,736,941
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Governmental funds do not report revenues that are not available to pay current obligations. In contrast, such revenues are reported in the *Statement of Activities* when earned.

Property taxes and related penalties and interest	\$ 34,958	
Investment earnings	188,866	
		223,824

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 fund. They are, however, recorded as liabilities, deferred outflows and deferred inflows and offset against personnel cost in the government-wide statements. (567,047)

Governmental funds report capital outlays as expenditures. However, in the *Statement of Activities*, the cost of the assets are allocated over their estimated lives as depreciation expense.

Capital outlays	7,973,090	
Depreciation expense	(1,419,526)	
		6,553,564

The disposition of capital assets is treated differently between the General Fund and government-wide statements. In the General Fund, proceeds from the sale of assets and settlement proceeds provide financial resources; however, in the government-wide statements, the difference between these resources and net book value is recorded as a gain or loss.

Proceeds from sale of capital assets	(159,412)
Gain from sale of capital assets	159,412

Change in net position of governmental activities	\$ 8,947,282
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Note 3 – Implementation of New Accounting Guidance

During the current fiscal year, the District implemented GASB Implementation Guide (“GASBIG”) 2021-1, Question 5.1, which requires the capitalization of the acquisition of a group of individual capital assets whose individual acquisition costs are less than the capitalization threshold when the cost of the acquisition of the assets in the aggregate is significant. This new guidance had no effect on the District’s financial statements during the current fiscal year.

Note 4 – 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.

Restricted Cash

Restricted cash consist 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.

Brazoria Drainage District No. 4
Notes to Financial Statements
September 30, 2024

Note 4 – Deposits and Investments (continued)

Investments (continued)

As of September 30, 2024, the District's investments consist of certificate of deposits held with its depository bank in the amount of \$22,000,000. These investments are stated at cost, which approximates fair value.

Note 5 – Capital Assets

A summary of changes in capital assets, for the year ended September 30, 2024, is as follows:

	Beginning Balances	Additions	Retirements	Ending Balances
Capital assets not being depreciated				
Land, improvements and easements	\$ 33,583,440	\$ 6,598,162	\$ -	\$ 40,181,602
Flood control facilities	30,950,323			30,950,323
Construction in progress	5,253,170	4,419,442	(5,205,462)	4,467,150
	<u>69,786,933</u>	<u>11,017,604</u>	<u>(5,205,462)</u>	<u>75,599,075</u>
Capital assets being depreciated				
Buildings and improvements	4,924,788	49,770		4,974,558
Equipment	13,850,901	2,111,178	(975,112)	14,986,967
	<u>18,775,689</u>	<u>2,160,948</u>	<u>(975,112)</u>	<u>19,961,525</u>
Less accumulated depreciation				
Buildings and improvements	(3,182,473)	(207,406)		(3,389,879)
Equipment	(8,162,957)	(1,212,120)	975,112	(8,399,965)
	<u>(11,345,430)</u>	<u>(1,419,526)</u>	<u>975,112</u>	<u>(11,789,844)</u>
Subtotal depreciable capital assets, net	<u>7,430,259</u>	<u>741,422</u>	<u>-</u>	<u>8,171,681</u>
Capital assets, net	<u>\$ 77,217,192</u>	<u>\$ 11,759,026</u>	<u>\$ (5,205,462)</u>	<u>\$ 83,770,756</u>

Depreciation expense for the current fiscal year was \$1,419,526.

Note 6 – Compensated Absences

As of September 30, 2024, a liability has been recorded for earned but unused vacation and sick leave in the *Statement of Net Position* in the amount of \$2,109,362. A summary of the change in compensated absences for the year ended September 30, 2024, is as follows:

Balance, beginning of year	\$ 1,860,097
Current year change	<u>249,265</u>
Balance, end of year	<u>\$ 2,109,362</u>
Due within one year	<u>\$ 379,962</u>

Brazoria Drainage District No. 4
Notes to Financial Statements
September 30, 2024

Note 7 – 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.

Property taxes are collected based on rates adopted in the year of the levy. The District's 2024 fiscal year was financed through the 2023 tax levy, pursuant to which the District levied a property tax of \$0.114786 per \$100 of assessed value, all of which was allocated to maintenance and operations. The resulting tax levy was \$21,563,333 on the adjusted taxable value of \$18,785,682,326.

Total property taxes receivable, at September 30, 2024, consisted of the following:

Current year taxes receivable	\$ 161,959
Prior years taxes receivable	231,791
	393,750
Penalty and interest receivable	157,818
Total property taxes receivable	\$ 551,568

Note 8 – 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 over 800 nontraditional defined benefit pension plans. TCDRS, in the aggregate, issues an annual comprehensive financial report ("ACFR") on a calendar year basis. The ACFR 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.

Brazoria Drainage District No. 4
Notes to Financial Statements
September 30, 2024

Note 8 – Pension Plan (continued)

General Information (continued)

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 not considered substantively automatic.

