BROWN COUNTY WATER IMPROVEMENT DISTRICT #1

ANNUAL FINANCIAL AND COMPLIANCE REPORT

YEAR ENDED AUGUST 31, 2024

BROWN COUNTY WATER IMPROVEMENT DISTRICT #1

TABLE OF CONTENTS

Page

Independent Auditors' Report ---- 1

Management's Discussion and Analysis ---- 3

Financial Statements
- Statement of Net Position ---- 6
- Statement of Activities ---- 7
- Statement of Cash Flows ---- 8

Notes to Financial Statements ---- 9

Required Supplementary Information
- Budgetary Comparison Schedule – Enterprise Fund ---- 21
- Schedule of District's Share Net Pension Liability ---- 24

Texas Supplementary Information
- TSI-1. Services and Rates-Unaudited ---- 25
- TSI-2. Enterprise Fund Expenses-Unaudited ---- 26
- TSI-3. Temporary Investments-Unaudited ---- 27
- TSI-5 Long-term Debt Service Requirements-By Years-Unaudited ---- 28
- TSI-6 Changes in Long-Term Loans (Unaudited) ---- 29
- TSI-7a. Comparative Schedule of Revenues and Expenses – Enterprise Fund - Unaudited ---- 30
- TSI-8. Board Members, Key Personnel, and Consultants-Unaudited ---- 31

Other Information Required by GAO
- 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* ---- 32
- Schedule of Findings and Responses ---- 33
- Schedule of Prior Audit Findings ---- 34

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Brown County Water Improvement District #1

Opinions
We have audited the accompanying financial statements of the business-type activities of Brown County Water Improvement District #1, as of and for the year ended August 31, 2024, and the related notes to the financial statements, which collectively comprise Brown County Water Improvement District #1'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 financial position of the business-type activities of Brown County Water Improvement District #1, as of August 31, 2024, and the respective changes in financial position and cash flows 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Brown County Water Improvement District #1, 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 Brown County Water Improvement District #1'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 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, 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 Brown County Water Improvement District #1'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 Brown County Water Improvement District #1'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 schedule of District's share of net pension liability on pages 3 through 5 and 21 through 24 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.

Other Information
Management is responsible for the other information included in the annual report. The other information comprises the required TSI (Texas Supplementary Information) schedules but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2024, on our consideration of Brown County Water Improvement District #1'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 Brown County Water Improvement District #1'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 Brown County Water Improvement District #1's internal control over financial reporting and compliance.

MERRITT, MCLANE & HAMBY, P.C.

November 6, 2024
Abilene, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Brown County Water Improvement District #1's (the District's) annual financial report presents an analysis of the District's financial performance during the fiscal year ended August 31, 2024. This information is presented in conjunction with the audited basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2024

- The District's net position increased by $2,187,243 or 9.3% from the previous year.
- Operating revenues increased $369,214 or 6.0% from the previous year.
- Operating expenses increased $72,457 or 1.5% from the previous year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of the following five parts: Management's Discussion and Analysis (this section), the Basic Financial Statements, Required Supplementary Information, a section that presents additional information as required by the Texas Commission on Environment Quality (TCEQ), and other information required by GAO.

The financial statements include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. In addition to these required elements, we have included a section of *Texas Supplementary Information* which includes additional information beyond that required and further explains the information in the financial statements.

REQUIRED FINANCIAL STATEMENTS

The financial statements of the District report information utilizing the full accrual basis of accounting. The financial statements conform to accounting principles generally accepted in the United States of America. The Statement of Net Position includes information on the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources and provides information about the nature and amount of investments in resources (assets) and the obligations to the District's creditors (liabilities). The Statement of Activities identifies the District's revenues and expenses for the fiscal year ended August 31, 2024. This statement provides information on the District's operations and can be used to determine whether the District has recovered all of its actual and projected costs through user fees and other charges. The third financial statement is the Statement of Cash Flows. This statement provides information on the District's cash receipts, cash payments and changes in cash resulting from operations, financing activities and investments. From the Statement of Cash Flows, the reader can obtain information on the sources and uses of cash and the changes in the cash and cash equivalent's balance.

FINANCIAL ANALYSIS OF THE DISTRICT

The statements of net position and activities provide an indication of the District's financial condition and also indicate that the financial condition of the District improved during the last fiscal year, with an increase to net position of $2,187,243.

Table 1
Consolidated Statements of Net Position

	2024	2023	Dollar Change	Percent Change
Current assets	$ 12,793,088	$ 12,342,860	$ 450,228	4%
Noncurrent assets	18,675,529	18,267,333	408,196	2%
Total Assets	31,468,617	30,610,193	858,424	3%
Deferred Outflows of Resources	34,030	18,340	15,690	86%
Current liabilities	1,404,362	1,402,632	1,730	0%
Noncurrent liabilities	4,281,078	5,608,449	(1,327,371)	-24%
Total Liabilities	5,685,440	7,011,081	(1,325,641)	-19%
Deferred Inflows of Resources	65,016	52,504	12,512	24%
Net Position				
Net investment in capital assets	13,641,074	12,086,370	1,554,704	13%
Restricted	736,425	694,635	41,790	6%
Unrestricted	11,374,692	10,783,943	590,749	5%
Total Net Position	$ 25,752,191	$ 23,564,948	$ 2,187,243	9%

As the above table indicates, total current assets increased by $450,228 during the fiscal year ended August 31, 2024. This increase is due primarily to increases in cash, investments, and accounts receivable. Noncurrent assets increased 2% due to fixed asset additions, offset by current year depreciation. Total current liabilities increased due to the timing of payables. Noncurrent liabilities decreased due to the paying down of long-term debt.

Table 2
Condensed Statement of Activities

	2024	2023	Dollar Change	Percent Change
Operating revenue	$ 6,555,079	$ 6,185,865	$ 369,214	6%
Operating expense	4,980,638	4,908,181	72,457	1%
Operating income	1,574,441	1,277,684	296,757	23%
Other revenue	796,427	683,293	113,134	17%
Other expense	183,625	210,323	(26,698)	-13%
Change in net position	2,187,243	1,750,654	436,589	25%
Beginning Net Position	23,564,948	21,814,294	1,750,654	8%
Ending Net Position	$ 25,752,191	$ 23,564,948	$ 2,187,243	9%

The statement of activity identifies the various revenue and expense items which affect the change in net position. As the information in Table 2 indicates, operating revenues increased $369,214 due to fluctuations in water sales. Total operating expenses increased $72,457, a 1.5% increase from the previous year. Net position increased $2,187,243 from the previous year.

Budgetary Highlights

The budget for 2024 was approximately $4,418,000. The District amended the budget in certain line items, however, the total budget remained the same.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2024, the District had invested $18,631,074, net of accumulated depreciation, in a broad range of capital assets, including infrastructure, buildings, and machinery and equipment. (See Table 3). This amount represents a net increase of $394,704 or 2.2% from the previous year.

	Balance at Aug 31, 2023	Increases	Decreases	Balance at Aug 31, 2024
Business-type Activities:				
Non-Depreciable Assets:				
Real Estate and Reservoirs	$ 2,104,368	$	$	$ 2,104,368
Construction in progress	394,791	1,042,852		1,437,643
Total non-depreciable assets	2,499,159	1,042,852		3,542,011
Depreciable Assets:				
Infrastructure	39,173,491			39,173,491
Buildings	483,940			483,940
Machinery and equipment	1,545,611	184,196	37,989	1,691,818
Total depreciable assets	41,203,042	184,196	37,989	41,349,249
Less accumulated depreciation				
Infrastructure	23,746,636	746,702		24,493,338
Buildings	478,476	5,464		483,940
Machinery and equipment	1,240,719	78,912	36,723	1,282,908
Total accumulated depreciation	25,465,831	831,078	36,723	26,260,186
Total Business-type Activities, net:	$ 18,236,370	$ 395,970	$ 1,266	$ 18,631,074

Debt

At the end of the year, the District had $3,795,000 in long-term liabilities and $1,195,000 in the current portion of long-term debt. (See Table 4). For a breakdown of the debt requirements, refer to Note 6 of the basic financial statements.

