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Lower Brushy Creek Water Control and Improvement District

Financial Statements and Supplemental Information as of and for the Year Ended September 30, 2024 and Independent Auditors' Report

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Lower Brushy Creek Water Control and Improvement District

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Annual Filing Affidavit

The State of Texas

County of Williamson

I, Edmond Komandosky
(Name of Duly Authorized District Representative)

of the Lower Brushy Creek Water Control and Improvement District

hereby swear, or affirm, that the District named above has reviewed and approved at a meeting of the Board of Directors of the District on the 27th day of January, 2025, its annual audit report for the fiscal year ended September 30, 2024, and that copies of the annual audit report have been filed in the District's office, located at 601 Quail Valley Drive, Suite 112, Georgetown, Texas, 78626.

The annual filing affidavit and the attached copy of the annual audit report are being submitted to the Texas Commission on Environmental Quality in satisfaction of all annual filing requirements within Section 49.194 of the Texas Water Code and to the Texas Comptroller of Public Accounts in satisfaction of the annual filing requirements of Section 140.008 of the Texas Local Government Code.

Date: January 27, 2025.

By: Edmond S. Komandosky
(Signature of District Representative)

Edmond S. Komandosky, Board President
(Typed Name and Title of District Representative)

Sworn to and subscribed to before me this 27th day of January, 2025.

(SEAL)

Susan Lilly
My Commission Expires
9/24/2028
Notary ID132694379

Susan Lilly
(Signature of Notary)

Susan Lilly
(Printed Name of Notary)

My Commission Expires On: 9-24-28
Notary Public in and for the State of Texas.

Independent Auditors' Report

To the Board of Directors of
Lower Brushy Creek Water Control and Improvement District:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and the General Fund of Lower Brushy Creek Water Control and Improvement District (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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of the District as of September 30, 2024, and the respective changes in financial position and the respective budgetary comparison for the General Fund 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' 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.

Auditors' 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 auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government 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 and *Government 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 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental information required by the Texas Commission on Environmental Quality (the "TCEQ") listed in the table of contents is presented for purposes of additional analysis and is 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 supplemental information required by the TCEQ listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Maxwell Locke & Ritter LLP

Austin, Texas
January 27, 2025

In accordance with Governmental Accounting Standards Board ("GASB") Statement No. 34, the management of Lower Brushy Creek Water Control and Improvement District (the "District") offers the following narrative on the financial performance of the District for the year ended September 30, 2024. Please read it in connection with the District's financial statements that follow.

For purposes of GASB Statement No. 34, the District is considered a special purpose government. This allows the District to present the required fund and government-wide statements in a single schedule. The requirement for fund financial statements that are prepared on the modified accrual basis of accounting is met with the "General Fund" column. An adjustment column includes those entries needed to convert to the full accrual basis government-wide statements. Government-wide statements are comprised of the Statement of Net Position and the Statement of Activities.

Financial Highlights

- The assets of the District at September 30, 2024 were $12,285,536, and exceeded liabilities by $12,178,599.
- Total net position increased $113,476 for the year ended September 30, 2024.
- The General Fund had fund balance of $930,048 at September 30, 2024, an increase of $388,210 from the prior year.

Overview of the Basic Financial Statements

The District's reporting is comprised of two parts:

- *Management's Discussion and Analysis* (this section)
- *Basic Financial Statements*
  - *Statement of Net Position and Governmental Fund Balance Sheet*
  - *Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balance*
  - *Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund*
  - *Notes to Basic Financial Statements*

Other supplementary information is also included.

The *Basic Financial Statements* are designed to provide readers with an overview of the District's finances, in a manner similar to the private sector business.

The *Statement of Net Position and Governmental Fund Balance Sheet* presents information on all the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. The statement of net position can be found on page 10 of the report and includes a column (titled "General Fund") that represents a balance sheet prepared using the modified accrual basis of accounting. The adjustments column converts those balances to a balance sheet that more closely reflects a private-sector business. Over time, increases or decreases in the District's net position will indicate financial health.