Employees Covered

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	34
Inactive employees entitled to but not yet receiving benefits	28
Active employees	71
Total	<u><u>133</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 11.44% for the 2023 calendar year and the 11.14% rate for the 2024 calendar year. The contribution rate payable by the employee members, for calendar years 2023 and 2024, is the rate of 7%, as adopted by the District's Board. During the current fiscal year ended September 30, 2024, the District contributed \$816,054, which consisted of required contributions of \$566,054 and an optional contribution of \$250,000.

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 Financial Statements
September 30, 2024

Note 8 – Pension Plan (continued)

Pension Income

For the measurement year ended December 31, 2023, the District reported pension income of \$355,404, which is comprised of the following:

Service cost	\$	854,773
Interest on total pension liability ⁽¹⁾		2,082,770
Administrative expenses		16,410
Member contributions		(364,866)
Expected investment return net of investment expenses		(2,142,330)
Recognition of deferred inflows/outflows of resources		
Recognition of economic/demographic gains or losses		86,836
Recognition of assumption changes or inputs		338,868
Recognition of investment gains or losses		(491,239)
Other ⁽²⁾		(25,818)
Pension expense/(income)	\$	<u>355,404</u>

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

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

Deferred Outflows of Resources and Deferred Inflows of Resources

At September 30, 2024, 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	\$ 86,715	\$ 215,294
Changes in assumptions	5,967	696,302
Net difference in projected and actual earnings		154,126
Contributions made subsequent to measurement date		677,205

Brazoria Drainage District No. 4
Notes to Financial Statements
September 30, 2024

Note 8 – Pension Plan (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

Deferred outflows of resources resulting from contributions subsequent to the measurement date in the amount of \$677,205 will be recognized as pension expense in the year ending September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2024	\$ 222,387
2025	334,239
2026	629,627
2027	(197,567)
2028	(15,645)
Thereafter	-

Net Pension Liability/(Asset) and Actuarial Assumptions

The District's net pension liability/(asset) is measured as the total pension liability less the pension plan's fiduciary net position. The net pension liability/(asset) was measured as of December 31, 2023, using an actuarial valuation as of that date.

The demographic assumptions were developed from an actuarial experience investigations of TCDRS over the years 2017-2020. All economic assumptions were recommended by Milliman, the actuary, and adopted by the TCDRS Board of Trustees in 2021. These assumptions, except where required to be different by GASB 68, are used to determine the total pension liability as of December 31, 2023. The assumptions are reviewed annually for continued compliance with the relevant actuarial standards of practice.

A summary of principal assumptions and methods used to determine the net pension liability/(asset) is shown below.

Valuation date	December 31, 2023
Measurement date	December 31, 2023
Actuarial cost method	Entry Age Normal
Discount rate	7.60%
Inflation	2.50%
Overall payroll growth	2.50%
Long-term investment rate of return	7.50%

Brazoria Drainage District No. 4
Notes to Financial Statements
September 30, 2024

Note 8 – Pension Plan (continued)

Net Pension Liability/(Asset) and Actuarial Assumptions (continued)

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

Mortality rates for depositing members were based on the gender-distinct Pub-2010 General Employee Amount-Weighted Mortality Table, with 135% for males and 120% for females. Mortality rates for retirees, beneficiaries and non-depositing members were based on the gender-distinct Pub-2010 General Healthy Retirees Amount-Weighted Mortality Table, with 135% for males and 120% for females. For disabled retirees, the gender-distinct Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table with 160% for males and 125% for females. The rates on all tables are projected with 100% of the MP-2021 Ultimate scale after 2010.

The long-term expected rate of return on pension plan investments is 7.5%. The long-term expected rate of return on pension plan investments was determined by adding expected inflation to the expected long term real returns, 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 10-year time horizon. The TCDRS Board of Trustee adopted the current assumption at their March 2021 meeting. 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)
U.S. Equities	11.5%	4.75%
Global Equities	2.5%	4.75%
International Equities - Developed Markets	5.0%	4.75%
International Equities - Emerging Markets	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%
Private Equity	25.0%	7.75%
Hedge Funds	6.0%	3.25%
Cash Equivalents	2.0%	0.60%
Total	<u>100.0%</u>	

Brazoria Drainage District No. 4
Notes to Financial Statements
September 30, 2024

Note 8 – Pension Plan (continued)

Net Pension Liability/(Asset) and Actuarial Assumptions (continued)

The discount rate used to measure the total pension liability was 7.6%. 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.