Table 4
Long-Term Debt

	2024	2023	Dollar Change	Percent Change
Utility Revenue Bond, Series 2006	4,990,000	6,150,000	(1,160,000)	-19%
Total Long-Term Debt	4,990,000	6,150,000	(1,160,000)	-19%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Operating expenses are budgeted at $4,500,150 for 2025, which is an increase of $350,590 from 2024 actual budgetary basis amounts. If these estimates are realized, the District's budgetary net position is expected to increase $667,000 by the close of 2025.

ADDITIONAL FINANCIAL INFORMATION

This financial report is designed to provide the District's interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the Brown County Water Improvement District #1.

FINANCIAL STATEMENTS

BROWN COUNTY WATER IMPROVEMENT DISTRICT #1

STATEMENT OF NET POSITION
August 31, 2024

		Business-type Activities
ASSETS		
Current Assets		
Cash and cash equivalents	$	6,165,539
Cash and cash equivalents - restricted		748,388
Investments		4,824,800
Accounts receivable		750,481
Lease receivable - current		19,546
Inventory		181,046
Prepaid expenses		103,288
Total Current Assets		12,793,088
Noncurrent Assets		
Lease receivable - non-current		44,455
Property & equipment, net of accumulated depreciation		
Real estate and reservoirs		2,104,368
Construction-in-progress		1,437,643
Infrastructure, net		14,680,153
Machinery & equipment, net		408,910
Total Noncurrent Assets		18,675,529
Total Assets		31,468,617
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources - pension plan		34,030
LIABILITIES		
Current Liabilities		
Accounts payable		152,056
Accrued wages and benefits payable		45,343
Accrued interest payable		11,963
Current portion of long-term debt		1,195,000
Total Current Liabilities		1,404,362
Noncurrent Liabilities		
Accrued employee compensated absences		381,565
Net pension liability		104,513
Long term debt		3,795,000
Total Noncurrent Liabilities		4,281,078
Total Liabilities		5,685,440
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows - leases		64,469
Deferred inflows of resources - pension plan		547
		65,016
NET POSITION		
Net investment in capital assets		13,641,074
Restricted		736,425
Unrestricted		11,374,692
Total Net Position	$	25,752,191

The accompanying notes are an integral part of the financial statements.

BROWN COUNTY WATER IMPROVEMENT DISTRICT #1

STATEMENT OF ACTIVITIES
Year Ended August 31, 2024

	Business-type Activities
Operating revenues:	
Treated water sales	$ 4,811,949
Entities revenue for debt service	1,337,500
Untreated water - Vulcan	104,099
Irrigation water	181,616
Water connections & contracts	119,915
Total operating revenues	6,555,079
Operating expenses:	
Administrative expenses	625,617
Field operations expenses	883,530
Lake expenses	419,023
Treatment plant expenses	1,924,315
Other non-departmental expenses	283,195
Flat Rock Park operations	13,880
Depreciation	831,078
Total operating expenses	4,980,638
Operating income	1,574,441
Non-operating revenues (expenses)	
Interest income	444,996
Rental and lease income	291,488
Other miscellaneous revenues	61,209
Loss on disposal of fixed asset	(1,266)
Contract services	(24,200)
Bond issue fees and costs	(806)
Interest expense	(158,619)
Total non-operating revenue (expenses)	612,802
Change in net position	2,187,243
Net position - beginning of year	23,564,948
Net position - end of year	$ 25,752,191

The accompanying notes are an integral part of the financial statements.

BROWN COUNTY WATER IMPROVEMENT DISTRICT #1

STATEMENT OF CASH FLOWS
Year Ended August 31, 2024

Cash flows from operating activities:		
Cash receipts from water sales	$	6,521,890
Cash payments to suppliers for goods and services		(2,111,232)
Cash payments to employees for services		(2,186,904)
Net cash provided by operating activities		2,223,754
Cash flows from noncapital and financing activities:		
Rental and lease income		291,488
Other miscellaneous revenues		61,209
Net cash provided by noncapital and financing activities		352,697
Cash flows from capital and related financing activities:		
Payments on long-term debt		(1,160,000)
Contracted services		(24,200)
Bond interest expense		(158,619)
Bond fees and costs		(806)
Purchase of property & equipment		(1,227,048)
Net cash used in capital and related financing activities		(2,570,673)
Cash flows from investing activities:		
Maturity of investments net of purchases		(3,100,673)
Interest on investments		444,996
Net cash provided by investing activities		(2,655,677)
Net increase in cash		(2,649,899)
Cash, beginning of year		9,563,826
Restricted cash, end of year		748,388
Unrestricted cash, end of year	$	6,165,539
Reconciliation of operating income to net cash provided by operating activities		
Operating income	$	1,574,441
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation/amortization		831,078
(Increase) Decrease in operating assets		
Accounts receivable		(33,189)
Lease receivable		(19,726)
Prepaid expense		(7,642)
Inventory		17,738
Deferrred outflows of resources		(15,690)
Increase in operating liabilities		
Accounts payable		(40,097)
Accrued payables		7,997
Accrued interest payable		(1,170)
Compensated absences		(73,322)
Net pension liability		(59,049)
Deferred inflows of resources		12,512
Net cash provided by operating activities	$	2,193,881
Supplementary Information		
Interest paid	$	159,790

The accompanying notes are an integral part of the financial statements.

BROWN COUNTY WATER IMPROVEMENT DISTRICT #1

NOTES TO FINANCIAL STATEMENTS

NOTE 1: NATURE OF OPERATIONS

The Brown County Water Improvement District #1 (BCWID) was created by the Commissioners Court of Brown County on November 27, 1926, for the purpose of irrigating 14,000 acres including the areas of the City of Brownwood. Additions to the District have resulted in a current area of 24,995 acres.

The District's first bond issue ($550,000; 5-23-38) provided a portion of the funds to construct the water conveyance canal, filtration plant, and storage tank. A Public Works Administration Grant supplied the remaining funds.

By the order of the Texas Water Rights Commission on September 11, 1978, the District was converted to a municipal utility district retaining the name of Brown County Water Improvement District #1 and the right of eminent domain as granted by Section 55.291 of the Texas Water Code.

A five-member Board of Directors elected by the voters of Brown County governs the District. The Board is organized with a president, vice president, and secretary appointed annually by the board members. The General Manager is hired by the Board and serves as deputy secretary of the Board but has no vote. The primary source of revenues for the District is from wholesale water sales to five area entities. Other revenues are from the various rentals of land and facilities and from the sale of irrigation water.

The financial statements of the Brown County Water Improvement District #1 include all funds and account groups over which the Board of Directors exercises oversight responsibility. The District is not financially accountable for any other organization, nor is it a component unit of any other government.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed by the District are summarized below:

The Financial Reporting Entity

The basic financial statements of Brown County Water Improvement District #1 have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units. The District applies all relevant Governmental Accounting Standards Board (GASB) statements.

Basis of Presentation

The District reports only one major fund:

> The *Enterprise Fund* is the District's operating fund. It accounts for all financial resources of the District. The primary revenue source of the fund is user fees charged to customers for water usage. Enterprise fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Measurement Focus, Basis of Accounting

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 at the time liabilities are incurred, regardless of when the related cash flows take place.

Operating revenue consists primarily of water sales. Water sales revenue is recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Operating expenses include cost of sales and services, administrative expenses,

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Expenses are recorded when the related fund liability is incurred.

Contractual Relationships

The District and the City of Brownwood have a contractual relationship in a water supply contract. The water rates are computed and adjusted annually through the calculation of a five-year average component for operation and maintenance of the District's facilities.

The District also has water supply contracts with the City of Bangs, City of Early, Brookesmith Special Utility District, and Zephyr Water Supply.

The accounts of the above named five entities are excluded from the accompanying financial statements because each entity is an autonomous agency that is governed by its own City Council or Board of Directors and the Brown County Water Improvement District #1 has no oversight responsibilities for any of the five entities.

The five entities have only the rights of purchasing water from the District as specified in each of their water supply contracts and have no equity interest in the plant owned by the District.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, all highly liquid investments with initial maturities of three months or less are considered to be cash equivalents. All District investments are certificates of deposit. Those with an original maturity of three months or less, are considered cash equivalents.

