GALVESTON COUNTY CONSOLIDATED DRAINAGE DISTRICT

FINANCIAL REPORT
September 30, 2025
with Independent Auditors' Report

GALVESTON COUNTY CONSOLIDATED DRAINAGE DISTRICT

TABLE OF CONTENTS

	Page	Schedule
Independent Auditor's Report	1	
Management's Discussion and Analysis	5	
Basic Financial Statements:		
Statement of Net Position and Governmental Funds Balance Sheet	13	
Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances	14	
Notes to Basic Financial Statements	15	
Required Supplementary Information:		
Budgetary Comparison Schedule - General Fund	34	
Notes to Required Supplementary Information	35	
Schedule of Changes in Net Pension Liability and Related Ratios	36	
Schedule of Employer Pension Contributions	38	
Schedule of Changes in Total OPEB Liability and Related Ratios	39	
Schedule of Employer OPEB Contributions	40	
Texas Supplementary Information:		
Services and Rates	43	TSI-1
General Fund Expenditures	44	TSI-2
Investments	45	TSI-3
Taxes Levied and Receivable	47	TSI-4
Comparative Schedule of Revenues and Expenditures - General Fund	48	TSI-7a
Board Members, Key Personnel and Consultants	50	TSI-8

whitleypenn

Houston Office
3737 Buffalo Speedway
Suite 1600
Houston, Texas 77098
713.621.1515 Main

whitleypenn.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Galveston County Consolidated Drainage District

Report on the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and the General Fund of Galveston County Consolidated Drainage District (the "District"), as of and for the year ended September 30, 2025, and the related notes to 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, 2025, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS, 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 management's discussion and analysis, budgetary comparison information, pension and other post-employment benefit information, as listed in the table of contents, 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.

To the Board of Directors
Galveston County Consolidated Drainage District

Supplementary Information

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

Whitley Penn LLP

Houston, Texas
May 7, 2026

Galveston County
CONSOLIDATED
Drainage District

Using this Annual Report

Within this section of the Galveston County Consolidated Drainage District's (the "District") annual report, the District's Board of Directors provide narrative discussion and analysis of the financial activities of the District for the year ended September 30, 2025.

The annual report consists of the Management's Discussion and Analysis, the basic financial statements, and required supplementary information, consisting of the Budgetary Comparison Schedule – General Fund and the Schedule of Funding Progress. Additionally, the annual report includes other supplementary information as required by its State oversight agency, the Texas Commission on Environmental Quality. In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities which engage in a single governmental program.

Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $15,300,942. Of this amount, $9,595,736 was investment in capital assets, which represents the carrying value of the capital assets. The remaining amount is comprised of unrestricted net position in the amount of $5,705,206.
- The District's total net position decreased by $214,307 during the current fiscal year mainly due to an increase in personnel expenses of $1.1 million, other expense due to the December 2024 cybersecurity loss of $1.3 million, offset by an decrease in repair and maintenance expenses of $2.4 million.
- The District's general operating fund reported a total ending fund balance of $5,475,543 as of September 30, 2025. Of this amount, $33,339 is in non-spendable in the form of prepaid items. Fund balance of $3,418,644 is assigned for capital projects and the remaining amount in fund balance of $2,023,560 in the General Fund is classified as unassigned and is available for spending at the District's discretion. The unassigned fund balance had an increase of $12,603 compared to the prior fiscal year. The unassigned fund balance represents approximately 25 percent or 34 days of total General Fund expenditures.

Government-wide Financial Statements

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

The *Statement of Net Position* presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference of the four reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused sick leave).

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements established by external parties, governmental statutes or regulations. The District reports one individual governmental fund, the General Fund.

Governmental Funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District's individual governmental fund, the General Fund, is considered a major fund.

The District adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. The required supplementary information relates to comparison of the original adopted budget, the final amended budget, and the actual amounts for the fiscal year. This is required supplementary information for the General Fund. The Required Supplementary Information also includes information related to the required pension system information and the required other post-employment benefit system information.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents Texas supplementary information immediately following the required supplementary information.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a District's financial position. In the case of the District, assets and deferred outflow exceeded liabilities and deferred inflows of resources by $15,300,942 at the close of the most recent fiscal year.

A significant portion of the District's net position reflects its investment in capital assets (e.g., land and easements, buildings, machinery and equipment, vehicles). The District uses these capital assets to provide services to citizens within the District; consequently, these assets are not available for future spending.

The District's overall financial position and operations for the past two years is summarized in the statement of net position as follows, based on information included in the government-wide financial statements:

	2025	2024
Current and other assets	$ 6,910,003	$7,233,996
Capital assets	9,595,736	8,682,159
Total Assets	16,505,739	15,916,155
Deferred outflows of resources	152,270	141,935
Total Deferred Outflows of Resources	152,270	141,935
Current and other liabilities	1,208,715	389,948
Long-term liabilities	84,408	148,069
Total Liabilities	1,293,123	538,017
Deferred inflows of resources	63,944	4,824
Total Deferred Inflows of Resources	63,944	4,824
Net Position		
Investment in capital assets	9,595,736	8,682,159
Unrestricted	5,705,206	6,833,090
Total Net Position	$ 15,300,942	$ 15,515,249

The investment in capital assets balance is $9,595,736 and remaining balance of net position in the governmental activities consists of an unrestricted net position of $5,705,206 may be used to meet the District's ongoing obligations to citizens and creditors. The District's total net position decreased by $214,307 during the current fiscal year due to an increase in an increase in repair and maintenance expense.

The District's statement of activities for the past two years is summarized as follows, based on information included in the government-wide financial statements:

	2025	2024
Revenues		
Charges for drainage	$ 115,948	$ 126,569
Charges for flood control	379,339	89,551
Property taxes	5,976,748	6,393,924
Penalties and interest	38,661	34,306
Investment earnings	330,134	435,999
Miscellaneous	18,871	21,766
Total Revenues	6,859,701	7,102,115
Expenses		
Service Operations:		
Personnel	1,290,002	876,514
Professional fees	949,628	228,725
Contracted services	121,438	125,760
Repairs and maintenance	3,013,392	5,442,526
Administrative costs	189,400	97,403
Director fees	28,151	27,000
Other	1,371,395	52,599
Depreciation	110,602	110,602
Total Expenses	7,074,008	6,961,129
Change in net position	(214,307)	140,986
Net Position, Beginning of Year	15,515,249	15,374,263
Net Position, End of Year	$ 15,300,942	$ 15,515,249

Governmental Activities

The District's governmental activities net position decreased by $214,307 as compared to the prior year. Revenues are generated primarily from three sources for the current fiscal year. Property taxes, investment income, charges for drainage and charges for flood control. Property tax revenue represent 88% percent of total revenues. The remaining 12% percent is generated from charges, investment earnings and miscellaneous revenues.

	Total Revenues	Revenues
Property taxes	$ 6,015,409	88%
Investment earnings	330,134	4%
Charges for drainage	115,948	2%
Charges for flood control	379,339	6%
Other revenue	18,871	0%
Total Revenues	$ 6,859,701	100%

The primary expenses of the District is repairs and maintenance, which represents 43 percent of total expenses. Personnel expenses represent 18 percent of total expenses, and the remaining expenses including professional fees, contracted services, administrative costs, director fees, depreciation, and miscellaneous, such as utilities, represent 39 percent of the Districts total expenses.

	Total Expenses	% of Total Expenses
Repairs and maintenance	$ 3,013,392	43%
Personnel	1,290,002	18%
Other expenses	2,770,614	39%
Total Expenses	$ 7,074,008	100%

The District's decrease in investment revenue and offset with an increase in property taxes attributed to the decrease in revenue of $250,724 when compared to the prior year.