The *Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balance* represents information showing how the District's net position changed during the most recent fiscal year which and a column (titled "General Fund") that derives the change in fund balance resulting from current year revenues, expenditures, and other financing sources or uses. These amounts are prepared using the modified accrual basis of accounting. The adjustments column converts those activities to full accrual, a basis that more closely represents the income statement of a private-sector business. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods and some expenses are resulting from cash flows from prior periods. The increase or decrease in net position may serve as an indicator of the effect of the District's current year operations on its financial position. The *Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balance* can be found on page 11 of this report.

The *Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund* presents a comparison statement between the District's adopted budget to its actual results.

The *Notes to Basic Financial Statements* provide additional information that is essential to a full understanding of the information presented in the *Statement of Net Position and Governmental Fund Balance Sheet* and the *Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balance*.

Other supplementary information schedules required by the Texas Commission on Environmental Quality are presented immediately following the *Notes to Basic Financial Statements*.

Statement of Net Position

	Governmental Activities		
	2024	2023	% Change
Current assets	$ 1,051,877	$ 692,520	52%
Capital assets	11,233,659	11,512,040	(2%)
Total assets	$ 12,285,536	$ 12,204,560	1%
Current liabilities	$ 106,937	$ 139,437	(23%)
Total liabilities	106,937	139,437	(23%)
Net investment in capital assets	11,233,659	11,512,040	(2%)
Unrestricted	944,940	553,083	71%
Total net position	$ 12,178,599	$ 12,065,123	1%

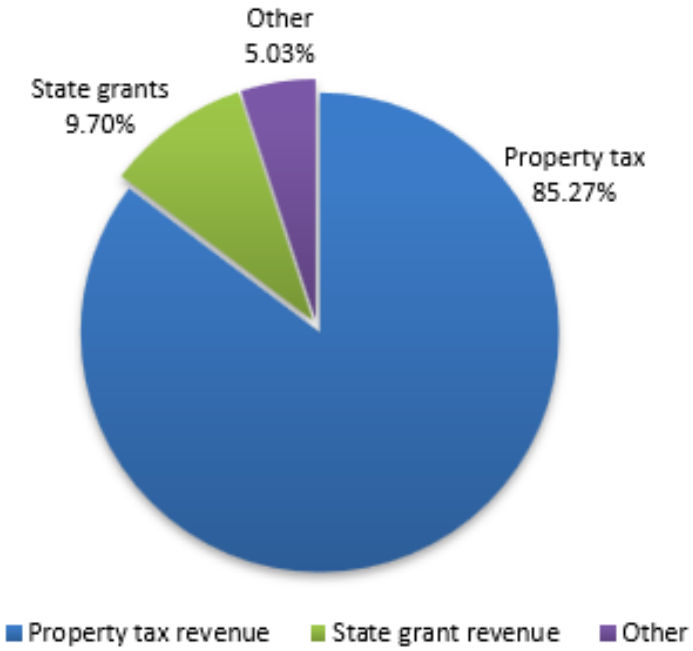
The District's total assets were $12,285,536 as of September 30, 2024. Of this amount, $11,233,659 was accounted for by capital assets. The District had outstanding liabilities of $106,937 as of September 30, 2024, which represent current liabilities.

The District's primary source of revenue are property taxes and state grant revenues. The Statement of Activities for the years ended September 30, 2024 and 2023 are summarized as follows:

	Governmental Activities		
	2024	2023	% Change
Revenues:			
Property taxes	$ 840,526	$ 759,610	11%
State grant revenue	95,597	124,051	(23%)
Other	49,599	36,796	35%
Total revenues	985,722	920,457	7%
Expenses:			
Operating expenses	593,865	695,565	(15%)
Depreciation	278,381	258,706	8%
Total expenses	872,246	954,271	(9%)
Change in net position	113,476	(33,814)	436%
Beginning net position	12,065,123	12,098,937	(<1%)
Ending net position	$ 12,178,599	$ 12,065,123	1%

Operating revenues were $985,722 for the fiscal year ended September 30, 2024, of which property taxes provided $840,526 and state grants provided $95,597. Total expenses were $872,246 for the fiscal year ended September 30, 2024. Net position increased $113,476 primarily due to a decrease in operating expenses during the fiscal year.