Accounts Receivable

Accounts receivables consist of amounts owed to the District primarily from five entities for the sale of water. In addition, there are receivables owed by individuals and other companies for irrigation water sales, annual leases of land, dock permits, space permits, and commercial stalls on the lake.

The District uses the direct write-off method of accounting for uncollectible accounts, which is a departure from generally accepted accounting principles. However, the District believes the difference is immaterial to the financial statements and does not mislead the users of the financial statements. The Board of Directors approves the charging off bad debts only after every avenue available for collection has been addressed. The District does not recognize an allowance for uncollectible accounts. Uncollectible accounts have not been significant in past fiscal years. This portion of accounts receivable was $702,682 on August 31, 2024.

Also included in accounts receivable is accrued interest receivable on District investments of $47,799 on August 31, 2024.

There are no significant receivables which are not scheduled for collection within one year of year end.

Inventory and Prepaid Expenses

Inventories held by the Enterprise Fund (Maintenance and Operating) consist of expendable supplies held for consumption and are priced at cost based on the first-in-first-out cost method. The expendable supplies consist of the lot supply inventory and treatment plant chemicals. A physical inventory is taken annually at year-end. The cost of the inventory is capitalized and is recorded as expenditures at the time of consumption.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Property and Equipment

Property and equipment are stated at historical cost. Expenses for maintenance and repairs are expensed as incurred. The District has a capitalization policy where they capitalize fixed assets with a cost greater than $5,000 and a useful life of three years or more. Depreciation is computed using the straight-line method. When fixed assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

Buildings & improvements	20-50 years
Machinery & equipment	3-10 years
Infrastructure	15-35 years

Employee Compensated Absences Balance

Employees accrue vacation leave at a rate per month based on the length of employment service. Employees may not accrue more than 30 days of vacation leave. On each employee's hire-date anniversary, the days in excess of 30 on the hire-date are lost.

In addition to the vacation leave, employees other than supervisors also accrue compensatory overtime benefits at a rate of 1.5 times the actual hours worked. All employees, including supervisors, accrue holiday benefits at a rate of the normal workday hours.

All unused vacation leave (not exceeding 30 days), compensatory overtime, and holiday benefits accrued is payable upon resignation, retirement, or death to all employees. The District accrues a liability for the employee unused vacation leave, compensatory overtime, and holiday benefits in the proprietary fund.

Employees also have 10 days each year of sick leave that accumulates and carries forward to subsequent years. Retiring employees with 20 years of service to the District are paid up to 90 days of unused sick leave.

Pension – BCWID Retiree Plan

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the BCWID Retiree Plan and additions to/ deductions from BCWID Retiree Plan fiduciary net position have been determined on the same basis as they are reported by the BCWID Retiree Plan. For this purpose, benefits payments are recognized when due and payable in accordance with benefit terms.

Net Position

Net positions represent the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net positions are classified in the following categories:

Net investment in capital assets - This amount consists of capital assets, net of accumulated depreciation and reduced by outstanding debt that is attributable to the acquisition, construction, or improvement of those assets.

Restricted net position - This amount is restricted when there are limitations imposed on its use by either external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. The restricted net position on August 31, 2024, was $736,425, restricted for debt service. The District had restricted assets of cash for debt service of $748,388 along with related liabilities of accrued interest payable of $11,963.

Unrestricted net position - This amount is the net position that does not meet the definition of "restricted net position" or "net investment in capital assets".

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

When an expense is incurred for purposes for which both restricted and unrestricted resources are available, the District uses the restricted resources first for the expense.

Budgets and Budgetary Accounting

The District formulates and approves a flexible budget to use as a control device to manage and control expenses during the fiscal year. The budget is affected by the changes in demand for water during the fiscal year. If there is a lot of rain during the year, the water sales appropriately decrease as demand for water decreases. Along with the decreased demand for water, certain expenses such as utilities and repairs also decrease.

The Enterprise Fund (Maintenance and Operating) budget uses accrual concepts except that capital asset purchases (other than bonded debt related to construction), and significant purchases of inventory are reflected as expenses in the year of purchase. In addition, debt service revenue, depreciation on capital assets, bond interest expenses, bond issue fees and costs, and the accrued employee compensated balances are not budgeted.

The Brown County Water Improvement District #1 follows these procedures in establishing the budgetary data reflected in the financial statements:

Prior to the beginning of the fiscal year, the District prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenses and the means of financing them. The proposed water rates are calculated on a running five-year average of the gallons of water sold divided by the estimated operating costs for the budget year.

A meeting of the board of directors is then called, and public notice given, for the purpose of adopting the proposed budget.

Prior to the start of the fiscal year, the budget is legally enacted through passage of a resolution by the board of directors.

Once a budget is approved, it can only be amended by the approval of a majority of the members of the board of directors. As required by law, such amendments are made before the fact, are reflected in the official minutes of the board of directors and are not made after fiscal year end.

Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, violations of finance-related legal and contractual provision, if any, are reported below, along with actions taken to address such violations:

Violations	Action Taken
None reported	Not applicable

Deficit Fund Balance or Fund Net Position of Individual Funds

There were no deficit fund balances or fund net positions on August 31, 2024.

Risk Management

The District is exposed to various risks of loss related to torts, theft, damage, or destruction of assets, errors, and omissions, injuries to employees, and natural disasters. During the year ended August 31, 2024, the Brown County Water Improvement District #1 was a member of the Texas Water Conservation Association Risk Management Fund (Fund). The Fund is a public entity risk pool composed of three separate self-insurance programs. The Fund is governed by an eleven-member Board of Trustees comprised of senior management from member districts and authorities. Each board member is elected by the Fund's membership and serves

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

overlapping three-year terms. Members pay contributions to the Fund for purposes of obtaining coverage against risks associated with worker's compensation, liability, or property. The District participates in each of the Fund's programs. The Fund operates as a risk-sharing pool by assuming the risks related to the contributions paid by each member regardless of whether the group continues to be a participating member of the Association. With the exception of any deductibles or retrospective rated coverage, the members fully transfer their risks to the Fund. The BCWID retains a small risk on an annual deductible amount on each type of insurance coverage. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

The District also provides health care to its employees through a commercial insurance with no risk retained by the District. The employees may pay premiums for spouse and/or family members. Employees, at their retirement, may pay the premiums for coverage if they elect to do so. The District does not pay any portion of the retired employee's coverage.

NOTE 3: DEPOSITS AND INVESTMENTS

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent bank approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

The following are the District's cash and investment holdings held at cost which approximates fair value.

Cash and Cash Equivalents		
Unrestricted		
Cash on hand	$	275
Cash in bank		3,170,264
Certificates of deposit, maturity 3 month or less		2,995,000
Total unrestricted		6,165,539
Restricted		
Interest & Sinking cash in bank		748,388
Total Restricted		748,388
Total Cash and Cash Equivalents	$	6,913,927
Investments		
Certificates of deposit, maturity greater than 3 months	$	4,824,800
Weighted average maturity		162 days

At year-end, the cash and investments on deposit at the depository bank had a carrying amount of $11,738,727 and a bank balance of $11,821,567. The bank balance was properly secured by applicable FDIC coverage and pledged securities on August 31, 2024, and at all times throughout the fiscal year.

Investments

The District is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must be written; primarily emphasize safety of principal and liquidity; address investment diversification, yield, and maturity and the quality and capability of investment management; and include a list of the types of authorized investments in which the investing entity's

NOTE 3: DEPOSITS AND INVESTMENTS - continued

funds may be invested; and the maximum allowable stated maturity of any individual investment owed by the entity.

The Public Funds Investment Act (ACT) requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the District adhered to the requirement of the Act. Additionally, investment practices of the District were in accordance with local policies.

The Act determines the types of investments which are allowable for the District. These include, with certain restrictions, (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers' acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds.

Investment Accounting Policy

The District has adopted the provisions of GASB Statement No. 31 "Accounting and Financial Reporting for Certain Investments and for External Pools." Those provisions require that certain investments be reported at fair value, rather than at cost or amortized cost, and that the changes in the fair value of investments be recognized as investment revenue.

The Statement further provides that the District has the option of continuing to report certain investments at cost or amortized cost but must disclose its policy in that regard.

In accordance with the Statement, the District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Non-negotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

Analysis of Specific Deposit and Investment Risk

C*redit Risk*, which is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District was not significantly exposed to credit risk.