Changes in Net Pension Liability/(Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a)-(b)
Balance as of December 31, 2022	\$ 27,112,420	\$ 28,041,080	\$ (928,660)
Changes for the year:			
Service cost	854,773		854,773
Interest on total pension liability ⁽¹⁾	2,082,770		2,082,770
Effect of economic/demographic gains or losses	(93,860)		(93,860)
Refund of contributions	(2,206)	(2,206)	
Benefit payments	(1,143,409)	(1,143,409)	
Administrative expenses		(16,410)	16,410
Member contributions		364,866	(364,866)
Net investment income		3,084,624	(3,084,624)
Employer contributions		1,071,797	(1,071,797)
Other		25,819	(25,819)
Balance as of December 31, 2023	<u>\$ 28,810,488</u>	<u>\$ 31,426,161</u>	<u>\$ (2,615,673)</u>

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

Brazoria Drainage District No. 4
Notes to Financial Statements
September 30, 2024

Note 8 – Pension Plan (continued)

Sensitivity Analysis

The following presents the net pension liability/(asset) of the District, calculated using the discount rate of 7.6%, as well as what the District's net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.6%) or 1 percentage point higher (8.6%) than the current rate:

	1% Decrease 6.6%	Current Discount Rate 7.6%	1% Increase 8.6%
Total pension liability	\$ 32,930,251	\$ 28,810,487	\$ 25,378,748
Fiduciary net position	31,426,160	31,426,160	31,426,160
Net pension liability/(asset)	<u>\$ 1,504,091</u>	<u>\$ (2,615,673)</u>	<u>\$ (6,047,412)</u>

Note 9 – 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 Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

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 8. 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 personal 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, 2024, the District paid \$340,529 for health insurance premiums.

Brazoria Drainage District No. 4
Notes to Financial Statements
September 30, 2024

Note 9 – Other Post-Employment Benefits – Retiree Medical Plan (continued)

General Information (continued)

Employees Covered

At September 30, 2024, the following employees were covered by the benefit terms:

Active employees	71
Retired	23
Spouses of Retirees	16
Total	<u>110</u>

Total OPEB Liability

The District's total OPEB liability for the retiree medical plan of \$12,884,829 was measured as of September 30, 2024. The total OPEB liability was determined from an actuarial valuation as of October 1, 2023.

Valuation Assumptions

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

Valuation date	October 1, 2023
Measurement date	September 30, 2024
Discount rate	3.81%, based on 20-year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher
Inflation	2.50%
Projected salary increases	Varied based on Service
Mortality	135% of PubG-2010 Public Retirement Plans Mortality Table for Males 120% of PubG-2010 Public Retirement Plans Mortality Table for Females Projected per the MP-2021 Ultimate scale
Healthcare trend rates	
Medical	Pre-65: 8.80% for fiscal year 2024 and trending down to 3.90% Post-65: 7.20% for fiscal year 2024 and trending down to 3.90%
Medicare Part B	Pre-65: 5.90% for fiscal year 2024 and trending up to 7.00% Post-65: 6.30% for fiscal year 2024 and trending down to 3.90%
Dental and Vision	3% per year

Brazoria Drainage District No. 4
Notes to Financial Statements
September 30, 2024

Note 9 – Other Post-Employment Benefits – Retiree Medical Plan (continued)

Total OPEB Liability (continued)

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.

Changes in Total OPEB Liability

	Total OPEB Liability
Balance as of September 30, 2023	\$ 13,477,210
Changes for the year:	
Service cost	617,152
Interest on total OPEB liability ⁽¹⁾	678,202
Effect of economic/demographic gains or losses	(2,127,374)
Effect of assumptions changes or inputs	580,168
Benefit payments	(340,529)
Balance as of September 30, 2024	<u>\$ 12,884,829</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 2.81%	Current Discount Rate 3.81%	1% Increase 4.81%
Total OPEB liability	\$ 15,042,787	\$ 12,884,829	\$ 11,143,032

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	\$ 10,727,025	\$ 12,884,829	\$ 15,724,811

Brazoria Drainage District No. 4
Notes to Financial Statements
September 30, 2024

Note 9 – Other Post-Employment Benefits – Retiree Medical Plan (continued)

OPEB Expense

For the measurement year ended September 30, 2024, the District recognized OPEB expense for the retiree medical plan of \$1,115,446. The components of the current year OPEB expense are as follows:

Service cost	\$ 617,152
Interest on total OPEB liability	678,202
Recognition of effect of economic/demographic gains or losses	(247,369)
Recognition of effect of assumption changes or inputs	67,461
OPEB expense	<u><u>\$ 1,115,446</u></u>

Deferred Outflows of Resources and Deferred Inflows of Resources

At September 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to the retiree medical OPEB plan as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Difference in expected and actual experience	\$ 1,880,005	\$ -
Changes in assumptions		512,707

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to the retiree medical OPEB plan will be recognized in OPEB expense as follows:

Year ended December 31:	
2025	\$ 179,908
2026	179,908
2027	179,908
2028	179,908
2029	179,908
Thereafter	467,758

Brazoria Drainage District No. 4
Notes to Financial Statements
September 30, 2024

Note 10 – 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 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 annual comprehensive financial report (“ACFR”) that includes financial statements are required supplementary information for the GTL. The ACFR 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.

Employees Covered

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

Active employees	71
Inactive employees entitled to but not yet receiving benefits*	8
Inactive employees or beneficiaries currently receiving benefits*	26
Total	<u>105</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 rate for retirees in the 2024 calendar year was 0.09% and in the 2023 calendar year was 0.11%. During the current fiscal year, the District contributed \$12,237.

Brazoria Drainage District No. 4
Notes to Financial Statements
September 30, 2024

Note 10 – Other Post-Employment Benefits – Group Term Life Plan

Total OPEB Liability

The District's total OPEB liability was measured as of December 31, 2023, using an actuarial valuation as of that date.