Sources of Revenue



Financial Analysis of Governmental Fund

	2024	2023
Cash	$ 113,272	$ 4,040
Temporary investments	923,713	677,235
Taxes receivable	14,892	11,245
Total assets	$ 1,051,877	$ 692,520
Total liabilities	$ 106,937	$ 139,437
Total deferred inflows of resources	$ 14,892	$ 11,245
Assigned fund balance	484,200	217,250
Unassigned fund balance	445,848	324,588
Total fund balance	930,048	541,838
Total liabilities, deferred inflows of resources, and fund balance	$ 1,051,877	$ 692,520

The *General Fund* pays for daily operating expenditures. At September 30, 2024, the District's governmental fund reported a fund balance of $930,048, which is an increase of $388,210 from the prior year. When comparing actual to final budget, actual revenues were higher than budgeted by $51,075 due to state grant revenue and other revenue being higher than expected. Actual expenditures were less than budgeted by $336,585 primarily due to no capital outlay expenditures and maintenance and repairs expenditures being less than expected. More detailed information about the District's budgetary comparison is presented in the *Basic Financial Statements.*

Capital Assets Activity

At September 30, 2024 and 2023, the District had the following capital assets in operation:

	2024	2023
Earthen dams	$ 14,558,083	$ 14,558,083
Accumulated depreciation	(3,324,424)	(3,046,043)
Total	$ 11,233,659	$ 11,512,040

More detailed information about the District's capital assets is presented in the *Notes to Basic Financial Statements*.

Currently Known Facts, Decisions, or Conditions

The adopted budget for 2025 projects a decrease in the fund balance of the General Fund of $484,200. When compared to the 2024 final budget, revenues and expenditures are expected to increase by approximately 26% and 79%, respectively, in fiscal year 2025.

Requests for Information

This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District at P.O. Box 467, Georgetown, Texas 78627.

Lower Brushy Creek Water Control and Improvement District

Statement of Net Position and Governmental Fund Balance Sheet
September 30, 2024

	General Fund	Adjustments (Note 2)	Statement of Net Position
Assets:			
Cash	$ 113,272	$ -	$ 113,272
Temporary investments	923,713	-	923,713
Taxes receivable	14,892	-	14,892
Capital assets (net of accumulated depreciation)-			
Earthen dams	-	11,233,659	11,233,659
Total assets	$ 1,051,877	11,233,659	12,285,536
Liabilities-			
Current liabilities-			
Accounts payable	106,937	-	106,937
Total liabilities	106,937	-	106,937
Deferred Inflows of Resources-			
Deferred revenue - property taxes	14,892	(14,892)	-
Total deferred inflows of resources	14,892	(14,892)	-
Fund Balance/Net Position:			
Fund balance:			
Assigned for subsequent year budget deficit	484,200	(484,200)	-
Unassigned	445,848	(445,848)	-
Total fund balance	930,048	(930,048)	-
Total liabilities, deferred inflows of resources and fund balance	$ 1,051,877		
Net position:			
Net investment in capital assets		11,233,659	11,233,659
Unrestricted		944,940	944,940
Total net position		$ 12,178,599	$ 12,178,599

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

Lower Brushy Creek Water Control and Improvement District

Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balance
Year Ended September 30, 2024

	General Fund	Adjustments (Note 2)	Statement of Activities
Revenues:			
Property taxes	$ 836,879	$ 3,647	$ 840,526
State grant revenue	95,597	-	95,597
Other	49,599	-	49,599
Total revenues	982,075	3,647	985,722
Expenditures/expenses:			
Current:			
Maintenance and repairs	144,815	-	144,815
Professional fees	81,416	-	81,416
General manager	72,000	-	72,000
Engineering fees	243,373	-	243,373
Administrative	11,368	-	11,368
Tax collection	7,913	-	7,913
Directors' fees	3,900	-	3,900
Tax appraisal	5,029	-	5,029
Insurance	2,367	-	2,367
Other	21,684	-	21,684
Depreciation	-	278,381	278,381
Total expenditures/expenses	593,865	278,381	872,246
Excess of revenues over expenditures	388,210	(388,210)	-
Change in net position	-	113,476	113,476
Fund balance/net position:			
Beginning of year	541,838	11,523,285	12,065,123
End of year	$ 930,048	$ 11,248,551	$ 12,178,599