Custodial Credit Risk, which is the risk that deposits are exposed to 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. On August 31, 2024, the District was not exposed to custodial credit risk.

Concentration of Credit Risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The District's policy is to diversify its investments by security type, maturity scheduling and financial institution to reduce risk of loss resulting from over-concentration of assets in a specific class of investments, specific maturity, or specific issuer. On August 31, 2024, the District was not exposed to concentration of credit risk.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the District manages its exposure to declines in fair values by limiting the maturity of investments to less than one year. However, the Board may specifically authorize a longer maturity for a given investment within legal limits. The maturities of such investments are to be made to coincide as nearly as possible with the expected use of the funds.

NOTE 3: DEPOSITS AND INVESTMENTS - continued

Foreign Currency Risk is the risk that exchange rates will adversely affect the fair value of an investment. As of August 31, 2024, the District was not exposed to foreign currency risk.

NOTE 4: PROPERTY AND EQUIPMENT

A summary of changes in fixed assets is as follows:

	Balance at Aug 31, 2023	Increases	Decreases	Balance at Aug 31, 2024
Business-type Activities:				
Non-Depreciable Assets:				
Real Estate and Reservoirs	$ 2,104,368	$	$	$ 2,104,368
Construction in progress	394,791	1,042,852		1,437,643
Total non-depreciable assets	2,499,159	1,042,852		3,542,011
Depreciable Assets:				
Infrastructure	39,173,491			39,173,491
Buildings	483,940			483,940
Machinery and equipment	1,545,611	184,196	37,989	1,691,818
Total depreciable assets	41,203,042	184,196	37,989	41,349,249
Less accumulated depreciation				
Infrastructure	23,746,636	746,702		24,493,338
Buildings	478,476	5,464		483,940
Machinery and equipment	1,240,719	78,912	36,723	1,282,908
Total accumulated depreciation	25,465,831	831,078	36,723	26,260,186
Total Business-type Activities, net:	$ 18,236,370	$ 395,970	$ 1,266	$ 18,631,074

Depreciation expense for the year ended August 31, 2024, was $831,078. Additions to capital assets included construction in progress costs for the water treatment plant.

NOTE 5: LEASE RECEIVABLE PER GASB 87

On August 31, 2024, the District is reporting leases receivable of $64,001 which represents the present value of the future minimum lease payments receivable from individuals and entities for land leases. The District is also reporting a deferred inflow of resources of $64,469 which represents the unamortized deferred inflow of resources on August 31, 2024. The District recognized $19,456 in lease revenue in 2024.

NOTE 6: LONG-TERM DEBT

In October 2004, the District applied to the Texas Water Development Board (TWDB) seeking financial assistance to provide funds for making certain water improvements, in accordance with the State Water Revolving Fund. TWDB approved the application. The City of Brownwood's water supply contract with the District requires the City to pass an ordinance approving the issuance of the bonds of the District and to serve as the primary obligated party for the bond issue (as has been the case on all previous bond issues of the BCWID #1). In November 2005, the District and City executed a Memorandum of Understanding (MOU) regarding the water system improvement project.

NOTE 6: LONG-TERM DEBT - continued

In October 2006, the Board of Directors approved the certificate for order authorizing the issuance, sale, and delivery of the Brown County Water Improvement District No. 1 Revenue Bonds, Series 2006, in the principal amount of $20,490,000. The bonds are dated August 1, 2006. These bonds are issued through the Drinking Water State Revolving Fund.

All of the revenue bonds were issued as of August 31, 2017.

The Modification No. 1 to the Water Supply Contract dated January 1, 2000, with the City of Brownwood is a part of the certificate for order authorizing the 2006 revenue bonds. The modified water supply contract provides that a debt service charge of a fixed monthly payment will be paid by the City of Brownwood and other contracting parties (Brookesmith Special Utility District, City of Early, Zephyr Water Supply, and City of Bangs) for the annual debt service requirements. The monthly debt service charges are calculated to produce enough money to pay the required debt service payments as they become due. The City of Brownwood is liable for payment of all of the principal and interest on the bonds. However, the other contracting parties pay a portion of the debt service charge based on the percentage of treated water sold to those entities over the last five years.

The bonds are payable from and secured by an irrevocable first lien on and pledge of the pledged revenues. The bonds are secured by and payable only from the pledged revenues and are not secured by or payable from a mortgage or deed of trust on any real, personal, or mixed properties constituting the System.

The BCWID will provide annually to each NRMSIR (nationally recognized municipal securities information repository) and any SID (state information repository), within six months after the end of each fiscal year, financial information, and operating data with respect to the District. The Issuer will notify any SID and either each NRMSIR or the MSRB (Municipal Securities Rulemaking Board), in a timely manner, of any material event notices.

The bond principal is payable on February 1 of each year beginning in 2009. Interest on the bonds is payable semiannually on each February 1 and August 1, beginning on February 1, 2007. The bond interest rates vary from 2.150% up to 2.950%. Once all bonds are issued, the maturity terms of the bonds range from February 1, 2009, through February 1, 2028. The bonds and interest are payable to the paying agent, Regions Bank, Houston, Texas. The balance of the long-term debt on August 31, 2024, was $4,990,000.

The 2006 Bond Order requires that the District "fix, establish, maintain, and collect such rates, charges, and fees for the use and availability of the System at all times as are necessary to produce Gross Revenues sufficient, together with any other Pledged Revenues, (1) to pay all current operation and maintenance expenses of the System, and (2) to produce Pledged Revenues for each year at least equal to one times the principal and interest requirements of all then outstanding Bonds and Additional Bonds for the year during which such requirements are scheduled to be the greatest." The District is in compliance with the required Rate Covenant for the year ended August 31, 2024.

	Beginning Balances	Additions	Deletions	Ending Balances	Due Within One Year
Brown County Water Improvement District Revenue Bonds Series 2006	$ 6,150,000	$	$ 1,160,000	$ 4,990,000	$ 1,195,000
Net Pension Liability	163,562		59,049	104,513	
Total Debt	$ 6,313,562	$	$ 1,219,049	$ 5,094,513	$ 1,195,000

Total interest expense for the year ended August 31, 2024, was $158,619.

NOTE 6: LONG-TERM DEBT - continued

The debt matures as follows:

	Principal	Interest	Total
2025	1,195,000	126,820	1,321,820
2026	1,230,000	92,563	1,322,563
2027	1,265,000	56,692	1,321,692
2028	1,300,000	19,175	1,319,175
	$ 4,990,000	$ 295,250	$ 5,285,250

NOTE 7: DEFERRED OUTFLOW AND INFLOW OF RESOURCES

In addition to assets and liabilities, the statement of net position will sometimes report a separate section for deferred outflows of resources and deferred inflows of resources. These separate financial statement elements, *deferred outflows of resources* and *deferred inflows of resources*, represent acquisitions of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) or an outflow of resources (expenditures) until that time. On August 31, 2024, there was deferred outflows of resources amounting to $34,030 and deferred inflows of resources amounting to $547 related to the BCWID Retiree Plan. Additional disclosures are discussed in Note 8 Employee Retirement Plans - BCWID Retiree Plan. There was an additional deferred inflow of resources amounting to $64,469 related to leases receivable see Note 5.

NOTE 8: EMPLOYEE RETIREMENT PLANS

Employees Retirement Fund

Effective September 1, 2011, the BCWID adopted a cash or deferred profit-sharing plan and is known as the BCWID Defined Contribution Plan. This Plan is a single-employer plan. The Plan Administrator is the BCWID, and the Plan Trustees are the general manager and two board members of the District. The Plan covers substantially all employees of the District. Each employee is eligible for coverage in the plan when he/she has worked 6 months or longer. Minimum age of participants must be 20.5. Elective deferral contributions by employees are not permitted. Matching contributions are not permitted. Normal retirement age is 65. The Plan does not provide an early retirement age.