Financial Analysis of the District's Funds

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

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, the total fund balance of the General Fund was $5,475,543, a decrease of $1,259,906 in comparison with the prior year. Of this amount, $2,023,560 represents unassigned fund balance, which is available for spending at the District's discretion. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 25 percent of expenditures, which is a target goal of the District. The remaining amount of fund balance, $3,418,644, has been assigned for capital projects and $33,339 for non-spendable prepaid items.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget of the General Fund are summarized as follows:

	Budget	
	Original	Final Amended
Total revenues	$ 6,860,000	$ 6,860,000
Total expenditures	9,481,050	9,481,050
Net Change in Fund Balance	$ (2,621,050)	$ (2,621,050)

Capital Asset and Debt Administration

Capital Assets

The District's investment in capital assets for its governmental activities as of September 30, 2025, includes land and easements, buildings, machinery and equipment, and vehicles. The following table summarizes the investment in capital assets as of the current and prior fiscal years.

	2025	2024
Land and easements	$ 7,816,955	$ 7,812,607
Building	458,657	452,821
Furniture and equipment	1,074,585	400,822
Vehicles	245,539	15,909
Capital Assets, Net of Accumulated Depreciation	$ 9,595,736	$ 8,682,159

The investment in capital assets (capital outlays) during the current year amounted to $1,024,179. Additional information on the District's capital assets can be found in the notes to the financial statements.

Long-term Debt

The following table summarizes the District's compensated absences payable as of the current and prior fiscal years.

	2025	2024
OPEB Liability	$ 35,771	$ 38,816
Compensated Absences	48,637	37,222
	$ 84,408	$ 76,038

The District's total long term debt by for the year ended September 30, 2025. Additional information on the District's long-term debt can be found in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

- The District's tax base approximately $335,712,679 during the 2024 tax year (2025 fiscal year) from $5,355,702,679 to $5,019,990,000.
- For the 2025 fiscal year, the District budget decrease expenditures by $2,831,050 over the previous year final budget. The budget increase was primarily due to the District's expectation of completing current capital projects.
- The District's tax rate to $0.11555 in fiscal year 20256 from $0.11200 in the prior fiscal year.

Request for Information

This financial report is designed to provide general overview of the Galveston County Consolidated Drainage District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Administrative Manager, 1605 Whitaker Dr., Friendswood, Texas, 77546.

BASIC FINANCIAL STATEMENTS

Galveston County
CONSOLIDATED
Drainage District

GALVESTON COUNTY CONSOLIDATED DRAINAGE DISTRICT

STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET

As of September 30, 2025

	General Fund	Adjustments	Statement of Net Position
Assets			
Cash	$ 490,478	$ -	$ 490,478
Investments	6,131,750	-	6,131,750
Taxes receivable, net	125,657	-	125,657
Due from other governments	28,691	-	28,691
Prepaid items	33,339	-	33,339
Net pension asset	-	100,088	100,088
Capital assets, net:			
Land and easements	-	7,816,955	7,816,955
Other depreciable capital assets, net	-	1,778,781	1,778,781
Total Assets	6,809,915	9,695,824	16,505,739
Deferred Outflows of Resources			
Deferred outflows - pension	-	149,018	149,018
Deferred outflows - OPEB	-	3,252	3,252
Total Deferred Outflows of Resources	-	152,270	152,270
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts payable	1,131,429	-	1,131,429
Accrued salaries payable	77,286	-	77,286
Long-term liabilities:			
Due within one year	-	6,640	6,640
Due after one year	-	41,997	41,997
Total OPEB liability	-	35,771	35,771
Total Liabilities	1,208,715	84,408	1,293,123
Deferred Inflows of Resources			
Deferred inflows - property taxes	125,657	(125,657)	-
Deferred inflows - pension	-	59,645	59,645
Deferred inflows - OPEB	-	4,299	4,299
Total Deferred Inflows of Resources	125,657	(61,713)	63,944
Fund Balances			
Fund Balances:			
Non-spendable:			
Prepaid items	33,339		
Assigned:			
Assigned for capital projects	3,416,567		
Unassigned	2,025,637		
Total Fund Balances	5,475,543		
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 6,809,915		
Net Position			
Investment in capital assets		9,595,736	9,595,736
Unrestricted		229,663	5,705,206
Total Net Position		$ 9,825,399	$ 15,300,942

GALVESTON COUNTY CONSOLIDATED DRAINAGE DISTRICT

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

For the Year Ended September 30, 2025

	General Fund	Adjustments	Statement of Activities
Revenues			
Charges for drainage	$ 115,948	$ -	$ 115,948
Charges for flood control	379,339	-	379,339
Property taxes	5,959,690	17,058	5,976,748
Penalties and interest	38,661	-	38,661
Investment earnings	330,134	-	330,134
Miscellaneous	18,871	-	18,871
Total Revenues	6,842,643	17,058	6,859,701
Expenditures/Expenses			
Service Operations:			
Personnel	1,404,966	(114,964)	1,290,002
Professional fees	949,628	-	949,628
Contracted services	121,438	-	121,438
Repairs and maintenance	3,013,392	-	3,013,392
Administrative	189,400	-	189,400
Director fees	28,151	-	28,151
Other	1,371,395	-	1,371,395
Capital outlay	1,024,179	(1,024,179)	-
Depreciation	-	110,602	110,602
Total Expenditures/Expenses	8,102,549	(1,028,541)	7,074,008
Net change in fund balance/net position	(1,259,906)	1,045,599	(214,307)
Fund Balance / Net Position:			
Beginning of the Year	6,735,449	8,779,800	15,515,249
End of the Year	$ 5,475,543	$ 9,825,399	$ 15,300,942

Note 1 - Summary of Significant Accounting Policies

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

Creation

Galveston County Consolidated Drainage District of Galveston County, Texas (the "District") was created on May 1, 2002, from the merger of Clear Creek Drainage District and Galveston County Drainage District No. 3, both of which were operating under the provisions of Chapter 49 and 56 of the Texas Water Code.

The District's primary activities include construction, maintenance and operation of draining and flood control facilities. The District has contracted with various consultants to provide services to operate and administer the affairs of the District.

Reporting Entity

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

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

Government-wide and Fund Financial Statements

Government-wide financial statements display information about the District as a whole. These statements focus on the sustainability of the district as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Interfund activity, if any, has been removed from these statements. These aggregated statements consist of the Statement of Net Position and the Statement of Activities.

As a special-purpose government engaged in a single governmental program, the District has opted to combine its government-wide and fund financial statements in a columnar format showing a final column for reconciling items between the two. All funds are considered major funds under financial reporting guidelines.

Fund financial statements display information at the individual fund level. A fund is considered to be a separate accounting entity. The District reports one individual fund, the General Fund, which is used to account for the operations of the District's drainage system and all other financial transactions not properly includable in other funds.

Note 1 - Summary of Significant Accounting Policies (continued)

Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are organized on the basis of funds, each of which is considered to be separate accounting entity. They use the modified accrual basis of accounting. Revenue is recognized in the accounting period in which it becomes both available and measurable to finance expenditures of the current period. Property tax revenues are generally recognized in the period for which the tax levy was made. Property taxes receivable at the end of the fiscal year are treated as deferred inflow of resources because they are not considered available to pay liabilities of the current period. The District levies taxes for operating purposes only. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable. All other revenues are considered available if they are collected within 60 days after fiscal year end.