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

Lower Brushy Creek Water Control and Improvement District

Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended September 30, 2024

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Property taxes	$ 825,000	$ 825,000	$ 836,879	$ 11,879
State grant revenue	76,000	76,000	95,597	19,597
Other	30,000	30,000	49,599	19,599
Total revenues	931,000	931,000	982,075	51,075
Expenditures:				
Current:				
Maintenance and repairs	515,000	275,000	144,815	130,185
Professional fees	66,900	87,100	81,416	5,684
General manager	72,000	72,000	72,000	-
Engineering fees	259,250	259,250	243,373	15,877
Administrative	30,200	30,200	11,368	18,832
Tax collection	6,000	8,000	7,913	87
Directors' fees	7,500	7,500	3,900	3,600
Tax appraisal	4,500	4,500	5,029	(529)
Insurance	2,000	2,000	2,367	(367)
Other	59,900	59,900	21,684	38,216
Capital outlay	125,000	125,000	-	125,000
Total expenditures	1,148,250	930,450	593,865	336,585
Excess (deficiency) of revenues over (under) expenditures	(217,250)	550	388,210	387,660
Fund balance:				
Beginning of year	541,838	541,838	541,838	-
End of year	$ 324,588	$ 542,388	$ 930,048	$ 387,660

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

1. Summary of Significant Accounting Policies

Brushy Creek Water Control and Improvement District No. 1 of Williamson and Milam Counties was created November 1, 1956 by the State Board of Engineers (predecessor to the Texas Water Rights Commission) and operated pursuant to Chapters 49 and 51 of the Texas Water Code. In a November 2001 election, the voters of the district approved a proposal to split the district into two entities: Brushy Creek Water Control and Improvement District No. 1A of Williamson and Milam Counties and Brushy Creek Water Control and Improvement District No. 1B of Williamson and Milam Counties. The assets of the former district were allocated among the new entities. The Board of Directors of Brushy Creek Water Control and Improvement District No. 1B of Williamson and Milam Counties held its first meeting on February 4, 2002. On September 7, 2010, the Texas Commission on Environmental Quality approved a request by Brushy Creek Water Control and Improvement District No. 1B of Williamson and Milam Counties to change its name to Lower Brushy Creek Water Control and Improvement District (the "District").

The reporting entity of the District encompasses those activities and functions over which the District's elected officials exercise significant oversight or control. The District is governed by a five member Board of Directors (the "Board") which has been elected by District residents or appointed by the Board. The District is not included in any other governmental "reporting entity" as defined by the Governmental Accounting Standards Board ("GASB"), since Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters. In addition, there are no component units which are included in the District's reporting entity.

Government-Wide and Fund Financial Statements

For purposes of GASB Statement No. 34, the District is considered a special purpose government. This allows the District to present the required fund and government-wide statements in a single schedule. The requirement for fund financial statements that are prepared on the modified accrual basis of accounting is met with the "General Fund" column. An adjustment column includes those entries needed to convert to the full accrual basis government-wide statements. Government-wide statements are comprised of the statement of net position and the statement of activities.

The statement of activities demonstrates the degree to which the expenses are offset by program revenues. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by the District. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Amounts reported as program revenues include charges to customers or applicants for goods, services, or privileges provided. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Major revenue sources considered susceptible to accrual includes interest income. No accrual for property taxes collected within sixty days of year end has been made as such amounts are deemed immaterial; delinquent property taxes at year end are reported as deferred inflows of resources.

The District reports the following major governmental fund-

> The General Fund includes financial resources used for general operations. It is a budgeted fund, and any unassigned fund balance is considered resources available for current operations.

Budgets and Budgetary Accounting

Formal budgetary integration is employed as a management control device for the General Fund. The budget is proposed by the District's General Manager for the fiscal year commencing the following October 1, and is adopted on a basis consistent with generally accepted accounting principles.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity

Investments - Investments throughout the year consisted of investments in an external local government investment pool. The external local government investment pool is recognized at amortized cost as permitted by GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. The District is entitled to invest any and all of its funds in obligations of, or guaranteed by, the United States of America or its agencies, certificates of deposit, and certain public fund investment pools. The District's investment policies and types of investments are governed by Section 2256 of the Government Code ("Public Funds Investment Act"). The District's management believes that it complied with the requirements of the Public Funds Investment Act and the District's investment policies. The District accrues interest on temporary investments based on the terms and effective interest rates of the specific investments.