Within the defined contribution plan, the District established the BCWID 401(a) Discretionary Plan, an allocated group annuity contract issued by the American United Life Insurance Company. The contract is an agreement between the District as the sponsoring employer/ plan trustee and AUL. An allocated contract means that every participant who holds assets in the Plan will have an individual account. Each participant account maintains each money source separately and each participant will determine the investments for his account. The BCWID 401(a) Discretionary Plan is funded through biweekly payments from the District based on a percentage of gross payrolls for each employee. An annual "catch-up" contribution is made each September to fund the amount needed for each of the participants to accumulate the same benefit amount due that would have been available under the old defined benefit plan in effect in prior years. This annual "catch-up" contribution is subject to resources available and appropriation by the Board each fiscal year. This fiscal year is the final year required for the annual catch-up contribution for participants in the old defined benefit plan.

An analysis of defined contribution payments to the 401A Discretionary Plan follows:

Total payroll for the fiscal year ended 8-31-2024	$1,564,460
Total covered payroll	$1,484,801
Annual contributions, based on percentage of gross payroll	$83,449
Percentage of annual contribution to gross payroll	5.62%

NOTE 8: EMPLOYEE RETIREMENT PLANS - continued

BCWID Retiree Plan

Previous to adopting the defined contribution plan, the BCWID had three retirees receiving monthly benefits from the defined benefit plan that was terminated effective August 31, 2011. To continue to provide the same benefits due to these retirees, the remaining assets from the defined benefit plan trust were transferred to a new group annuity contract for the BCWID Retiree Plan. Once those assets were used, the District began funding the annual amount necessary for the retirees' benefits each September. In September 2023 the District contributed $30,100 to fund the 2023-2024 payments due to the Retirees.

Even though BCWID Retiree Plan is a group annuity contract, the defined contributions for the Retiree Plan do not meet the definition of a defined contribution plan in accordance with the Governmental Accounting Standards Board (GASB) Statement 68. GASB 68 establishes standards of accounting and financial reporting for defined benefit pensions and defined contribution pensions provided to the employees of state and local government employers through pension plans that are administered through trusts or equivalent arrangements. GASB Statement 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expenses related to pensions. Note disclosure and RSI requirements about pensions also are addressed. For defined benefit pension plans, this statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

On August 31, 2024, the District reported a net pension liability of $104,513. The net pension liability was measured as of August 31, 2024, and the total pension liability was determined by an actuarial valuation as of August 31, 2024. The present value of benefits was calculated by 2000 RP mortality table at 5.5% interest. There were no active employees included in the BCWID Retiree Plan. Total payments to the two remaining retirees amounted to $23,484.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at 8/31/23	$ 167,150	$ 3,588	$ 163,562
Changes for the year:			
Pension plan investment income		644	(644)
Employer contributions		30,100	(30,100)
Difference between expected and actual experience	(28,305)		(28,305)
Benefit payments	(23,484)	(23,484)	
Net changes	(51,789)	7,260	(59,049)
Balance at 8/31/24	$ 115,361	$ 10,848	$ 104,513

The effects of the differences between expected and actual experience are required to be included in pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of the two inactive employees that are provided with benefits through the pension plan. A deferred inflow of resources of $15,690 was created by the decrease of the present value of retiree benefits as of August 31, 2024. The deferred inflow of resources will be amortized over 7.00 years, which was the average remaining lives of the one retirees as of August 31, 2024. The amortization of that cost will be $2,883 each year.

The deferred outflow of resources created as August 31, 2016, continued to be amortized by $7,766 during the current year. For the year ended August 31, 2024, the District recognized net pension expense of $819 less the pension plan investment income of $644 credited to the plan.

The amounts of the District's balances of deferred outflows of resources related to the BCWID Retiree Plan will be recognized in pension expense as follows:

NOTE 8: EMPLOYEE RETIREMENT PLANS - continued

Year Ended August 31:	Pension Expense Amount
2025	3,624
2026	3,624
2027	3,624
2028	3,624
2029	5,879
Thereafter	13,108

Deferred Compensation Plan — Internal Revenue Code Section 457

The District has made available to its employees a deferred compensation program (457 Plan), created in accordance with Internal Revenue Code Section 457. The 457 Plan permits employees to defer from a minimum of 3% up to a maximum of 15% of compensation. The deferrals are not available to employees until termination, retirement, death, or unforeseeable emergency. Distributions are made by lump sum payout only. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, are held for the exclusive benefits of the employees and their beneficiaries. The Plan assets are allocated to separate accounts to each participant employee. The District matches 3% of the deferred compensation.

During the year ended August 31, 2024, the total amounts contributed to 457 Plan were:

Total covered payroll	1,484,801	
Employee contributions, based on percentage of gross payroll designated by each employee	83,449	5.62%
District matching contribution	141,493	9.53%
Total contributions to 457 deferred compensation plan	224,942	15.15%

NOTE 9: BUDGET VARIANCES

The District had no departmental negative budget variances, although there were line items within each department that exceeded the budget. All expenses were authorized and approved by the Board prior to being incurred. Revenue exceeded budget for the year, and the variance in change in net position was positive.

NOTE 10: NEW GASB STATEMENTS

In March 2020, the GASB issued Statement No. 93 *Replacement of Interbank Offered Rates.* The objective of the Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. The requirements of this Statement are effective for reporting periods ending after December 31, 2021. Implementation of this standard has been extended until the reporting periods beginning after December 15, 2022. GASB 95 postponed the implementation by one year. The District has not determined the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In April 2022, the GASB issued Statement No. 99 *Omnibus 2022.* The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements of this Statement are effective as follows: related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges are effective upon issuance; related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022; and related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53 are effective for fiscal years beginning after June 15, 2023. The District determined there was no impact upon its financial position, results of operations or cash flows upon adoption.

NOTE 10: NEW GASB STATEMENTS - continued

In June 2022, the GASB issued Statement No. 100 *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62.* The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023. The District determined there was no impact upon its financial position, results of operations or cash flows upon adoption.

In June 2022, the GASB issued Statement No. 101 *Compensated Absences.* The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023. The District has not determined the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In December 2023, the GASB issued Statement No. 102 *Certain Risk Disclosures.* This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024. The District has not determined the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In April 2024, the GASB issued Statement No. 103 *Financial Reporting Model Improvements.* The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025. The District has not determined the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

REQUIRED SUPPLEMENTARY INFORMATION

BROWN COUNTY WATER IMPROVEMENT DISTRICT #1

BUDGETARY COMPARISON SCHEDULE - ENTERPRISE FUND
Year Ended August 31, 2024

	Budgeted Amounts	
	Original	Final
Operating revenues:		
Treated water sales:		
City of Brownwood	$ 2,144,000	$ 2,144,000
Brookesmith Water Supply	1,485,000	1,485,000
City of Bangs	185,000	185,000
City of Early	285,000	285,000
Zephyr Water Supply	369,000	369,000
Entities revenues for debt service - not budgeted:		
City of Brownwood		
Brookesmith Water Supply		
City of Bangs		
City of Early		
Zephyr Water Supply		
Untreated water sales - Vulcan		
Irrigation water	100,000	100,000
Water connections and contracts	120,000	120,000
Total operating revenues	4,688,000	4,688,000
Operating expenses:		
Administration Expenses:		
Salaries	314,500	314,500
Employee compensated absenses		
Retirement	174,800	174,800
Social security	24,000	24,000
Group insurance	54,500	54,500
Workmen's compensation	500	500
Unemployment - TWC	4,000	4,000
Supplies	15,000	15,000
Communications	2,100	2,100
Insurance	18,000	18,000
Travel expenses	1,500	1,500
Publications	2,000	2,000
Utilities	7,500	7,500
Legal & consultation fees	30,000	30,000
Director fees	14,000	14,000
Education, fees, and dues	12,000	12,000
Maintenance - buildings & grounds	3,000	10,500
Replacements - buildings & grounds	10,000	10,000
Maintenance - equipment	1,000	1,000
Replacements - equipment	3,000	3,000
Election costs	7,500	7,500
Audit	17,000	17,000
Total Administration Expense	715,900	723,400