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

Current GASB Pronouncements

GASB issued Statement No. 101, *Compensated Absences*, in June 2022. The primary 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, and all reporting periods thereafter. The requirements of this Statement were implemented in fiscal year 2025 and the impact is reflected in the financial statements. See note 4 for more information.

GASB issued Statement No. 102, *Certain Risk Disclosures*, in December 2023. The primary objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The requirements of this statement were evaluated and the district concluded they did not materially impact the financial statements.

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. Investments for the District are reported at fair value.

The funds of the District must be deposited and invested under the terms of a depository contract, the contents of which are set out in the Depository Contract Law. The depository bank may either place approved pledged securities for safekeeping and trust with the District's agent bank or file a corporate surety bond 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 FDIC insurance. The depository cash balances were covered by FDIC insurance and by collateral held by the District's agent in the District's name.

The District categorizes fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District's local government investment pools are recorded at amortized costs as permitted by GASB Statement No. 79 *Certain Investment Pools and Pool Participants*.

Note 1 - Summary of Significant Accounting Policies (continued)

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Allowances for uncollectible taxes receivable are $13,962 for the year ended September 30, 2025.

Prepaids

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Capital assets, which include land and easements, buildings, machinery and equipment, and vehicles are reported in the government-wide financial statements. The district defines capital assets as assets with an initial cost of $5,000 or more and an estimated useful life in excess of one year. Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at the acquisition value at the date of donations. The District has not capitalized interest incurred during the construction of its capital assets. The cost of nominal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Capital assets are depreciated using the straight-line method over their remaining useful lives as follows:

Assets	Useful Life
Buildings	40 years
Office Equipment	5 years
Furniture and Equipment	15 years
Vehicles	10 years

Note 1 - Summary of Significant Accounting Policies (continued)

Net Position

Net position represents the differences between assets, deferred outflows, liabilities, and deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings, used for the acquisition, construction, or improvement of those assets. Net investment in capital assets excludes unspent bond proceeds. Net position is reported as restricted when there are limitations imposed on its use through external grantors, laws, or regulations of other governments.

Fund Balance

In the fund financial statements, governmental funds report classifications of fund balance based on controls placed upon the funds. In accordance with the Governmental Accounting Standards Board (GASB) Statement No. 54, effective June 30, 2011, fund balance classifications are recorded as follows:

Non-spendable fund balance – Amounts that are not in spendable form or amounts that are legally and contractually required to be maintained intact.

Restricted fund balance – Amounts that can be spent only for specific purposes because of local, state or federal laws, or externally imposed conditions by grantors or creditors.

Committed fund balance – amounts constrained to specific purposes by the District itself, using its highest level of decision-making District (i.e. Board of Directors). To be reported as committed, amounts cannot be used for any other purposes unless the District takes the same highest level of action to remove or change the constraint. The District has not committed any fund balance.

Assigned fund balance – amounts the District intends to use for a specific purpose. Intent can be expressed by the District or by an official body to which the Board of Directors delegates. According to policy, the investment committee has the authority to assign fund balance. Fund balance of $3,418,644 in the General Fund has been assigned for future capital projects for Clear Creek Watershed and Dickinson Bayou.

Unassigned fund balance – amounts that are available for any purpose.

For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first and then unrestricted. Expenditures incurred in the unrestricted fund balances shall be reduced first from the committed fund balance, then from the assigned fund balance, and lastly, the unassigned fund balance.

Use of Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 1 - Summary of Significant Accounting Policies (continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and therefore will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. It is the deferred amounts related to pension, and deferred amounts related to OPEB. The deferred amounts related to pension and OPEB relate differences between estimated and actual investment earnings, changes in actuarial assumptions, and other pension and OPEB related changes.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and therefore will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. Unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the government-wide financial statements the District reports deferred amounts related to pension and deferred amounts related to OPEB.

Pensions and Other Post-Employment Benefits (OPEB)

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

Note 2 - Adjustment of Governmental to Government-Wide Basis

Reconciliation of the Government Fund Balance Sheet to the Statement of Net Position

Total Fund Balances, Governmental Funds	$	5,475,543
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Capital assets at historical cost, net of accumulated depreciation, where applicable		9,595,736
Property taxes receivable have been levied and are due this year, but are not available soon enough to pay for the current period's expenditures, these property taxes and related penalty and interest amounts (net of allowance for uncollectible accounts).		125,657
Deferred inflows and outflows related to pension activities		89,373
Deferred inflows and outflows related to OPEB activities		(1,047)
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
Net pension asset		100,088
Net OPEB liability		(35,771)
Compensated absences		(48,637)
Total Net Position - Governmental Activities	$	15,300,942

Note 2 - Adjustment of Governmental to Government-Wide Basis (continued)

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

Net Change in Fund Balances - Total Governmental Funds	$ (1,259,906)
Amounts reported for governmental activities in the statement of activities are different because:	
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. This is the amount by which capital outlays exceeded depreciation in the current period.	
Capitalized expenditures reclassified to assets.	1,024,179
Depreciation expense taken to Statement of Activities.	(110,602)
Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	17,058
Pension contributions made during the current fiscal year are reported as expenditures in the governmental funds and are reported as deferred outflows and reductions in net pension liability as opposed to expenses in the statement of activity.	140,280
OPEB contributions made during the current fiscal year are reported as expenditures in the governmental funds and are reported as deferred outflows and reductions in the OPEB Obligation as opposed to expenses in the statement of activity.	1,104
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Increase in long-term portion of accrued compensated absences	(11,415)
Pension expense for the plan measurement year	(17,247)
OPEB income for the plan measurement year	2,242
Change in Net Position of Governmental Activities	$ (214,307)

Note 3 - Cash and Investments

At September 30, 2025, cash and temporary investments consisted of the following:

	General Fund
Cash	
Checking accounts	$ 490,214
Cash on Hand	264
Total Cash	490,478
Investments	
TexPool	6,131,750
Total Investments	6,131,750
Total Cash and Investments	$ 6,622,228

Cash Deposits

In the event of the failure of a depository financial institution, a government will not be able to recover collateral securities that are in the possession of an outside party. At September 30, 2025, the District's cash in bank totaled $503,263 while the carrying value was $490,214. Pledged collateral and FDIC insurance for these deposits totaled $648,909.

Investments

The District's investment policy is in accordance with the Public Funds Investment Act, the Public Funds Collateral Act, and federal and state laws. The District further limits its investments to: 1) obligations of the United States or its agencies and instrumentalities; 2) guaranteed or secured certificates of deposit issued by state or national banks that have its main office or branch office in Texas; 3) money market mutual funds with a dollar weighted average stated maturity of 90 days or less, rated AAA by at least one nationally recognized rating service, and seek to maintain a net asset value of $1.00 per share; and 4) public funds investment pools that meet the requirements of Chapter 2256.016 of the Public Funds Investment Act.

For fiscal year 2025, the District invested in the State of Texas' TexPool. TexPool operates in a manner consistent with the Security and Exchange Commission's Rule 2a7 of the Investment Company Act of 1940.

TexPool is duly chartered and overseen by the State Comptroller's Office and administered by Federated Investors, Inc. The State Street Bank is the custodial bank. The portfolio consists of U.S. T-Bills, T Notes, collateralized repurchase and reverse repurchase agreements, and no-load money market mutual funds regulated by the Securities and Exchange Commission and rated AAA or equivalent by at least one nationally recognized rating service.

At year end, the District's investment balances and the weighted average maturity of these investments were as follows:

	Fair Value	Weighted Average Maturity (Days)
Investments		
TexPool	$ 6,131,750	44
Total Investments	$ 6,131,750	44

Note 3 - Cash and Investments (continued)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates may adversely affect the value of the investments. The District monitors interest rate risk utilizing weighted average maturity analysis. In accordance with its investment policy, the District reduces its exposure to declines in fair values by limiting the weighted average maturity of internally created pooled fund groups to no more than 360 days.