Capital Assets - Capital assets, which include earthen dams, are reported in the governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of at least $5,000. Such assets are recorded at historical cost if purchased or estimated acquisition value at the date of donation if donated. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized. Capital assets are depreciated using the straight line method over the following estimated useful lives: earthen dams - fifty years.

Ad Valorem Property Taxes - Property taxes, penalties, and interest are reported as revenue in the fiscal year in which they become available to finance expenditures of the District. Allowances for uncollectibles within the General Fund are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

Fund Balance - The District complies with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental fund. See Note 8 for additional information on those fund balance classifications.

Deferred Outflows and Inflows of Resources - The District complies with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which provides guidance for reporting the financial statement elements of deferred outflows of resources, which represent the consumption of the District's net position that is applicable to a future reporting period, and deferred inflows of resources, which represent the District's acquisition of net position applicable to a future reporting period.

The District complies with GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Fair Value Measurements - The District complies with GASB Statement No. 72, *Fair Value Measurement and Application*, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. Fair value accounting requires characterization of the inputs used to measure fair value into a three-level fair value hierarchy as follows:

- Level 1 inputs are based on unadjusted quoted market prices for identical assets or liabilities in an active market the entity has the ability to access.

- Level 2 inputs are observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity.

- Level 3 inputs are unobservable inputs that reflect the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

There are three general valuation techniques that may be used to measure fair value:

- Market approach - uses prices generated by market transactions involving identical or comparable assets or liabilities
- Cost approach - uses the amount that currently would be required to replace the service capacity of an asset (replacement cost)
- Income approach - uses valuation techniques to convert future amounts to present amounts based on current market expectations

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

2. Reconciliation of Government-Wide and Fund Financial Statements

Amounts reported for governmental activities in the statement of net position are different because:

Governmental fund total fund balance	$ 930,048
Capital assets used in governmental activities are not current financial resources and are therefore not reported in the governmental fund balance sheet	11,233,659
Deferred tax revenue is not available to pay for current-period expenditures and, therefore, is deferred in the governmental fund balance sheet	14,892
Total net position	$ 12,178,599

Amounts reported for governmental activities in the statement of activities are different because:

Excess of revenues over expenditures	$ 388,210
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense-	
Depreciation expense	(278,381)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds-	
Change in deferred tax revenue	3,647
Change in net position	$ 113,476

3. Cash and Temporary Investments

The District's deposits are required to be secured in the manner provided by law for the security of the funds. At September 30, 2024, such deposits were not entirely covered by Federal Deposit Insurance Corporation insurance or secured by collateral pledged by the depository and were exposed to custodial credit risk.

The Public Funds Investment Act authorizes the District to invest in funds under a written investment policy. The District's deposits and investments are invested pursuant to the investment policy, which is approved annually by the Board. The primary objectives of the District's investment strategy, in order of priority, are safety, liquidity, and yield.

The District is entitled to invest in obligations of the United States, the State of Texas and their agencies, or any state, county, city and any other political subdivisions of any state rated by a nationally recognized investment rating firm with a rating not less than A or its equivalent, certificates of deposit of state or national banks or savings and loan associations within the State, prime domestic bankers' acceptances, commercial paper with a stated maturity of 270 days or less from the date of its issuance, fully collateralized repurchase agreements, no-load money market mutual funds regulated by the United States Securities and Exchange Commission, and eligible public funds investment pools.

At September 30, 2024, the District had investments in an external local governmental investment pool, Texas Local Governmental Investment Pool ("TexPool"), totaling $923,713. The funds invested in TexPool have a weighted average maturity of one day and a Standard & Poor's rating of AAAm.

Although TexPool is not registered with the SEC as an investment company, it operates in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. These investments are stated at amortized cost in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

TexPool is overseen by the Texas State Comptroller of Public Accounts, who is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company which is authorized to operate TexPool. TexPool also has an advisory board to advise on TexPool's investment policy. This board is made up equally of participants and nonparticipants who do not have a business relationship with TexPool. Federated Hermes, Inc. manages daily operations of TexPool under a contract with the Comptroller and is the investment manager for the pool. TexPool's investment policy stipulates that it must invest in accordance with the Public Funds Investment Act.