Actuarial Assumptions

All actuarial assumptions that determined the total OPEB liability as of December 31, 2023, were based on the results of an actuarial experience study for the years 2017 – 2020, 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, 2023
Measurement date	December 31, 2023
Actuarial cost method	Entry Age Level Percent of Salary
Discount rate	3.26%

Mortality rates for depositing members were based on the gender-distinct Pub-2010 General Employee Amount-Weighted Mortality Table, with 135% for males and 120% for females. Mortality rates for retirees, beneficiaries and non-depositing members were based on the gender-distinct Pub-2010 General Healthy Retirees Amount-Weighted Mortality Table, with 135% for males and 120% for females. For disabled retirees, the gender-distinct Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table with 160% for males and 125% for females. The rates on all tables are projected with 100% of the MP-2021 Ultimate scale after 2010.

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 3.26% based on the 20 Year Bond GO Index published by bondbuyer.com is used as of the measurement date of December 31, 2023.

Brazoria Drainage District No. 4
Notes to Financial Statements
September 30, 2024

Note 10 – Other Post-Employment Benefits – Group Term Life Plan (continued)

Changes in Total OPEB Liability

Balance as of December 31, 2022	\$ 129,037
Changes for the year:	
Service cost	4,478
Interest on total OPEB Liability ⁽¹⁾	4,861
Effect of economic/demographic gains or losses	(10,478)
Effect of assumptions changes or inputs ⁽²⁾	10,394
Benefit payments	(5,734)
Balance as of December 31, 2023	<u>\$ 132,558</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 3.26%, 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 (2.26%) or 1 percentage point higher (4.26%) than the current rate:

	1% Decrease 2.26%	Current Discount Rate 3.26%	1% Increase 4.26%
Total OPEB liability	\$ 159,973	\$ 132,558	\$ 111,417

OPEB Expense

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, 2023, the components of the District's actuarially determined OPEB expense of \$9,051 are as follows:

Service cost	\$ 4,478
Interest on total OPEB liability ⁽¹⁾	4,861
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(253)
Recognition of assumption changes or losses	(35)
OPEB Expense	<u>\$ 9,051</u>

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

Brazoria Drainage District No. 4
Notes to Financial Statements
September 30, 2024

Note 10 – Other Post-Employment Benefits – Group Term Life Plan (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources

At September 30, 2024, 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:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Difference in expected and actual experience	\$ 11,222	\$ 5,244
Changes in assumptions	33,709	29,649
Contributions made subsequent to measurement date		3,711

If these amounts had been deferred, the contributions subsequent to the measurement data 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 annual deferred outflows and inflows ranging from \$18 to \$6,453.

Note 11 – Interlocal Agreements with Brazoria County

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 12 – 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.

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Required Supplementary Information

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Brazoria Drainage District No. 4**Required Supplementary Information - Budgetary Comparison Schedule - General Fund
For the Year Ended September 30, 2024**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Property taxes	\$ 22,101,447	\$ 22,101,447	\$ 21,372,552	\$ (728,895)
Penalties and interest	95,000	95,000	108,319	13,319
Miscellaneous	105,000	105,000	175,058	70,058
Investment earnings	305,000	305,000	962,164	657,164
Total Revenues	22,606,447	22,606,447	22,618,093	11,646
Expenditures				
Operating and administrative				
Personnel	9,263,000	9,263,000	8,750,376	512,624
Professional fees	147,000	147,000	141,893	5,107
Contracted services	315,000	315,000	261,480	53,520
Repairs and maintenance	1,170,000	1,170,000	983,409	186,591
Utilities	95,000	95,000	75,434	19,566
Administrative	735,000	735,000	733,590	1,410
Capital outlay				
Flood control	15,801,606	15,801,606	6,623,139	9,178,467
Capital improvements	1,236,000	3,283,524	2,471,173	812,351
Total Expenditures	28,762,606	30,810,130	20,040,564	10,769,566
Revenues Over/(Under) Expenditures	(6,156,159)	(8,203,683)	2,577,529	10,781,212
Other Financing Sources				
Proceeds from sale of capital assets	275,000	275,000	159,412	(115,588)
Net Change in Fund Balance	(5,881,159)	(7,928,683)	2,736,941	10,665,624
Fund Balance				
Beginning of the year	21,016,850	21,016,850	21,016,850	
End of the year	<u>\$ 15,135,691</u>	<u>\$ 13,088,167</u>	<u>\$ 23,753,791</u>	<u>\$ 10,665,624</u>

Brazoria Drainage District No. 4***Schedule of Changes in Net Pension Liability/(Asset) and Related Ratios - Last Ten Years******September 30, 2024***