Credit Risk

State law and the District's investment policy limits investments in all categories to top ratings issued by nationally recognized rating agency. As of September 30, 2025, the District's investment in TexPool is currently rated AAAm by Standard and Poor's. This rating indicates excellent safety and a superior capacity to maintain principal value and limit exposure to loss.

Concentration of Credit Risk

The District's investment policy requires the investment portfolio to be diversified in terms of investment instruments and maturity in order to reduce the risk of loss resulting from over-concentration of assets in a specific class of investments, specific maturity, or specific issuer. The District's investment policy establishes the following maximum limits, by instrument, for the portfolio:

Investment Instrument	Percent of Portfolio
U.S. Treasury Securities	100%
Agencies and Instrumentalities	85%
Certificates of Deposit	100%
Repurchase Agreements	20%
Money Market Mutual Funds	50%
Authorized Pools	100%

At September 30, 2025, the District's investment portfolio consisted of the following:

	Fair Value	% of Portfolio
Investments		
TexPool	$ 6,131,750	100%
Total Investments	$ 6,131,750	100%

The District reports its local government investment pools at amortized cost as permitted by GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. In addition, TexPool 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.

Note 4 - Long-Term Debt

Accrued Compensated Employee Absences

The District's Long-term debt consists solely of accrued compensated employee absences. The liability for compensated absences was $48,637 at September 30, 2025. Employees earn vacation days annually in accordance to the years of service policy outlined in the personnel policy, however, no employee may carryover more than ten days or eighty hours of vacation accrual from one calendar year to the next. Employees earn ten sick leave days or eighty hours per year and may carryover a total of one year's sick leave from year to year. Upon termination of employment, whether voluntary or involuntary, including retirement, employees may receive payment for a maximum of 20 days accumulated vacation at their base salary in effect at the date of termination.

The District applied a Last-In, First-Out (LIFO) flow assumption in determining the liability for leave expected to be used as time off. Using data from the past three years, the District estimated how much leave is expected to be used (taken as time off) in future periods, as well as how much leave is expected to be earned in future periods. Under LIFO, the estimated leave to be earned in future periods offsets the estimated leave to be used as time off in future periods. Based on historical trends from the past three years, it is more likely than not that estimated leave earned in future periods will exceed the estimated time to be taken as time off in future periods. Therefore, the liability is calculated based solely on amounts due at retirement or separation, in accordance with policy limits.

The following is a summary of the changes in the District's compensated absences payable for the year ended September 30, 2025:

	Balance October 01, 2024	Additions	Retirements	Balance September 30, 2025	Due Within One Year
Compensated Absences	$ 37,222	$ 11,415	$ -	$ 48,637	$ 6,640

In the governmental funds, the amount reported as a liability for compensated absences is limited to the amount of reimbursable unused vacation and overtime payable to employees who had terminated their employment with the District as of the end of the fiscal year.

Note 5 - Property Taxes

The District's property taxes are levied annually in October on the basis of the Galveston Central Appraisal District's assessed values as of January 1 of that calendar year. Appraised values are established by the Appraisal District at market value. The District's property tax calendar is as follows:

Property Tax Calendar

October	Taxes are levied and are due upon receipt of the tax bill.
January 1	Tax lien attaches to properties within District.
February 1	Penalty and interest charged if taxes are not paid.
July 1	Additional 20% penalty is charged if taxes are not paid; penalty is payable to the delinquent tax attorney.

Note 5 - Property Taxes

For the current year, the District levied property taxes of $0.11200 per $100 of assessed valuation of which all was allocated to general maintenance and operations. The resulting tax levy was $5,998,387 on an adjusted taxable valuation of $5,355,703,000. Property taxes receivable, as of September 30, 2025, includes penalty and interest receivable on delinquent accounts and an estimated allowance for uncollectible accounts as follows:

	General Fund
Taxes receivable, current year	$ 58,370
Taxes receivable, prior years	43,838
Penalty and interest receivable	37,411
Total Taxes Receivable	139,619
Less allowance for uncollectible accounts	(13,962)
Net Taxes Receivable	$ 125,657

Note 6 - Capital Assets

Capital assets, which include land, infrastructure and other equipment, are reported in the government-wide financial statements. Assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at the acquisition value at the date of donation. Depreciation is calculated using the straight-line method over the estimated useful lives. A summary of changes in capital assets, for the year ended September 30, 2025, follows:

	Balance October 01, 2024	Additions	Transfers and (Retirements)	Balance September 30, 2025
Capital Assets, Not being Depreciated:				
Land and easements	$ 7,812,607	$ 4,348	$ -	$ 7,816,955
Total Assets, Not being Depreciated:	7,812,607	4,348	-	7,816,955
Capital Assets, being Depreciated:				
Building	965,909	29,984	-	995,893
Furniture and equipment	2,073,568	754,573	-	2,828,141
Vehicles	381,586	235,274	-	616,860
Total Capital Assets, being Depreciated	3,421,063	1,019,831	-	4,440,894
Less Accumulated Depreciation for:				
Building	(513,088)	(24,148)	-	(537,236)
Furniture and equipment	(1,672,746)	(80,810)	-	(1,753,556)
Vehicles	(365,677)	(5,644)	-	(371,321)
Total Accumulated Depreciation	(2,551,511)	(110,602)	-	(2,662,113)
Total Capital Assets being Depreciated, Net	869,552	909,229	-	1,778,781
Governmental Activities Capital Assets, Net	$ 8,682,159	$ 913,577	$ -	$ 9,595,736

Depreciation expense amounted to $110,602 in the current fiscal year.

Note 7 - Defined Benefit Pension Plan

The District provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit plan in the state-wide Texas County and District Retirement System ("TCDRS"). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system, consisting of 677 nontraditional defined benefit pension plans. TCDRS issues an annual comprehensive financial report (ACFR) on a calendar year basis. The ACFR is available, upon written request, from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas, 78768-2034 or online at www.tcdrs.org.

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS ("TCDRS Act"). Members can retire at age 60 and above with 5 or more years of service, with 30 years of service regardless of age or when the sum of their age and years of service equals 75 or more. Members are vested after 5 years of service but must leave their accumulated contributions to the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits, with interest. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitments to contribute. At retirement, disability or death, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates, as prescribed by the TCDRS Act.

At the December 31, 2024, valuation and measurement date, the following employees were covered by the benefit terms:

Current active members	9
Current inactive members	9
Current retirees and beneficiaries	13

Funding Policy/Contributions

The employer has chosen a variable rate plan under the provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer was 16.55 percent and the contribution rate for employees was 7.00 percent, as adopted by the governing body of the employer. The contribution rate of the employer is not actuarially determined and is one of the rates that can be adopted in accordance with the TCDRS Act. However, the plan of benefits adopted by the employer at the time of plan inception or when benefit increases were adopted was limited by the TCDRS Act to what the actuary determined could be adequately financed by the commitment of the employer. The employee deposit rate and the employer contribution rate may be changed by the governing body of the employer with options available in the TCDRS ACT.

If a plan has had adverse experience, the TCDRS Act has provisions which allow the employer to contribute a fixed supplemental contribution rate determined by the system's actuary above the regular rate for 25 years or to reduce benefits earned in the future.