In accordance with GASB Statement No. 79, the external local government investment pool does not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amounts. This pool does not impose any liquidity fees or redemption gates.

Credit Risk - At September 30, 2024, investments were included in an external local governmental investment pool with a rating from Standard & Poor's in compliance with the District's investment policy.

Custodial Credit Risk - Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the District, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name.

Interest Rate Risk - The District considers the holdings in the external local governmental investment pool to have a one day weighted average maturity due to the fact that the share position can usually be redeemed each day at the discretion of the shareholders, unless there has been a significant change in value. At September 30, 2024, the District was not exposed to significant interest rate risk.

4. Property Taxes

The Texas Water Code authorizes the District to levy a tax each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located within its boundaries. Assessed values are established annually by the Williamson Central Appraisal District. District property tax revenues are recognized when levied to the extent that they are collected in the current year. The uncollected balance is reported as deferred revenue. Taxes receivable are due January 1 and are delinquent if received after January 31 and are subject to penalty and interest charges.

In September 2023, the District levied a tax rate of $0.016265 per $100 of assessed valuation to finance the operating expenditures of the District. The total 2023 tax levy was $834,528 based on a taxable valuation of $5,232,545,878.

5. Capital Assets

Capital assets activity for the year ended September 30, 2024 was as follows:

	Balance September 30, 2023	Additions	Deletions/ Transfers	Balance September 30, 2024
Capital assets, being depreciated-				
Earthen dams	$ 14,558,083	-	-	14,558,083
Total capital assets, being depreciated	14,558,083	-	-	14,558,083
Less accumulated depreciation for-				
Earthen dams	(3,046,043)	(278,381)	-	(3,324,424)
Total accumulated depreciation	(3,046,043)	(278,381)	-	(3,324,424)
Total capital assets, being depreciated, net	11,512,040	(278,381)	-	11,233,659
Capital assets, net	$ 11,512,040	(278,381)	-	11,233,659

6. Risk Management

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District has obtained coverage from commercial insurance companies and the Texas Municipal League Intergovernmental Risk Pool ("TML Pool") to effectively manage its risk. All risk management activities are accounted for in the General Fund. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered.

The TML Pool was established by various political subdivisions in Texas to provide self-insurance for its members and to obtain lower costs for insurance. TML Pool members pay annual contributions to obtain the insurance. Annual contribution rates are determined by the TML Pool board. Rates are estimated to include all claims expected to occur during the policy including claims incurred but not reported. The TML Pool has established claims reserves for each of the types of insurance offered. Although the TML Pool is a self-insured risk pool, members are not contingently liable for claims filed above the amount of the fixed annual contributions. If losses incurred are significantly higher than actuarially estimated, the TML Pool adjusts the contribution rate for subsequent years. Members may receive returns of contributions if actual results are more favorable than estimated.

7. Commitments and Contingencies

The District participates in federal and state financial assistance programs and these programs are subject to financial and compliance audits. The amounts, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

8. Fund Balances

The District complies with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds. Those fund balance classifications are described below.

Nonspendable - Amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact.

Restricted - Amounts that can be spent only for specific purposes because of constraints imposed by external providers, or imposed by constitutional provisions or enabling legislation.

Committed - Amounts that can only be used for specific purposes pursuant to approval by formal action by the Board.

Assigned - For the General Fund, amounts that are appropriated by the Board that are to be used for specific purposes. For all other governmental funds, any remaining positive amounts not previously classified as nonspendable, restricted or committed.

Unassigned - Amounts that are available for any purpose; these amounts can be reported only in the District's General Fund.

The detail of the fund balance is included in the Governmental Fund Balance Sheet on page 10.

Fund balance of the District may be committed for a specific purpose by formal action of the Board, the District's highest level of decision-making authority. Commitments may be established, modified, or rescinded only through a resolution approved by the Board. The Board may also assign fund balance for a specific purpose.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

Lower Brushy Creek Water Control and Improvement District

Index of Supplemental Schedules Required by the Texas Commission on Environmental Quality
Year Ended September 30, 2024