	Year Ended December 31,			
	2023	2022	2021	2020
Total Pension Liability				
Service cost	\$ 854,773	\$ 913,305	\$ 938,604	\$ 798,114
Interest on total pension liability	2,082,770	2,318,964	2,274,715	1,988,364
Effect of plan changes		(5,192,051)	(1,710,063)	1,193,174
Effect of assumption changes or inputs			39,759	2,029,268
Effect of economic/demographic (gains)/losses	(93,860)	39,204	114,231	182,142
Benefit payments/refunds of contributions	(1,145,616)	(1,112,390)	(989,310)	(908,698)
Net change in total pension liability	1,698,067	(3,032,968)	667,936	5,282,364
Total pension liability, beginning	27,112,421	30,145,389	29,477,453	24,195,089
Total pension liability, ending	28,810,488	27,112,421	30,145,389	29,477,453
Fiduciary Net Position				
Employer contributions	1,071,797	835,867	718,615	705,456
Member contributions	364,866	339,332	310,880	301,318
Investment income net of investment expenses	3,084,624	(1,746,878)	5,348,227	2,270,086
Benefit payments/refunds of contributions	(1,145,616)	(1,112,390)	(989,310)	(908,698)
Administrative expenses	(16,410)	(16,433)	(16,072)	(17,802)
Other	25,819	33,669	7,838	5,080
Net change in fiduciary net position	3,385,080	(1,666,833)	5,380,178	2,355,440
Fiduciary net position, beginning	28,041,081	29,707,914	24,327,736	21,972,296
Fiduciary net position, ending	31,426,161	28,041,081	29,707,914	24,327,736
Net pension liability/(asset), ending	\$ (2,615,673)	\$ (928,660)	\$ 437,475	\$ 5,149,717
Fiduciary net position as a % of total pension liability/(asset)	109.08%	103.43%	98.55%	82.53%
Pensionable covered payroll	\$ 5,212,373	\$ 4,847,601	\$ 4,441,144	\$ 4,304,546
Net pension liability/(asset) as a % of covered payroll	(50.18%)	(19.16%)	9.85%	119.63%

Year Ended December 31,					
2019	2018	2017	2016	2015	2014
\$ 805,970	\$ 789,163	\$ 679,333	\$ 664,964	\$ 613,595	\$ 594,084
1,821,243	1,676,047	1,411,649	1,260,205	1,196,541	1,149,182
		1,667,581	(46,948)	(1,536,538)	
		(47,757)		145,542	
249,655	(58,881)	(711)	155,093	172,656	(96)
(706,808)	(557,297)	(554,274)	(526,220)	(455,064)	(515,943)
2,170,060	1,849,032	3,155,821	1,507,094	136,732	1,227,227
22,025,029	20,175,997	17,020,176	15,513,082	15,376,350	14,149,123
24,195,089	22,025,029	20,175,997	17,020,176	15,513,082	15,376,350
710,248	666,907	579,910	580,723	548,008	608,049
303,824	301,450	287,951	266,630	246,595	214,561
3,056,156	(340,855)	2,327,346	1,071,346	(346,160)	875,351
(706,807)	(557,298)	(554,274)	(526,220)	(455,064)	(515,943)
(16,744)	(14,949)	(12,331)	(11,644)	(10,411)	(10,675)
13,581	14,109	4,087	65,693	38,281	28,435
3,360,258	69,364	2,632,689	1,446,528	21,249	1,199,778
18,612,038	18,542,674	15,909,985	14,463,457	14,442,208	13,242,430
21,972,296	18,612,038	18,542,674	15,909,985	14,463,457	14,442,208
\$ 2,222,793	\$ 3,412,991	\$ 1,633,323	\$ 1,110,191	\$ 1,049,625	\$ 934,142
90.81%	84.50%	91.90%	93.48%	93.23%	93.92%
\$ 4,340,339	\$ 4,306,424	\$ 4,113,593	\$ 3,808,996	\$ 3,522,790	\$ 3,065,161
51.21%	79.25%	39.71%	29.15%	29.80%	30.48%

Brazoria Drainage District No. 4***Schedule of Changes in Total OPEB Liability and Related Ratios -Retiree Medical Plan - Last Ten Years *******September 30, 2024***

	Year Ended September 30,			
	2024	2023	2022	2021
Total OPEB Liability				
Service cost	\$ 617,152	\$ 704,319	\$ 486,777	\$ 482,718
Interest on Total OPEB Liability	678,202	625,360	270,009	238,128
Effect of economic/demographic (gains)/losses	(2,127,374)	53,427	7,161,346	205,114
Effect of assumption changes or inputs	580,168	(205,417)	(5,956,482)	(460,108)
Benefit payments	(340,529)	(210,429)	(151,890)	(115,322)
Net change in Total OPEB Liability	(592,381)	967,260	1,809,760	350,530
Total OPEB Liability, beginning	13,477,210	12,509,950	10,700,190	10,349,660
Total OPEB Liability, ending	<u>\$ 12,884,829</u>	<u>\$ 13,477,210</u>	<u>\$ 12,509,950</u>	<u>\$ 10,700,190</u>
Covered payroll	\$ 5,727,956	\$ 5,388,356	\$ 4,920,296	\$ 4,473,415
Total OPEB liability as a % of covered payroll	224.95%	250.12%	254.25%	239.20%

*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.