Net Pension Liability

The District's Net Pension Liability ("NPL") was measured as of December 31, 2024, and the Total Pension Liability ("TPL") used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Note 7 - Defined Benefit Pension Plan (continued)

Actuarial Assumptions

The Total Pension Liability in the December 31, 2024, actuarial valuation used for funding valuation was determined using the following actuarial assumptions.

Real rate of return	5.00%
Inflation	2.50%
Long-term investment return	7.50%
Growth in membership	0.00%
Payroll growth	0.00%

Actuarial assumptions used in the December 31, 2024, valuation were based on the results of an actuarial experience study for the period January 1, 2017 through December 31, 2020, except where required to be different by GASB 68. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TCDRS. The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation [1]	Geometric Real Rate of Return [2]
US Equities	13.00%	5.35%
Global Equities	4.00%	5.15%
International Equities - Developed Markets	6.00%	4.75%
International Equities - Emerging Markets	0.00%	4.75%
Investment-Grade Bonds	3.00%	2.55%
Strategic Credit	9.00%	3.70%
Direct Lending	16.00%	6.85%
Distressed Debt	4.00%	6.80%
REIT Equities	2.00%	3.95%
Master Limited Partnerships	2.00%	4.95%
Commodities	2.00%	1.00%
Private Equity Estate Partnership	6.00%	5.75%
Private Equity	25.00%	8.15%
Hedge Funds	6.00%	3.60%
Cash Equivalents	2.00%	1.10%
Total Assets	100.00%	

[1] Target asset allocation adopted at the March 2025 TCDRS Board meeting.
[2] Geometric real rates of return equal the expected return for the asset class minus the assumed inflation rate of 2.23%, per Cliffwater's 2025 capital market assumptions.

Note 7 - Defined Benefit Pension Plan (continued)

Changes in Actuarial Assumptions and Methods

There were no changes in assumptions reflected in the December 31, 2024, and 2023 actuarial valuation. There was one method change reflected in the December 31, 2024 actuarial valuation. The asset valuation method was changed so that any remaining unrecognized asset gains or losses from the previous year are updated to the current year to account for the time value of money using the investment return assumption. There were no other changes made to the asset valuation method.

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.60%, which was the same as prior year's 7.60% rate. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balances as of December 31, 2023	$ 5,742,813	$ 5,670,782	$ 72,031
Changes for the Year:			
Service cost	95,956	-	95,956
Interest on total pension liability	435,988	-	435,988
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	54,555	-	54,555
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	-	-	-
Benefit payments	(207,990)	(207,990)	-
Administrative expenses	-	(3,386)	3,386
Member contributions	-	51,924	(51,924)
Net investment income	-	577,532	(577,532)
Employer contributions	-	132,183	(132,183)
Other	-	365	(365)
Balances as of December 31, 2024	$ 6,121,322	$ 6,221,410	$ (100,088)

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

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

	1% Decrease 6.60%	Discount Rate 7.60%	1% Increase 8.60%
Total Pension Liability	$ 6,782,328	$ 6,121,322	$ 5,549,668
Fiduciary net position	6,221,410	6,221,410	6,221,410
Net Pension Liability (Asset)	$ 560,918	$ (100,088)	$ (671,742)

Note 7 - Defined Benefit Pension Plan (continued)

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

For the year ended September 30, 2025, the District recognized pension income of $17,247 .

As of September 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	$ 49,784	$ -
Net difference between projected and actual earnings	-	(59,645)
Contributions made subsequent to measurement date	99,234	-
	$ 149,018	$ (59,645)

The $99,234 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2025.

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

Year Ending September 30,	Amount
2026	$ (16,772)
2027	101,618
2028	(65,194)
2029	(29,513)
	$ (9,861)

Note 8 - Other Post Employment Benefit Plans

Plan Description

The District participates in the retiree Group Term Life (GTL) program for the Texas County & District Retirement System (TCDRS), which is a statewide, multiple-employer, public employee retirement system described more fully in Note 7. The benefit terms of this program are established under the TCDRS Act. Participation in the retiree GTL program is optional and the employer may elect to opt out of (or opt into) coverage as of January 1st of each year. The district's contribution rate for the retiree GTL program is calculated annually on an actuarial basis and is equal to the cost of providing a one-year death benefit equal to $5,000. The benefits provided by this program are as follows:

- All full- and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year and are eligible for the TCDRS pension plan. Only employers that have elected participation in the retiree Group Term Life program are included in the OPEB plan.
- The plan provides a $5,000 post-retirement death benefit to beneficiaries of service retirees and disability retirees of employers that have elected participation in the retiree GTL program.
- The OPEB benefit is a fixed $5,000 lump-sum benefit.
- No future increases are assumed in the $5,000 benefit amount.
- Benefit terms are established under the TCDRS Act. Participation in the retiree GTL program is optional and the employer may elect to opt out of (or opt into) coverage as of Jan. 1 each year.

Membership Information

At the December 31, 2025, valuation and measurement date, the following employees were covered by the benefit terms:

Current active members	9
Current inactive members	5
Current retirees	8

"Receiving benefits" indicates the member is retired and receiving monthly pension benefits, and his or her beneficiary is eligible for the $5,000 lump sum upon the retiree's death.

Contributions

Under the GTL program, the employer's benefit payments for the year are treated as being equal to its annual retiree GTL contributions. Employers in the Program make a combined contribution for both the active and retiree coverage; however, only the retiree coverage is considered an OPEB plan and therefore only the contributions associated with retiree covered are included under GASB 75.

The contributions for retiree GTL coverage are assigned to the OPEB plan under GASB 75 and are used to determine the benefit payments shown on the exhibit on the next page. The contributions for active coverage are not considered an OPEB benefit under GASB 75 and are treated as a current benefit. Contributions made by the employer for retiree GTL benefits have been made at 0.40 percent and 0.38 percent for the 2023 and 2024 plan (calendar) years, respectively.

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

Note 8 - Other Post Employment Benefit Plans (continued)

Actuarial Assumptions

The District's Total OPEB Liability ("TOL") was measured as of December 31, 2024 and was determined by an actuarial valuation as of that date using the following actuarial assumptions:

Valuation timing	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial cost method	Entry age level percent of salary
Amortization method:	
Recognition of economic/demographic gains or losses	Straight line amortization over expected working life
Recognition of assumptions changes or inputs	Straight line amortization over expected working life
Investment rate of return	4.08%; 20 Year Bond GO Index published by bondbuyer.com as of December 26, 2024.
Salary increases	Salary increases do not affect benefits, but are used in the allocation of costs under the actuarial cost method.
Disability	Custom table based on TCDRS experience
Mortality - depositing members	135% of Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Mortality - service retirees, beneficiaries and non-depositing members	135% of Pub-2010 General Healthy Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Healthy Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Mortality - disabled retirees	160% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Retirement	Custom table based on TCDRS experience
Other Termination of Employment	Custom table based on TCDRS experience

Discount Rate

The TCDRS GTL program is treated as unfunded OPEB plan because the GTL trust covers both actives and retirees and the assets are not segregated for these groups. Under GASB 75 (paragraph 155), the discount rate for an unfunded OPEB plan should be based on 20-year tax-exempt AA or higher Municipal Bonds. Therefore, a discount rate of 2.06% based on the 20 Year Bond GO Index published by bondbuyer.com is used as of the measurement date of December 31, 2024.

Changes in Total OPEB Liability

	Total OPEB Liability
Balances as of December 31, 2023	$ 38,816
Changes for the Year:	
Service cost	882
Interest on total pension liability	1,277
Effect of economic/demographic gains or losses	1,293
Effect of assumptions changes or inputs	(5,459)
Benefit payments	(1,038)
Balances as of December 31, 2024	$ 35,771

Note 8 - Other Post Employment Benefit Plans (continued)

Sensitivity Analysis

The following presents the Total OPEB Liability of the employer, calculated using the discount rate of 4.08%, as well as what the District's Total OPEB Liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.08%) or 1 percentage point higher (5.08%) than the current rate. Note that the healthcare cost trend rate does not affect the Total OPEB Liability, so sensitivity to the healthcare cost trend rate is not shown.