	Actual Amounts			
	Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
$	2,155,514	$	$ 2,155,514	$ 11,514
	1,671,799		1,671,799	186,799
	260,815		260,815	75,815
	307,061		307,061	22,061
	416,760		416,760	47,760
	641,599	(641,599)		
	444,719	(444,719)		
	55,506	(55,506)		
	85,332	(85,332)		
	110,344	(110,344)		
	104,099		104,099	104,099
	181,616		181,616	81,616
	119,915		119,915	(85)
	6,555,079	(1,337,500)	5,217,579	529,579
	312,759		312,759	1,741
	1,267	(1,267)		
	86,126		86,126	88,674
	23,454		23,454	546
	48,577		48,577	5,923
	348		348	152
	2,616		2,616	1,384
	16,664		16,664	(1,664)
	973		973	1,127
	18,739		18,739	(739)
	199		199	1,301
				2,000
	7,701		7,701	(201)
	34,390		34,390	(4,390)
	10,400		10,400	3,600
	13,023		13,023	(1,023)
	14,815		14,815	(4,315)
	7,866		7,866	2,134
	308		308	692
	4,129		4,129	(1,129)
	5,246		5,246	2,254
	16,017		16,017	983
	625,617	(1,267)	624,350	99,050

BROWN COUNTY WATER IMPROVEMENT DISTRICT #1

BUDGETARY COMPARISON SCHEDULE - ENTERPRISE FUND - Continued
Year Ended August 31, 2024

	Budgeted Amounts	
	Original	Final
Field Operations Expense:		
Salaries	511,500	511,500
Employee compensated absenses		
Social security	39,200	39,200
Group insurance	144,000	144,000
Workmen's compensation	8,200	8,200
Supplies	3,000	3,000
Fuel	23,000	23,000
Uniforms	2,800	2,800
Communications	4,200	4,200
Insurance	26,700	26,700
Travel expenses	2,000	2,000
Utilities	50,000	50,000
Education, fees, and dues	2,000	2,000
Maintenance - buildings & grounds	4,000	4,000
Maintenance - laterals & service lines	16,000	16,000
Maintenance - meters		
Maintenance - pumps, motors, meters	9,000	9,000
Replacements - buildings & laterals	10,000	10,000
Maintenance - machinery, tools, equipment	25,000	25,000
Replacements - equipment/motor vehicles	165,000	190,000
Total Field Operations Expense	1,045,600	1,070,600
Lake Expenses:		
Salaries	220,000	220,000
Employee compensated absenses		
Social security	16,500	16,500
Group insurance	71,600	71,600
Workmen's compensation	2,600	2,600
Supplies	8,000	8,000
Fuel	14,000	14,000
Ammo	6,000	6,000
Uniforms	4,000	4,000
Signs & buoys	12,000	12,000
Communications	5,000	5,000
Insurance	20,000	20,000
Travel expenses	3,000	3,000
Utilities	10,000	10,000
Education, fees, and dues	6,000	6,000
Maintenance - buildings & grounds	25,000	25,000
Maintenance - equipment	13,000	13,000
Replacements - equipment	128,500	96,000
Total Lake Expenses	565,200	532,700
Treatment Plant Expenses:		
Salaries	448,400	448,400
Employee compensated absenses		
Social security	34,300	34,300
Group insurance	125,700	125,700

Actual Amounts			
Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
542,083		542,083	(30,583)
(17,247)	17,247		
40,529		40,529	(1,329)
122,421		122,421	21,579
8,179		8,179	21
3,356		3,356	(356)
15,213		15,213	7,787
2,580		2,580	220
3,661		3,661	539
28,178		28,178	(1,478)
896		896	1,104
49,472		49,472	528
1,635		1,635	365
2,468		2,468	1,532
24,034		24,034	(8,034)
500		500	(500)
2,278		2,278	6,722
8,891		8,891	1,109
17,658		17,658	7,342
26,745		26,745	163,255
883,530	17,247	900,777	169,823
181,382		181,382	38,618
(4,964)	4,964		
12,557		12,557	3,943
48,004		48,004	23,596
2,614		2,614	(14)
7,285		7,285	715
12,592		12,592	1,408
2,933		2,933	3,067
3,994		3,994	6
11,756		11,756	244
5,415		5,415	(415)
20,511		20,511	(511)
73		73	2,927
8,049		8,049	1,951
3,434		3,434	2,566
18,650		18,650	6,350
16,038		16,038	(3,038)
68,700		68,700	27,300
419,023	4,964	423,987	108,713
528,237		528,237	(79,837)
(52,378)	52,378		
40,092		40,092	(5,792)
112,165		112,165	13,535

BROWN COUNTY WATER IMPROVEMENT DISTRICT #1

BUDGETARY COMPARISON SCHEDULE - ENTERPRISE FUND - Continued
Year Ended August 31, 2024

	Budgeted Amounts	
	Original	Final
Workmen's compensation	6,300	6,300
Supplies	10,000	10,000
Fuel	6,500	6,500
Uniforms	3,500	3,500
Lab supplies	40,000	40,000
Chemicals	700,000	700,000
Communications	4,000	4,000
Insurance & bonds	34,200	34,200
Travel expenses	1,200	1,200
Utilities	325,000	325,000
Contractual equipment maintenance	82,500	82,500
Education, fees, and dues	10,000	10,000
Maintenance - buildings & grounds	30,000	30,000
Replacements - buildings & grounds	30,000	30,000
Maintenance - valves	7,500	7,500
Maintenance - meters	15,000	15,000
Maintenance - motors & pumps	15,000	15,000
Maintenance - equipment	25,000	25,000
Replacements - equipment	137,250	137,250
Total Treatment Plant Expenses	2,091,350	2,091,350
Other non-departmental expenses		
Flat Rock Park operations		
Depreciation		
Total operating expenses	4,418,050	4,418,050
Operating income (loss)	269,950	269,950
Non-Operating Revenues(Expenses):		
Rental and lease income:		
Commercial stalls and concessions	20,000	20,000
Docks and spaces	240,000	240,000
Lake residence, lot, land, and grass leases	12,000	12,000
Total rental and lease income	272,000	272,000
Sale of assets	15,000	15,000
Interest income	50,000	50,000
Other miscellaneous revenues		
Contracted services		
Bond issue fees and costs		
Interest expense		
Total non-operating revenue(expense)	337,000	337,000
Total change in net position	606,950	606,950
Net position - beginning of year	23,564,948	23,564,948
Net position - end of year	$ 24,171,898	$ 24,171,898

Actual Amounts			
Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
6,267		6,267	33
6,257		6,257	3,743
4,005		4,005	2,495
1,997		1,997	1,503
36,743		36,743	3,257
601,719		601,719	98,281
4,140		4,140	(140)
34,897		34,897	(697)
			1,200
284,690		284,690	40,310
65,653		65,653	16,847
10,652		10,652	(652)
44,966		44,966	(14,966)
27,315		27,315	2,685
1,902		1,902	5,598
7,495		7,495	7,505
26,537		26,537	(11,537)
23,028		23,028	1,972
107,936		107,936	29,314
1,924,315	52,378	1,976,693	114,657
283,195		283,195	(283,195)
13,880		13,880	(13,880)
831,078	(831,078)		
4,980,638	(757,756)	4,222,882	195,168
1,574,441	(579,744)	994,697	724,747
35,550		35,550	15,550
247,880		247,880	7,880
8,058		8,058	(3,942)
291,488		291,488	19,488
(1,266)		(1,266)	(16,266)
444,996		444,996	394,996
61,209		61,209	61,209
(24,200)		(24,200)	(24,200)
(806)	806		
(158,619)	158,619		
612,802	159,425	772,227	435,227
2,187,243	(420,319)	1,766,924	1,159,974
23,564,948		23,564,948	
$ 25,752,191	$ (420,319)	$ 25,331,872	$ 1,159,974

TEXAS SUPPLEMENTARY INFORMATION

BROWN COUNTY WATER IMPROVEMENT DISTRICT #1

SCHEDULE OF DISRICT'S SHARE OF NET PENSION LIABILITY
Year Ended August 31, 2024

	Fiscal Year 2024	Fiscal Year 2023	Fiscal Year 2022	Fiscal Year 2021
Total Pension Liability				
Difference between expected and actual experience	$ (28,305)	$ 21,388	$ (14,371)	$ (2,435)
Benefit payments	(23,484)	(30,043)	(37,863)	(39,427)
Net change in total pension liability	(51,789)	(8,655)	(52,234)	(41,862)
Total pension liability beginning of year	167,150	175,805	228,039	269,901
Total pension liability end of year	$ 115,361	$ 167,150	$ 175,805	$ 228,039
Plan Fiduciary Net Position				
Employer contributions	$ 30,100	$ 30,100	$ 39,500	$ 37,263
Pension plan investment income	644	395	207	953
Benefit payments - 2 retirees	(23,484)	(30,043)	(37,863)	(39,427)
Net change in plan fiduciary net position	7,260	452	1,844	(1,211)
Plan fiduciary net position, beginning of year	3,588	3,136	1,292	2,503
Plan fiduciary net position, end of year	$ 10,848	$ 3,588	$ 3,136	$ 1,292
Net Pension Liability, end of year	$ 104,513	$ 163,562	$ 172,669	$ 226,747
Plan fiduciary net position as a percentage of total pension liability	9.40%	2.15%	1.78%	0.57%
District's covered employee payroll - none active	$ -	$ -	$ -	$ -
Net pension liability as a percentage of covered employee payroll	0.00%	0.00%	0.00%	0.00%

Notes to Schedule

Pension plan assets are held in a group annuity contract of the BCWID Retiree Plan.
The measurement date of the net pension liability was August 31, 2024.