Year Ended September 30,		
2020	2019	2018
\$ 437,389	\$ 437,388	\$ 437,389
293,767	259,190	271,743
58,707	190,141	(1,038,948)
3,117,781	(157,870)	(226,348)
(129,553)	(112,976)	(107,850)
3,778,091	615,873	(664,014)
6,571,569	5,955,696	6,619,710
<u>\$ 10,349,660</u>	<u>\$ 6,571,569</u>	<u>\$ 5,955,696</u>
\$ 4,550,057	\$ 4,537,014	4,349,295
227.46%	144.84%	136.93%

Brazoria Drainage District No. 4***Schedule of Changes in Total OPEB Liability and Related Ratios - Group Term Life - Last Ten Years *******September 30, 2024***

	Year Ended December 31,			
	2023	2022	2021	2020
Total OPEB Liability				
Service cost	\$ 4,478	\$ 7,395	\$ 6,877	\$ 5,478
Interest on total OPEB Liability	4,861	3,569	3,439	3,747
Effect of assumption changes or inputs	10,394	(43,530)	2,912	16,285
Effect of economic/demographic (gains)/losses	(10,478)	(1,588)	1,968	2,270
Benefit payments/refunds of contributions	(5,734)	(5,332)	(3,997)	(3,444)
Net change in total OPEB liability	3,521	(39,486)	11,199	24,336
Total OPEB liability, beginning	129,037	168,523	157,324	132,988
Total OPEB liability, ending	<u>\$ 132,558</u>	<u>\$ 129,037</u>	<u>\$ 168,523</u>	<u>\$ 157,324</u>
Pensionable covered payroll	\$ 5,212,373	\$ 4,847,601	\$ 4,441,144	\$ 4,304,546
Net OPEB Liability as a % of covered payroll	2.54%	2.66%	3.79%	3.65%

*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.

Year Ended December 31,		
2019	2018	2017
\$ 3,322	\$ 3,721	\$ 3,054
4,092	3,538	3,764
26,075	(10,471)	4,350
4,986	4,456	(4,147)
(3,906)	(3,876)	(4,936)
34,569	(2,632)	2,085
98,419	101,051	98,966
<u>\$ 132,988</u>	<u>\$ 98,419</u>	<u>\$ 101,051</u>
\$ 4,340,339	\$ 4,306,424	\$ 4,113,593
3.06%	2.29%	2.46%

Brazoria Drainage District No. 4
Schedule of Employer Contributions for Pension Plan - Last Ten Years
For the Year Ended September 30, 2024

Year Ending December 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
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%
2018	366,907	666,907	(300,000)	4,306,424	15.5%
2019	360,248	710,248	(350,000)	4,340,339	16.4%
2020	365,456	705,456	(340,000)	4,304,546	16.4%
2021	368,615	718,615	(350,000)	4,441,144	16.2%
2022	560,867	835,867	(275,000)	4,847,601	17.2%
2023	571,797	1,071,797	(500,000)	5,212,373	20.6%

Brazoria Drainage District No. 4
Notes to Required Supplementary Information
September 30, 2024

Note A – Budgets and Budgetary Accounting

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The budget was amended during the year to reflect changes in anticipated expenditures.

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 Used to Determine Contribution Rates

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	0.0 years
Asset valuation method	Five year smoothed market
Inflation	2.50%
Salary increases	Varies by age and service. 4.7% average over career including inflation
Investment rate of return	7.50%, net of investment expenses, including inflation
Retirement age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in assumptions and methods reflected in the schedule	2015: New inflation, mortality and other assumptions were reflected 2017: New mortality assumptions were reflected 2019: New inflation, mortality and other assumptions were reflected 2022: New investment return and inflation assumptions were reflected
Changes in plan provisions reflected in the schedule	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 after 2017 2018 - 2021: Employer contributions reflected that a flat 2% COLA was adopted 2022 - 2023: No changes in plan provisions in the Schedule.

Brazoria Drainage District No. 4
Notes to Required Supplementary Information
September 30, 2024

Note C – OPEB Plan – Retiree Medical Insurance

Valuation Date

The total OPEB liability amount was measured as of the District’s fiscal year end using an actuarial valuation as of October 1, 2023.

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	3.81%
Inflation	2.50%
Salary increases	Varied based on Service
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 62.
Mortality	135% of PubG-2010 Public Retirement Plans Mortality Table for Males 120% of PubG-2010 Public Retirement Plans Mortality Table for Females Projected per the MP-2021 Ultimate scale
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	Pre-65: 8.80% for fiscal year 2024 and trending down to 3.90% Post-65: 7.20% for fiscal year 2024 and trending down to 3.90%
Medicare Part B	Pre-65: 5.90% for fiscal year 2024 and trending up to 7.00% Post-65: 6.30% for fiscal year 2024 and trending down to 3.90%
Dental and Vision	3% per year

Brazoria Drainage District No. 4
Notes to Required Supplementary Information
September 30, 2024

Note D – OPEB Plan – Group Term Life Insurance

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 of January 1, 2017 – December 31, 2020, except where required to be different by GASB 75.