	1% Decrease 3.08%	Discount Rate 4.08%	1% Increase 5.08%
Total OPEB Liability	$ 42,593	$ 35,771	$ 30,475

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

For the year ended September 30, 2025, the District recognized OPEB expense of ($2,242).

As of September 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	$ 970	$ 205
Changes in assumptions	1,500	4,094
Contributions made subsequent to the measurement date	782	-
	$ 3,252	$ 4,299

The $782 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ending September 30, 2025.

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

Year Ending September 30,	Amount
2025	$ (394)
2026	(395)
2027	(1,040)
	$ (1,829)

Note 9 - Risk Management

The District is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; personal injuries; and natural disasters. The risk of loss is covered by commercial insurance. There have been no significant reductions in insurance coverage.

Note 10 – Subsequent Events

None noted.

REQUIRED SUPPLEMENTARY INFORMATION

GALVESTON COUNTY CONSOLIDATED DRAINAGE DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND

For the Year Ended September 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Charges for drainage	$ 150,000	$ 150,000	$ 115,948	$ (34,052)
Charges for flood control	100,000	100,000	379,339	279,339
Property taxes	6,235,000	6,235,000	5,959,690	(275,310)
Penalties and interest	-	-	38,661	38,661
Investment earnings	375,000	375,000	330,134	(44,866)
Miscellaneous	-	-	18,871	18,871
Total Revenues	6,860,000	6,860,000	6,842,643	(17,357)
Expenditures				
Service operations:				
Personnel	1,249,000	1,249,000	1,404,966	(155,966)
Professional fees	233,500	233,500	949,628	(716,128)
Contracted services	83,000	83,000	121,438	(38,438)
Repairs and maintenance	5,246,000	5,246,000	3,013,392	2,232,608
Administrative	125,050	125,050	189,400	(64,350)
Director fees	18,000	18,000	28,151	(10,151)
Other	51,500	51,500	1,371,395	(1,319,895)
Capital Outlay	2,475,000	2,475,000	1,024,179	1,450,821
Total Expenditures	9,481,050	9,481,050	8,102,549	1,378,501
Net change in fund balance	(2,621,050)	(2,621,050)	(1,259,906)	1,361,144
Fund Balance				
Beginning of the Year	6,735,449	6,735,449	6,735,449	-
End of the Year	$ 4,114,399	$ 4,114,399	$ 5,475,543	$ 1,361,144

A. Legal Compliance - Budgets

The District annually adopts a budget for use in planning and controlling costs. The budget takes into consideration all district revenues, including, but not limited to taxes, fees and interest, if any, and all projected district obligations and expenditures. The budget may be amended any time but such amendments require approval in advance by the Board of Directors. The budget is legally enacted prior to October 1. All annual appropriations lapse at fiscal year-end. The following functions were in excess of appropriations at the end of fiscal year 2025 – personnel $155,966, professional services $707,818, contracted services $38,438, administrative $64,350, director fees $10,151, Other $1,319,895.

Encumbrance accounting is employed in governmental funds. Encumbrances (i.e., purchase orders) outstanding at year end are reported as assignments of fund balances and do not constitute expenditures or liabilities because the commitments will be re- appropriated and honored during the subsequent year.

GALVESTON COUNTY CONSOLIDATED DRAINAGE DISTRICT

TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM

SCHEDULE OF CHANGES IN NET PENSION LIABILITIES AND RELATED RATIOS

For the Last Ten Measurement Years Ended December 31,

	2024	2023	2022	2021	2020
Total Pension Liability					
Service cost	$ 95,956	$ 78,841	$ 95,365	$ 101,038	$ 89,576
Interest on total pension liability	435,988	410,263	390,896	375,373	356,547
Effect of plan changes	-	-	-	-	-
Effect of economic/demographic gains or losses	54,555	40,246	(25,424)	(78,965)	2,202
Effect of assumptions changes or inputs	-	-	-	(11,595)	249,246
Refund of contributions	-	-	-	-	-
Benefit payments	(207,990)	(207,990)	(171,618)	(180,092)	(163,483)
Net change in total pension liability	378,509	321,360	289,219	205,759	534,088
Total Pension Liability, Beginning	5,742,813	5,421,453	5,132,234	4,926,475	4,392,387
Total Pension Liability, Ending (a)	6,121,322	5,742,813	5,421,453	5,132,234	4,926,475
Fiduciary Net Position					
Employer contributions	132,183	85,946	85,947	85,805	91,212
Member contributions	51,924	38,513	36,699	40,043	43,199
Refund of contributions			-	-	-
Benefit payments	(207,990)	(207,990)	(171,618)	(180,092)	(163,483)
Administrative expenses	(3,386)	(2,961)	(3,041)	(3,011)	(3,378)
Net investment income	577,532	569,542	(322,124)	1,007,684	435,244
Other	365	(2,100)	(2,243)	(266)	(441)
Net change in fiduciary net position	550,628	480,950	(376,380)	950,163	402,353
Fiduciary Net Position, Beginning	5,670,782	5,189,832	5,566,212	4,616,049	4,213,696
Fiduciary Net Position, Ending (b)	6,221,410	5,670,782	5,189,832	5,566,212	4,616,049
Net Pension Liability (Asset), Ending = (a) - (b)	$ (100,088)	$ 72,031	$ 231,621	$ (433,978)	$ 310,426
Fiduciary Net Position as a % of Total Pension Liability	101.64%	98.75%	95.73%	108.46%	93.70%
Covered Payroll	$ 741,768	$ 550,181	$ 524,273	$ 572,036	$ 617,134
Net Pension Liability (Asset) as a % of Covered Payroll	-13.49%	13.09%	44.18%	-75.87%	50.30%

GALVESTON COUNTY CONSOLIDATED DRAINAGE DISTRICT

TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM

SCHEDULE OF CHANGES IN NET PENSION LIABILITIES AND RELATED RATIOS

For the Last Ten Measurement Years Ended December 31,

	2020	2019	2018	2017	2016
Total Pension Liability					
Service cost	$ 90,470	$ 99,399	$ 96,052	$ 103,424	$ 101,880
Interest on total pension liability	331,920	314,354	291,389	264,359	247,060
Effect of plan changes	-	-	-	-	(11,543)
Effect of economic/demographic gains or losses	8,735	(41,215)	17,984	(5,388)	(66,858)
Effect of assumptions changes or inputs	-	-	20,535	-	17,311
Refund of contributions	-	-	(36,503)	-	-
Benefit payments	(90,322)	(201,031)	(56,140)	(56,140)	(87,677)
Net change in total pension liability	340,803	171,507	333,317	306,255	200,173
Total Pension Liability, Beginning	4,051,584	3,880,077	3,546,761	3,240,507	3,040,334
Total Pension Liability, Ending (a)	4,392,387	4,051,584	3,880,078	3,546,762	3,240,507
Fiduciary Net Position					
Employer contributions	83,618	81,297	81,923	71,950	80,485
Member contributions	43,747	43,708	47,908	45,130	46,029
Refund of contributions	-	-	(36,503)	-	-
Benefit payments	(90,322)	(201,031)	(56,140)	(56,140)	(87,677)
Administrative expenses	(3,211)	(2,883)	(2,487)	(2,372)	(2,128)
Net investment income	589,300	(70,525)	472,422	218,275	(50,880)
Other	1,855	(1,889)	475	5,587	(2,179)
Net change in fiduciary net position	624,987	(151,323)	507,598	282,430	(16,350)
Fiduciary Net Position, Beginning	3,588,709	3,740,032	3,232,435	2,950,006	2,966,356
Fiduciary Net Position, Ending (b)	4,213,696	3,588,709	3,740,033	3,232,436	2,950,006
Net Pension Liability (Asset), Ending = (a) - (b)	$ 178,691	$ 462,875	$ 140,045	$ 314,326	$ 290,501
Fiduciary Net Position as a % of Total Pension Liability	95.93%	88.58%	96.39%	91.14%	91.04%
Covered Payroll	$ 624,950	$ 624,396	$ 684,404	$ 644,709	$ 657,560
Net Pension Liability (Asset) as a % of Covered Payroll	28.59%	20.46%	48.75%	44.18%	10.45%