Contributions are not actuarily determined. The benefits for the two retirees were determined on the actual date of retirement. The pension paid to each retiree does not change. The District funds the BCWID Retiree Plan annually in September based on the amount needed to fully fund one year of retiree paymens. Because of this, no schedule of actuarily determined contributions is presented.

Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
$ 33,253	$ 19,928	$ (74,492)	$ (11,771)	$ 55,011	$ -
(39,427)	(39,427)	(68,771)	(58,990)	(78,553)	(78,553)
(6,174)	(19,499)	(143,263)	(70,761)	(23,542)	(78,553)
276,075	295,574	438,837	509,598	533,140	611,693
$ 269,901	$ 276,075	$ 295,574	$ 438,837	$ 509,598	$ 533,140
$ 10,000	$ 39,500	$ 78,500	$ 74,500	$ 45,800	$ -
388	834	588	428	466	914
(39,427)	(39,427)	(68,771)	(58,990)	(78,553)	(78,553)
(29,039)	907	10,317	15,938	(32,287)	(77,639)
31,542	30,635	20,318	4,380	36,667	114,306
$ 2,503	$ 31,542	$ 30,635	$ 20,318	$ 4,380	$ 36,667
$ 267,398	$ 244,533	$ 264,939	$ 418,519	$ 505,218	$ 496,473
0.93%	11.43%	10.36%	4.63%	0.86%	6.88%
$ -	$ -	$ -	$ -	$ -	$ -
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

BROWN COUNTY WATER IMPROVEMENT DISTRICT #1

TSI-1. SERVICES AND RATES - UNAUDITED
Year Ended August 31, 2024

1. **Services Provided by the District during the Fiscal Year:**

[ ] Retail Water	[X] Wholesale Water	[ ] Drainage
[ ] Retail Wastewater	[ ] Wholesale Wastewater	[X] Irrigation
[ ] Parks/Recreation	[ ] Fire Protection	[ ] Security
[ ] Solid Waste/Garbage	[ ] Flood Control	[ ] Roads

[ ] Participates in joint venture, regional system, and/or wastewater service (other than emergency interconnect)

[ ] Other (specify): _____

2. **Retail Rates Based on 5/8" Meter:** Not Applicable to this District

3. **Retail Service Providers:** Not Applicable to this District

4. **Total Water Consumption during the Fiscal Year** (rounded to the nearest thousand):

Gallons pumped into system:	4,503,245
Gallons billed to customers:	4,556,128

5. **Standby Fees:** Does the District assess standby fees? Yes [ ] No [X]

6. Anticipated sources of funds to be used for debt service payments in the District's following fiscal year:

a. Water revenues - debt service $ 1,336,980

The District bills the five entities that purchase treated water their pro-rata share of applicable debt service payments based on the annual water usage.

7. **Location of District:**

County in which the District is located: Brown

Is the District located entirely in one county? Yes [X] No [ ]
However, the District does not encompass all of the county.

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

City(ies) in which the District is located: City of Brownwood City of Early
However, the District does not encompass all of either city.

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

ETJs in which the District is located: City of Brownwood City of Early

Are the Board members appointed by an office outside the district: Yes [ ] No [X]

If Yes, by whom? Each member is elected by the general public in Brown County.

BROWN COUNTY WATER IMPROVEMENT DISTRICT #1

TSI-2. ENTERPRISE FUND EXPENSES - UNAUDITED
Year Ended August 31, 2024

Personnel Expenses (including benefits)*	$	2,033,947
Professional Fees:		
Auditing		16,017
Legal		15,000
Engineering, consultants, surveys, and other		19,390
Utilities		349,912
Telephones, cell phones		14,189
Repairs and Maintenance		452,259
Supplies - chemicals, vehicle		
Supplies and postage		17,871
Chemicals and laboratory supplies		638,462
Motor vehicle and boat fuel		31,810
Other supplies - uniforms, signs, other		5,991
Directors fees		10,400
Administrative Expenses:		
Education, licenses, fees, dues, publications		28,744
Travel		1,168
Election costs		
Insurance		
Property, liability, bonds		102,325
Workers compensation		17,408
Depreciation		831,078
Capitalized assets		1,227,048
Bonded debt expenses		
Interest expense		158,619
Fees and costs		806
Other Expenses		418,867
TOTAL EXPENSES	$	6,391,311

* Number of persons employed by the District: 19 Full-time Part-time
(You may omit the note above if your district had no personnel expenditures. Independent contractors or consultants are not employees.)

BROWN COUNTY WATER IMPROVEMENT DISTRICT #1

TSI-3 TEMPORARY INVESTMENTS - UNAUDITED
Year Ended August 31, 2024

	Date Issued	Interest Rate	Maturity Date	Balance at End of Year
Certificates of deposit				
Citizens National Bank	8/28/2024	4.23%	2/26/2025	$ 715,500
Citizens National Bank	8/1/2024	4.14%	10/31/2024	300,000
Citizens National Bank	4/20/2024	4.50%	10/19/2024	732,000
Citizens National Bank	7/20/2024	4.19%	10/19/2024	562,000
Citizens National Bank	6/27/2024	4.48%	12/26/2024	550,000
Citizens National Bank	8/28/2024	4.23%	2/26/2025	546,000
Citizens National Bank	7/11/2024	4.48%	1/9/2025	550,000
Citizens National Bank	8/28/2024	4.23%	2/26/2025	735,300
Citizens National Bank	7/3/2024	4.24%	10/2/2024	485,000
Citizens National Bank	6/27/2024	4.23%	9/26/2024	445,000
Citizens National Bank	6/27/2024	4.48%	12/26/2024	830,000
Citizens National Bank	7/3/2024	4.24%	10/2/2024	435,000
Citizens National Bank	7/11/2024	4.23%	10/10/2024	768,000
Citizens National Bank	4/20/2024	4.50%	10/19/2024	166,000
				$ 7,819,800

Temporary investments with a maturity less than three months are presented in the statement of net position as cash equivalents. $4,824,800 of the investments held at year end have An original maturity of more than three mon

BROWN COUNTY WATER IMPROVEMENT DISTRICT #1

TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS
2006 SERIES TWDB BONDED DEBT (UNAUDITED)
Year Ended August 31, 2024

Due During Fiscal Years Ending	ANNUAL REQUIREMENTS FOR 2006 SERIES		
	Principal Due	Interest Due	Total
2025	$ 1,195,000	$ 126,820	$ 1,321,820
2026	1,230,000	92,563	1,322,563
2027	1,265,000	56,693	1,321,693
2028	1,300,000	19,174	1,319,174
	$ 4,990,000	$ 295,250	$ 5,285,250
Average Annual Debt Service		4 years	$ 1,321,313