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 GASB 75 to pay related benefits.

Actuarial Methods and Assumptions

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age level percent of salary
Amortization method	Straight-line amortization over expected working life
Discount rate	3.26% (based on the 20 year Bond GO Index published by bondbuyer.com as of 12/31/2023)
Disability	Custom table based on TCDRS experience
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 Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
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, 2024

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

☐ Retail Water	☐ Wholesale Water	☐ Solid Waste / Garbage	☒ Drainage
☐ Retail Wastewater	☐ Wholesale Wastewater	☒ Flood Control	☐ Irrigation
☐ Parks / Recreation	☐ Fire Protection	☐ Roads	☐ Security
☐ Participates in joint venture, regional system or wastewater service (other than emergency interconnect)			
☐ Other (Specify): _____			

2. Retail Service Providers N/A

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

	Minimum Charge	Minimum Usage	Flat Rate (Y / N)	Rate per 1,000 Gallons Over Minimum Usage	Usage Levels
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:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC'S
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-1. Services and Rates
September 30, 2024

3. Total Water Consumption during the fiscal year (rounded to the nearest thousand):

Gallons pumped into system:	<u>N/A</u>	Water Accountability Ratio:
Gallons billed to customers:	<u>N/A</u>	(Gallons billed / Gallons pumped)

4. Standby Fees (authorized only under TWC Section 49.231):

Does the District have Debt Service standby fees? Yes ☐ No ☒

If yes, Date of the most recent commission Order:

Does the District have Operation and Maintenance standby fees? Yes ☐ No ☒

If yes, Date of the most recent commission Order: _____

5. Location of District:

Is the District located entirely within one county? Yes ☒ No ☐

County(ies) in which the District is located: Brazoria County

Is the District located within a city? Entirely ☐ Partly ☒ Not at all ☐

City(ies) in which the District is located: Cities of Pearland and Brookside Village

Is the District located within a city's extra territorial jurisdiction (ETJ)?

Entirely ☐ Partly ☒ Not at all ☐

ETJs in which the District is located: Cities of Pearland, Alvin and Manvel

Are Board members appointed by an office outside the district? Yes ☐ No ☒

If Yes, by whom?

See accompanying auditor's report.

Brazoria Drainage District No. 4
TSI-2 General Fund Expenditures
For the Year Ended September 30, 2024

Personnel (including benefits)*	<u>\$ 8,750,376</u>
Professional fees	
Legal	98,797
Audit	37,000
Engineering	6,096
	<u>141,893</u>
Contracted services	
Appraisal district	219,676
Tax collector	24,354
Bookkeeper	17,450
	<u>261,480</u>
Repairs and maintenance	<u>983,409</u>
Utilities	<u>75,434</u>
Administrative	
Printing and office supplies	139,013
Insurance	340,926
Other	253,651
	<u>733,590</u>
Other	<u>70</u>
Capital outlay	
Flood control	6,623,139
Capital improvements	2,471,173
	<u>9,094,312</u>
Total expenditures	<u><u>\$ 20,040,564</u></u>

*Number of persons employed by the District:	<u>74 Full time</u>
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See accompanying auditor's report.

Brazoria Drainage District No. 4
TSI-3. Investments
September 30, 2024

<u>Fund</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Interest Receivable</u>
General				
Certificate of deposit	4.94%	10/3/2024	\$ 1,000,000	\$ 48,858
Certificate of deposit	4.96%	10/3/2024	1,000,000	46,203
Certificate of deposit	4.96%	10/3/2024	1,000,000	46,203
Certificate of deposit	4.98%	10/15/2024	1,000,000	6,549
Certificate of deposit	4.92%	10/31/2024	1,000,000	40,437
Certificate of deposit	4.77%	10/31/2024	1,000,000	41,035
Certificate of deposit	4.92%	11/5/2024	1,000,000	3,370
Certificate of deposit	4.84%	11/12/2024	1,000,000	6,365
Certificate of deposit	4.70%	11/19/2024	1,000,000	1,674
Certificate of deposit	4.65%	11/29/2024	1,000,000	37,326
Certificate of deposit	4.74%	12/5/2024	1,000,000	3,247
Certificate of deposit	4.36%	12/26/2024	1,000,000	31,655
Certificate of deposit	4.36%	12/26/2024	1,000,000	31,655
Certificate of deposit	4.36%	12/26/2024	1,000,000	31,655
Certificate of deposit	4.36%	12/26/2024	1,000,000	31,655
Certificate of deposit	4.42%	1/23/2025	1,000,000	27,852
Certificate of deposit	4.42%	1/23/2025	1,000,000	27,852
Certificate of deposit	4.57%	2/20/2025	1,000,000	25,041
Certificate of deposit	4.72%	4/17/2025	1,000,000	17,975
Certificate of deposit	4.04%	8/7/2025	1,000,000	5,866
Certificate of deposit	4.04%	8/7/2025	1,000,000	5,866
Certificate of deposit	4.06%	8/7/2025	1,000,000	5,339
Total			<u>\$ 22,000,000</u>	<u>\$ 523,678</u>

See accompanying auditor's report.