Schedule Included			
Yes	No		
X		TSI-0	Notes Required by the Water District Accounting Manual
	X	TSI-1	Schedule of Services and Rates
X		TSI-2	Schedule of General Fund Expenditures
X		TSI-3	Schedule of Temporary Investments
X		TSI-4	Analysis of Taxes Levied and Receivable
	X	TSI-5	Long-Term Debt Service Requirements by Years
	X	TSI-6	Analysis of Changes in Long-Term Bonded Debt
X		TSI-7	Comparative Schedule of Revenues and Expenditures - General Fund - Five Years Ended September 30, 2024
X		TSI-8	Board Members, Key Personnel and Consultants

Lower Brushy Creek Water Control and Improvement District

TSI-0 Notes Required by the Water District Accounting Manual
Year Ended September 30, 2024

The notes which follow are not necessarily required for fair presentation of the audited basic financial statements of the District which are contained in the preceding section of this report. They are presented in conformity with requirements of the Texas Commission on Environmental Quality to assure disclosure of specifically required facts.

(A) Creation of District

See Note 1 to basic financial statements.

(B) Contingent Liabilities

See Note 7 to basic financial statements.

(C) Pension Coverage

Not applicable.

(D) Pledge of Revenues

Not applicable.

(E) Compliance with Debt Service Requirements

Not applicable.

(F) Redemption of Bonds

Not applicable.

Lower Brushy Creek Water Control and Improvement District

TSI-2 Schedule of General Fund Expenditures
Year Ended September 30, 2024

Personnel Expenditures (including benefits)	$	-
Professional Fees:		
Auditing		10,500
Legal		27,073
Engineering		243,373
Other Professional Fees		-
Purchased Services For Resale-		
Bulk Water and Wastewater Service Purchases		-
Contracted Services:		
Bookkeeping		16,400
General Manager		72,000
Appraisal District		5,029
Tax Collector		7,913
Other Contracted Services		27,443
Utilities		-
Repairs and Maintenance		144,815
Administrative Expenditures:		
Directors' Fees		3,900
Office Supplies		472
Insurance		2,367
Other Administrative Expenses		32,580
Capital Outlay:		
Capitalized Assets		-
Expenditures not Capitalized		-
Tap Connection Expenditures		-
Solid Waste Disposal		-
Fire Fighting		-
Parks and Recreation		-
Other Expenditures		-
Total expenditures	$	593,865

Number of persons employed by the District: 0 Full-Time 5 Part-Time
(Does not include independent contractors or consultants)

Lower Brushy Creek Water Control and Improvement District

TSI-3 Schedule of Temporary Investments
September 30, 2024

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at 9/30/24	Accrued Interest Receivable at 9/30/24
General Fund-TexPool	7968100001	Variable	N/A	$ 923,713	$ -
Total				$ 923,713	$ -

Lower Brushy Creek Water Control and Improvement District

TSI-4 Analysis of Taxes Levied and Receivable
Year Ended September 30, 2024

	Maintenance Taxes
Taxes receivable, September 30, 2023	$ 11,245
2023 Original tax levy	834,528
Adjustments	1,348
Total to be accounted for	847,121
Tax collections:	
Current year	828,153
Prior years	4,076
Total collections	832,229
Taxes receivable, September 30, 2024	$ 14,892
Taxes receivable, by years:	
2023	$ 9,856
2022	1,998
2021	1,043
2020	1,013
2019	982
Taxes receivable, September 30, 2024	$ 14,892

	2023	2022	2021	2020
Property valuations-				
Land, improvements, and personal property	$ 5,232,545,878	$ 4,391,223,275	$ 2,998,986,220	$ 2,482,549,033
Tax rates per $100 valuation:				
Maintenance tax rates	0.016265	0.017374	0.019139	0.020000
Debt service tax rates	-	-	-	-
Total tax rates per $100 valuation	$ 0.016265	$ 0.017374	$ 0.019139	$ 0.020000
Original tax levy	$ 834,528	$ 752,501	$ 575,650	$ 484,742
Percent of taxes collected to taxes levied	98.8%	99.7%	99.8%	99.8%

Lower Brushy Creek Water Control and Improvement District

TSI-7 Comparative Schedule of Revenues and Expenditures - General Fund
Five Years Ended September 30, 2024