BROWN COUNTY WATER IMPROVEMENT DISTRICT #1

TSI-6. CHANGES IN LONG-TERM LOANS (UNAUDITED)
Year Ended August 31, 2024

		TWDB Series 2006
Interest Rate		2.15% - 2.95%
Dates Interest Payable		2/1; 8/1
Maturity Dates		2/1/2028
Beginning Loans Outstanding	$	6,150,000
Loan Proceeds Received During Fiscal Year		
Loans Retired During Fiscal Year		1,160,000
Ending Bonds Outstanding	$	4,990,000
Interest Paid During Fiscal Year	$	159,790
Paying Agents Name and City		Regions Bank Houston, TX
Amount authorized by Board of Directors	$	20,490,000
Amount issued	$	20,490,000
Debt Service Fund cash and temporary investments balances as of August 31, 2024	$	748,388
Average annual debt service payment (principal and interest) for remaining term of all debt	$	1,321,313

BROWN COUNTY WATER IMPROVEMENT DISTRICT #1

TSI-7a. COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES - ENTERPRISE FUND - UNAUDITED

Five Years Ended August 31, 2020, 2021, 2022, 2023 and 2024

	AMOUNTS				
	2024	2023	2022	2021	2020
Operating revenues:					
Treated water sales:					
City of Brownwood	$ 2,155,514	$ 1,992,556	$ 1,904,782	$ 1,523,719	$ 1,612,623
Brookesmith Water Supply	1,671,799	1,475,244	1,370,224	1,198,982	1,117,909
City of Bangs	260,815	251,544	179,284	148,025	129,299
City of Early	307,061	315,608	251,488	207,037	201,279
Zephyr Water Supply	416,760	365,650	310,879	312,257	277,247
Debt service revenues:					
City of Brownwood	641,599	650,731	657,928	674,340	689,810
Brookesmith Water Supply	444,719	441,038	436,658	419,942	404,427
City of Bangs	55,506	50,519	49,334	50,639	52,641
City of Early	85,332	84,866	86,904	87,917	93,658
Zephyr Water Supply	110,344	109,324	106,156	103,282	95,528
Untreated water sales	104,099	116,141	18,142		
Irrigation water	181,616	208,261	262,716	117,722	230,745
Water connections and contracts	119,915	124,383	122,082	120,973	119,749
Total operating revenues	6,555,079	6,185,865	5,756,577	4,964,835	5,024,915
Operating expenses:					
Administrative expenses	625,617	669,300	598,050	615,896	584,040
Field operations expenses	883,530	852,360	866,549	769,828	735,128
Lake expenses	419,023	405,969	367,187	414,020	299,764
Treatment plant expenses	1,924,315	1,840,187	1,606,186	1,299,465	1,344,886
Other non-departmental expenses	283,195	292,341	454,009	117,042	90,635
Flat Rock Park operations	13,880	18,046	27,685	21,230	
Depreciation	831,078	829,978	826,208	806,495	854,063
Total operating expenses	4,980,638	4,908,181	4,745,874	4,043,976	3,908,516
Operating Income (Loss)	1,574,441	1,277,684	1,010,703	920,859	1,116,399
Non-Operating Revenues/(Expenses):					
Interest income	444,996	332,854	51,742	8,006	72,314
Rental and lease income	291,488	288,712	276,423	269,108	259,051
Gain(loss) on sale of capital assets	(1,266)		436,450	(500)	183,347
Other miscellaneous revenues	61,209	61,727	83,032	34,628	40,951
Federal source revenue	(24,200)	(21,700)	174,885		
Bond issue fees and costs	(806)	(806)	(806)	(806)	(806)
Interest expense	(158,619)	(187,817)	(219,534)	(248,671)	(276,530)
Net Income	$ 2,187,243	$ 1,750,654	$ 1,812,895	$ 982,624	$ 1,394,726

PERCENT OF FUND TOTAL REVENUE				
2024	2023	2022	2021	2020
32.9%	32.2%	33.1%	30.7%	32.1%
25.5%	23.8%	23.8%	24.0%	22.2%
4.0%	4.1%	3.1%	3.0%	2.6%
4.7%	5.1%	4.4%	4.2%	4.0%
6.3%	5.9%	5.4%	6.3%	5.5%
9.8%	10.5%	11.4%	13.6%	13.8%
6.8%	7.1%	7.6%	8.5%	8.0%
0.8%	0.8%	0.9%	1.0%	1.0%
1.3%	1.4%	1.5%	1.8%	1.9%
1.7%	1.8%	1.8%	2.1%	1.9%
1.6%	1.9%	0.3%		
2.8%	3.4%	4.6%	2.4%	4.6%
1.8%	2.0%	2.1%	2.4%	2.4%
100.0%	100.0%	100.0%	100.0%	100.0%
9.5%	10.8%	10.4%	12.4%	11.6%
13.5%	13.8%	15.1%	15.5%	14.6%
6.4%	6.6%	6.4%	8.3%	6.0%
29.4%	29.7%	27.9%	26.2%	26.8%
4.3%	4.7%	7.9%	2.4%	1.8%
0.2%	0.3%	0.4%	0.4%	
12.7%	13.4%	14.4%	16.2%	17.0%
76.0%	79.3%	82.5%	81.4%	77.8%
24.0%	20.7%	17.5%	18.6%	22.2%
6.8%	5.4%	1.0%	0.1%	1.4%
4.5%	4.6%	4.8%	5.4%	5.2%
		7.6%		3.6%
0.9%	1.0%	1.4%	0.7%	0.8%
-0.4%	-0.4%	3.0%		
-2.4%	-3.0%	-3.8%	-5.0%	-5.5%
33.4%	28.3%	31.5%	19.8%	27.7%

BROWN COUNTY WATER IMPROVEMENT DISTRICT #1

TSI-8. BOARD MEMBERS, KEY PERSONNEL, AND CONSULTANTS - UNAUDITED
Year Ended August 31, 2024

Complete District Mailing Address: P. O. Box 118 Brownwood, TX 76804

District Business Telephone Number: (325) 643-2609
District Business Fax Number: (325) 646-3031
District Website: www.bcwid.org

Submission Date of the most recent District Registration Form:
(TWC Sections 36.054 and 49.054): None

Limit on Fees of Office that a Director may receive during a fiscal year: No limit imposed
(Set by Board Resolution (TWC Section 49.060))

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid 8/31/2024	Expense Reimburse-ments 8/31/2024	Title at Year End
Board Members:				
John W. Hays Brownwood, TX	(Elected) 5/4/2024	$ 2,200	$	Director
Bert V. Massey Brownwood, TX	(Elected) 5/7/2022	1,600		President
Jimmy C. Jones Brownwood, TX	(Elected) 5/4/2024	2,400		Secretary
Brad Simpson Early, TX	(Elected) 5/7/2022	2,000		Director
James E. McMillian, Jr. Brownwood, TX	(Elected) 5/4/2024	2,200		Vice President
Previous Director				Director
Key Administrative Personnel:				
John Allen	5/5/1988			General Manager
Consultants:				
Chris Munson		15,000		Attorney
Merritt, McLane & Hamby, PC		16,017		Auditor

OTHER INFORMATION REQUIRED BY GAO

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
Brown County Water Improvement District #1

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 business-type activities of Brown County Water Improvement District #1, as of and for the year ended August 31, 2024, and the related notes to the financial statements, which collectively comprise Brown County Water Improvement District #1's basic financial statements, and have issued our report thereon dated November 6, 2024.

Internal Control over Financial Reporting
In planning and performing our audit of the financial statements, we considered Brown County Water Improvement District #1's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Brown County Water Improvement District #1's internal control. Accordingly, we do not express an opinion on the effectiveness of Brown County Water Improvement District #1'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 may exist that have not been identified.

Compliance and Other Matters
As part of obtaining reasonable assurance about whether Brown County Water Improvement District #1's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. 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.

MERRITT, MCLANE & HAMBY, P.C.

November 6, 2024
Abilene, Texas

BROWN COUNTY WATER IMPROVEMENT DISTRICT #1

SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED AUGUST 31, 2024

I. Summary of Auditor's Report

A. The type of report issued on the financial statements of Brown County Water Improvement District #1 was an unmodified opinion.

B. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the report on internal control over financial reporting and on compliance and other matters required by the GAO's *Government Auditing Standards.*

C. No instances on noncompliance material to the financial statements of Brown County Water Improvement District #1 were disclosed during the audit.

II Findings Required to be Reported in Accordance with *Government Auditing Standards*

None

BROWN COUNTY WATER IMPROVEMENT DISTRICT #1

SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED AUGUST 31, 2024

Findings/Noncompliance

None