Brazoria Drainage District No. 4
TSI-4. Taxes Levied and Receivable
September 30, 2024

				Maintenance Taxes
Taxes Receivable, Beginning of Year				\$ 370,511
Adjustments				(175,146)
Adjusted Receivable				195,365
2023 Original Tax Levy				20,861,292
Adjustments				702,041
Adjusted Tax Levy				21,563,333
Rendition Penalties				7,604
Total to be accounted for				21,766,302
Tax Collections:				
Current year				21,383,054
Prior years				(10,502)
Total Collections				21,372,552
Taxes Receivable, End of Year				\$ 393,750
Taxes Receivable, By Years				
2023				\$ 161,959
2022				51,790
2021				35,992
2020 and prior				144,009
Taxes Receivable, End of Year				\$ 393,750
	2023	2022	2021	2020
Property Valuations:				
Land	\$ 4,848,808,020	\$ 3,697,447,101	\$ 3,363,392,629	\$ 3,226,328,531
Improvements	19,952,393,207	16,413,708,231	13,736,614,961	13,077,112,790
Personal Property	1,515,513,639	1,305,258,290	1,170,555,162	1,187,337,483
Exemptions	(7,531,032,540)	(5,664,913,363)	(4,511,018,274)	(4,305,038,888)
Total Property Valuations	\$ 18,785,682,326	\$ 15,751,500,259	\$ 13,759,544,478	\$ 13,185,739,916
Tax Rates per \$100 Valuation:				
Maintenance tax rates	\$ 0.114786	\$ 0.138	\$ 0.152	\$ 0.146
Adjusted Tax Levy	\$ 21,563,333	\$ 21,737,070	\$ 20,914,508	\$ 19,251,180
Percentage of Taxes Collected to Taxes Levied **	99.25%	99.76%	99.83%	99.88%

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

See accompanying auditor's 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				
	2024	2023	2022	2021	2020
Revenues					
Property taxes	\$ 21,372,552	\$ 21,759,189	\$ 20,936,105	\$ 19,305,749	\$ 18,079,674
Penalties and interest	108,319	102,707	102,184	97,882	93,556
Federal awards		802,711			3,489,597
Intergovernmental revenue		2,702,168	618,232		
Miscellaneous	175,058	292,604	184,371	615,676	133,287
Investment earnings	962,164	765,568	99,519	33,842	168,037
Total Revenues	22,618,093	26,424,947	21,940,411	20,053,149	21,964,151
Expenditures					
Operating and administrative					
Personnel	8,750,376	8,541,234	7,724,496	6,900,837	7,059,479
Professional fees	141,893	143,350	263,695	261,064	111,023
Contracted services	261,480	181,488	167,888	140,639	139,106
Repairs and maintenance	983,409	1,015,343	1,126,835	720,896	710,982
Utilities	75,434	80,343	87,475	73,485	49,917
Administrative	733,590	692,715	647,514	593,938	590,119
Other	70			62,176	
Capital outlay	9,094,312	17,692,439	13,339,219	8,467,267	14,371,545
Total Expenditures	20,040,564	28,346,912	23,357,122	17,220,302	23,032,171
Revenues Over/(Under) Expenditures	\$ 2,577,529	\$ (1,921,965)	\$ (1,416,711)	\$ 2,832,847	\$ (1,068,020)

*Percentage is negligible

See accompanying auditor's report.

Percent of Fund Total Revenues				
2024	2023	2022	2021	2020
95%	83%	96%	97%	82%
*	*	*	*	*
	3%			16%
	10%	3%		
1%	1%	1%	3%	1%
4%	3%	*	*	1%
100%	100%	100%	100%	100%
39%	32%	35%	34%	32%
1%	1%	1%	1%	1%
1%	1%	1%	1%	1%
4%	4%	5%	4%	3%
*	*	*	*	*
3%	3%	3%	3%	3%
*			*	
40%	67%	61%	42%	65%
88%	108%	106%	85%	105%
12%	(8%)	(6%)	15%	(5%)

Brazoria Drainage District No. 4
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended September 30, 2024

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 19, 2023
Limit on Fees of Office that a Commissioner may receive during a fiscal year: N/A
(Set by Board Resolution -- TWC Section 49.060)

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimburse- ments	Title at Year End
Board Members				
Jeffrey H. Brennan	12/20 - 12/24	\$ 14,600	\$ -	Chairman
Jim Mooney	12/20 - 12/24	14,600		Secretary
Scott Feuless	12/22 - 12/26	14,600		Member
Key Administrative Personnel:				
John Genaro	2006	182,917		Superintendent/ Investment Officer
Consultants				
Brazoria County Appraisal District	Legislative Action	Amounts Paid \$ 143,671		Property Value Appraisal
Kristin R. Bulanek County Tax Assessor and Collector	1910	24,354		Tax Assessor/ Collector
Your Part-Time Controller	2020	14,953		Accounting
Schwartz, Page & Harding, L.L.P.	2020	70,967		Attorney
McGrath & Co., PLLC	Annual	37,000		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 auditor's report.