	Amounts					Percent of Fund Total Revenues				
	2024	2023	2022	2021	2020	2024	2023	2022	2021	2020
General fund revenues:										
Property taxes	$ 836,879	765,146	574,660	485,925	440,284	85.2 %	82.6	13.7	17.7	35.1
Federal grant revenue	-	-	-	323,437	428,856	-	-	-	11.9	34.2
State grant revenue	95,597	124,051	3,575,927	1,919,482	384,263	9.7	13.4	86.1	70.3	30.6
Other	49,599	36,796	4,833	190	1,400	5.1	4.0	0.2	0.1	0.1
Total revenues	982,075	925,993	4,155,420	2,729,034	1,254,803	100.0	100.0	100.0	100.0	100.0
General fund expenditures:										
Current:										
Maintenance and repairs	144,815	170,253	120,696	193,244	163,348	14.7	18.4	2.9	7.1	13.0
Professional fees	81,416	103,925	35,430	31,767	30,230	8.3	11.2	0.9	1.2	2.4
General manager	72,000	72,000	72,000	40,676	36,000	7.3	7.8	1.7	1.5	2.9
Engineering fees	243,373	300,949	167,727	155,686	55,478	24.8	32.5	4.0	5.7	4.4
Administrative	11,368	10,183	10,048	11,529	9,612	1.2	1.1	0.2	0.4	0.8
Tax collection	7,913	9,420	3,066	6,995	6,573	0.8	1.0	0.1	0.3	0.5
Directors' fees	3,900	4,500	6,000	4,400	3,800	0.4	0.5	0.1	0.2	0.3
Tax appraisal	5,029	-	-	-	-	0.5	-	-	-	-
Insurance	2,367	1,331	1,331	964	963	0.2	0.1	0.1	0.1	0.1
Election expenses	-	3,479	-	-	536	-	0.4	-	-	0.1
Other	21,684	19,525	23,507	9,062	4,110	2.2	2.1	0.6	0.3	0.3
Capital outlay	-	305,441	3,515,279	2,113,068	659,778	-	33.0	84.6	77.4	52.6
Total expenditures	593,865	1,001,006	3,955,084	2,567,391	970,428	60.4	108.1	95.2	94.2	77.4
Excess (deficiency) of revenues over (under) expenditures	$ 388,210	(75,013)	200,336	161,643	284,375	39.6 %	(8.1)	4.8	5.8	22.6

Lower Brushy Creek Water Control and Improvement District

TSI-8 Board Members, Key Personnel and Consultants
September 30, 2024

Complete District Mailing Address:	P.O. Box 467 Georgetown, Texas 78627
District Business Telephone Number:	n/a
Submission date of the most recent District Registration Form: (TWC Sections 36.054 and 49.054)	June 5, 2024
Limit on fees of office that a director may receive during a fiscal year: (Set by Board Resolution - TWC Sections 49.060)	$7,200

Name	Term of Office Elected & Expires or Date Hired	Fees of Office Paid 9/30/2024	Expense Reimbursements 9/30/2024	Title at 9/30/2024
Board Members:				
Edmond S. Komandosky	Elected 6/24 - 5/28	$ 1,100	$ 192	President
Scott A. Ging	Elected 6/22 - 5/26	$ 800	$ -	Vice President
Monica P. Masters	Elected 6/24 - 5/28	$ 600	$ -	Secretary
Allen R. David	Elected 6/22 - 5/26	$ 700	$ -	Treasurer
Jeffrey Holman	Appointed 2/23 - 5/26	$ 1,000	$ 185	Director
Consultants:				
Clarno Consulting, LLC	2010	$ 72,000	$ 6,000	General Manager
Freese-Nichols, Inc.	2019	$ 4,358	$ -	Engineer
Hejl & Schroeder, P.C.	2012	$ 8,443	$ -	Attorney
Clark L. Jackson, CPA, P.C.	2002	$ 3,200	$ -	Former Bookkeeper
Bott & Douthitt, PLLC	2024	$ 11,279	$ -	Bookkeeper
Maxwell Locke & Ritter LLP	2018	$ 10,500	$ -	Auditor
Williamson County Tax Assessor Collector	2019	$ 6,003	$ -	Tax Collector

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

To the Board of Directors of
Lower Brushy Creek Water Control and Improvement District:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the General Fund of Lower Brushy Creek Water Control and Improvement District (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, and have issued our report thereon dated January 27, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Maxwell Locke & Ritter LLP

Austin, Texas
January 27, 2025