GALVESTON COUNTY CONSOLIDATED DRAINAGE DISTRICT

TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM

SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS

For the Last Ten Fiscal Years

Years Ended September 30,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2016	$ 77,970	$ 77,970	$ -	$ 658,264	11.8%
2017	81,475	81,475	-	668,940	12.2%
2018	81,755	81,755	-	648,585	12.6%
2019	82,685	82,685	-	626,641	13.2%
2020	87,958	87,958	-	602,604	14.6%
2021	83,611	83,611	-	568,185	14.7%
2022	89,582	89,582	-	559,835	16.0%
2023	84,395	84,395	-	538,790	15.7%
2024	117,624	117,624	-	690,535	17.0%
2025	140,280	140,280	-	854,160	16.4%

Notes to Schedule of Employer Contributions

Valuation date	Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which contributions are reported.
Actuarial cost method	Entry Age (level percentage of pay)
Amortization method	Level percentage of payroll, closed
Remaining amortization period	16.3 years (based on contribution rate calculated in 12/31/2024 valuation)
Asset valuation method	5-year smoothed market
Inflation	2.50%
Salary increases	Varies by age and service. 4.7% average over career including inflation.
Investment rate of return	7.50%, net of administrative and investment expenses, including inflation
Retirement age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions	2015: New inflation, mortality9and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions were reflected. 2022: New investment return and inflation assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions *	2015: No changes in plan provisions were reflected in the Schedule. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected in the Schedule. 2019: No changes in plan provisions were reflected in the Schedule. 2020: No changes in plan provisions were reflected in the Schedule. 2021: No changes in plan provisions were reflected in the Schedule. 2022: No changes in plan provisions were reflected in the Schedule. 2023: No changes in plan provisions were reflected in the Schedule. 2024: No changes in plan provisions were reflected in the Schedule.

* Only changes that affect the benefit amount and that are effective 2015 and later are shown above.

GALVESTON COUNTY CONSOLIDATED DRAINAGE DISTRICT

TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITIES AND RELATED RATIOS

For the Last Eight Measurement Years Ended December 31,

	2024	2023	2022	2021
Total OPEB Liability				
Service cost	$ 882	$ 622	$ 1,389	$ 1,460
Interest on total OPEB liability	1,277	1,309	960	937
Effect of economic/demographic gains or losses	1,293	3,000	990	(164)
Effect of assumptions changes or inputs	(5,459)	(409)	(13,428)	723
Benefit payments	(1,038)	(550)	(524)	(515)
Net Change in Total OPEB Liability	(3,045)	3,972	(10,613)	2,441
Total OPEB Liability, Beginning	38,816	34,844	45,457	43,016
Total OPEB Liability, Ending	$ 35,771	$ 38,816	$ 34,844	$ 45,457
Covered Payroll	$ 741,768	$ 550,181	$ 524,273	$ 572,036
Total OPEB Liability as a % of Covered Payroll	4.82%	7.06%	6.65%	7.95%

Note: GASB 75 requires ten years of data to be provided in this schedule.

However, because this standard was implemented in fiscal year 2018, data for previous years is unavailable.

	2020	2019	2018	2017
Total OPEB Liability				
Service cost	$ 1,195	$ 802	$ 1,008	$ 868
Interest on total OPEB liability	1,015	1,072	1,058	1,128
Effect of economic/demographic gains or losses	49	716	(2,523)	(2,220)
Effect of assumptions changes or inputs	5,171	8,393	(3,476)	1,448
Benefit payments	(494)	(500)	(437)	(479)
Net Change in Total OPEB Liability	6,936	10,483	(4,370)	745
Total OPEB Liability, Beginning	36,080	25,597	29,967	29,222
Total OPEB Liability, Ending	$ 43,016	$ 36,080	$ 25,597	$ 29,967
Covered Payroll	$ 617,134	$ 624,950	$ 624,396	$ 684,404
Total OPEB Liability as a % of Covered Payroll	6.97%	5.78%	4.10%	4.38%

Note: GASB 75 requires ten years of data to be provided in this schedule.

However, because this standard was implemented in fiscal year 2018, data for previous years is unavailable.

GALVESTON COUNTY CONSOLIDATED DRAINAGE DISTRICT

TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
SCHEDULE OF EMPLOYER OPEB CONTRIBUTIONS
Last Eight Measurement Years

Years Ended December 31,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2017	$ 479	$ 815	$ (336)	$ 684,404	0.12%
2018	437	819	(382)	624,396	0.13%
2019	367	867	(500)	624,950	0.14%
2020	362	856	(494)	617,134	0.14%
2021	387	902	(515)	572,036	0.16%
2022	403	927	(524)	524,273	0.18%
2023	550	1,100	(550)	550,181	0.20%
2024	1,038	1,038	-	741,768	0.14%

Note: GASB 75 requires ten years of data to be provided in this schedule.

However, because this standard was implemented in measurement year 2017, data for previous years is unavailable.

TEXAS SUPPLEMENTARY INFORMATION

Galveston County
CONSOLIDATED
Drainage District

GALVESTON COUNTY CONSOLIDATED DRAINAGE DISTRICT

Schedule TSI-1

SERVICES AND RATES

For the Year Ended September 30, 2025

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

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

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

[ ] Other (specify): _____

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

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

Gallons pumped into system: N/A — Water Accountability Ratio:

Gallons billed to customers: N/A — (Gallons billed / Gallons pumped)

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

(You may omit this information if your district does not levy standby fees)

Does the District have Debt Service standby fees? Yes [ ] No [X]

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

Does the District have Operation and Maintenance standby fees? Yes [ ] No [X]

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

4. Location of District

(Required for first audit year or when information changes otherwise this information may be omitted):

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

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

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

City(ies) in which the District is located: Friendswood and League City

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

ETJs in which the District is located: _____

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

If Yes, by whom? _____

GALVESTON COUNTY CONSOLIDATED DRAINAGE DISTRICT

Schedule TSI-2

GENERAL FUND EXPENDITURES

For the Year Ended September 30, 2025

Personnel Expenditures (including benefits)*	$ 1,404,966
Professional Fees	
Accounting and auditing	30,000
Legal	353,875
Engineering	565,753
	949,628
Contracted Services	
Appraisal District	42,462
Other Contracted Services	78,976
	121,438
Repairs and Maintenance	3,013,392
Administrative Expenditures	
Directors Fees	28,151
Office Supplies	7,608
Insurance	55,383
Other Administrative Expenditures	126,409
	217,551
Other Expenditures	1,371,395
Capital Outlay	
Capitalized Assets	1,024,179
	1,024,179
Total Expenditures	$ 8,102,549

* Number of persons employed by the District: 11 Full-Time 0 Part-Time

Reporting of Utility Services in Accordance with HB 3693:

	Usage	Cost
Electrical	101,606 KW/h	$ 19,077
Water	99,000	4,435

GALVESTON COUNTY CONSOLIDATED DRAINAGE DISTRICT

Schedule TSI-3

INVESTMENTS

For the Year Ended September 30, 2025

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year
General Fund				
TexPool	7885900001	Variable	N/A	$ 2,055,220
TexPool	7885900003	Variable	N/A	4,076,530
Total General Fund				$ 6,131,750

Galveston County
CONSOLIDATED
Drainage District

GALVESTON COUNTY CONSOLIDATED DRAINAGE DISTRICT

Schedule TSI-4

TAXES LEVIED AND RECEIVABLE

For the Year Ended September 30, 2025

	Maintenance Taxes
Taxes Receivable, Beginning of Year	$ 89,213
Adjustments to prior year receivable	(24,149)
Adjusted Beginning Receivable	65,064
2024 Original Tax Levy	6,047,303
Plus adjustments	(48,916)
2024 Adjusted Levy	5,998,387
Total to be accounted for	6,063,451
Tax Collections:	
Current year	5,940,017
Prior years	21,226
Total Collections	5,961,243
Taxes Receivable, End of Year	$ 102,208
Taxes Receivable, By Years	
2020 and prior	$ 12,629
2022	5,793
2023	7,979
2024	17,437
2025	58,370
Taxes Receivable, End of Year	$ 102,208

Tax Year	**2024**	**2023**	**2022**	**2021**
Property Valuations:				
Land	$ 5,355,703,000	$ 5,392,581,369	$ 5,605,017,170	$ 5,116,817,489
Total Property Valuations	$ 5,355,703,000	$ 5,392,581,369	$ 5,605,017,170	$ 5,116,817,489
Tax Rates per $100 Valuation:				
Maintenance tax rates	$ 0.1120	$ 0.1186	$ 0.1298	$ 0.1320
Total Tax Rates per $100 Valuation	$ 0.1120	$ 0.1186	$ 0.1298	$ 0.1320
Original Tax Levy:	$ 6,047,303	$ 6,179,319	$ 6,156,438	$ 5,575,500
Percentage of Taxes Collected to Taxes Levied **	99.03%	99.11%	99.48%	99.58%

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

	AMOUNTS				
General Fund	**2025**	**2024**	**2023**	**2022**	**2020**
Revenues:					
Charges for flood control	$ 379,339	$ 89,551	$ 86,974	$ 75,919	$ 65,469
Charges for drainage	115,948	126,569	224,803	193,588	129,633
Property taxes	5,959,690	6,370,263	6,247,788	5,758,906	4,405,011
Penalties and interest	38,661	34,306	35,311	27,436	27,436
Investment earnings	330,134	435,999	485,431	70,537	14,540
Miscellaneous	18,871	21,766	20,649	1,651	1,787
Total Revenues	6,842,643	7,078,454	7,100,956	6,128,037	4,643,876
Expenditures:					
Personnel	1,404,966	1,038,597	835,778	834,804	850,278
Professional fees	949,628	228,725	191,984	150,776	108,434
Contracted services	121,438	125,760	65,358	84,999	45,294
Repairs and maintenance	3,013,392	5,442,526	6,444,507	2,994,214	4,382,180
Administrative	189,400	97,403	81,050	70,953	67,350
Director fees	28,151	27,000	29,750	32,000	29,500
Other	1,371,395	52,599	42,470	35,330	35,029
Capital outlay	1,024,179	1,031,219	1,412,580	304,043	49,507
Total Expenditures	8,102,549	8,043,829	9,103,477	4,507,119	5,567,572
Excess (Deficiency) of Revenues over Expenditures	$ (1,259,906)	$ (965,375)	$ (2,002,521)	$ 1,620,918	$ (923,696)

	PERCENT OF FUND TOTAL REVENUES				
General Fund	**2025**	**2024**	**2023**	**2022**	**2020**
Revenues:					
Charges for flood control	5.5%	1.3%	1.2%	1.2%	1.4%
Charges for drainage	1.7%	1.8%	3.2%	3.2%	2.8%
Property taxes	87.0%	90.0%	88.0%	94.0%	94.9%
Penalties and interest	0.6%	0.5%	0.5%	0.4%	0.6%
Investment earnings	4.8%	6.2%	6.8%	1.2%	0.3%
Miscellaneous	0.3%	0.2%	0.3%	0.0%	0.0%
Total Revenues	99.9%	100.0%	100.0%	100.0%	100.0%
Expenditures:					
Personnel	20.5%	14.7%	11.8%	13.6%	18.3%
Professional fees	13.9%	3.2%	2.7%	2.5%	2.3%
Contracted services	1.8%	1.8%	0.9%	1.4%	1.0%
Repairs and maintenance	44.0%	76.9%	90.8%	48.9%	94.4%
Administrative	2.8%	1.4%	1.1%	1.1%	1.5%
Director fees	0.4%	0.4%	0.4%	0.5%	0.6%
Other	20.0%	0.7%	0.6%	0.6%	0.8%
Capital outlay	15.0%	14.6%	19.9%	5.0%	1.1%
Total Expenditures	118.4%	113.7%	128.2%	73.6%	120.0%
Excess (Deficiency) of Revenues over Expenditures	-(18.5%)	-(13.7%)	-(28.2%)	26.5%	-20.0%

GALVESTON COUNTY CONSOLIDATED DRAINAGE DISTRICT

Schedule TSI-8

BOARD MEMBERS, KEY PERSONNEL, AND CONSULTANTS

For the Year Ended September 30, 2025

Complete District Mailing Address: 1605 Whitaker Drive; Friendswood, Texas 77546

District Business Telephone Number: (281) 482-0404

Limit on Fees of Office that a Director may receive during a fiscal year: $7,200

(Set by Board Resolution - TWC Section 49.0600)

Names:	Term of Office (Elected or Appointed) or Date Hired	September 30, 2025 Fees of Office Paid *	September 30, 2025 Expense Reimbursements	Title at Year End
Board Members:				
Rusty Burkett	Elected 5/18/2022 - current	$ 7,200	$ 238	President
David Johnson	Elected 5/4/2024 - current	-	-	Vice President
Kim Girouard	Elected 5/4/2024 - current	4,105	-	Treasurer
Jason Jones	Elected 5/4/2024 - current	8,083	-	Secretary
James Gibson	Elected 5/18/2022 - current	8,525	-	Member
Key Administrative Personnel:				
Paige Bailey	December 16, 2024	79,675	-	CEO/General Counsel
Melissa Revak	June 6, 2025	7,027	-	District Secretary/Accounting Specialist
Joseph Anderson	September 1, 2008	73,063	-	Operations Manager
Kathy Grace	February 1, 2019	59,393	-	Administrative Manager
Professional Services				
Olson & Olson LLP		27,928	-	Attorney
Hirsch & Westheimer		325,947	-	Attorney
Daniel Scott Engineering		290,144	-	Engineer
DC Contracting Services		77,332	-	Engineer
FMS Surveying, INC		20,385	-	Engineer
Euna Solutions, Inc		24,900	-	Engineer
K-Friese & Associates		3,615	-	Engineer
5Engineering, LLC		100,350	-	Engineer
LJA Engineering, INC		30,416	-	Engineer
Ward, Getz & Associates, Inc.		18,611	-	Engineer
Whitley Penn, LLP		30,000	-	Auditor

* *Fees of Office* are the amounts actually paid to a director during the District's fiscal year