CAMERON COUNTY DRAINAGE DISTRICT NO. 1

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2024

CAMERON COUNTY DRAINAGE DISTRICT NO. 1
ANNUAL FINANCIAL REPORT
FOR YEAR ENDED SEPTEMBER 30, 2024

TABLE OF CONTENTS

CAMERON COUNTY DRAINAGE DISTRICT NO. 1

ANNUAL FILING AFFIDAVIT

THE STATE OF TEXAS
COUNTY OF:_CAMERON...___________________

I, Mark W. Milum of the Cameron County Drainage District No. 1 hereby swear, or affirm, that the District named above has reviewed and approved at a meeting of the District's Board of Commissioners on the 19th day of August, 2026 its annual audit report for the fiscal period ended September 30, 2024 and that copies of the annual audit report have been filed in the District's office, located at 3510 Old Port Isabel Road Brownsville, Texas 78526.

This filing affidavit and the attached copy of the audit report will be submitted to the Texas Commission on Environmental Quality (TCEQ) to satisfy the annual filing requirements of the Texas Water Code Section 49.194.

Date: 8/19/2026

By: Mark W. Milum
(Signature of District Representative)

Mark W. Milum
(Typed Named & Title of above District Representative)

Sworn to and subscribed to before me this 19th day of August 2026

(Signature of Notary)

VERONICA MARTINEZ
My Notary ID # 125465799
Expires March 17, 2030

NOTARY PUBLIC STATE OF TEXAS

My Commission Expires on: March 17, 2030

Notary Public in the State of Texas.

ROBERTO LOPEZ
CERTIFIED PUBLIC ACCOUNTANT, PC

MEMBER OF TEXAS SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

MEMBER OF AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

913 E HARRISON AVE., SUITE 18
HARLINGEN, TX 78550

PHONE: 956-425-9020
FAX: 956-425-9077
EMAIL: rlcpa2@robertolopezcpa.com

INDEPENDENT AUDITOR'S REPORT

To Board of Directors
Cameron County Drainage District No. 1
Brownsville, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities, and the major fund, of Cameron County Drainage District No. 1 (the "District), as of and for the year ended September 30, 2024, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and the major fund of Cameron County Drainage District No. 1, as of September 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year ended in accordance with accounting 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 Cameron County Drainage District No. 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 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 Responsibility 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 and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Cameron County Drainage District No. 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 Cameron County Drainage District No. 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 pension related schedules be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Roberto Lopez

Roberto Lopez CPA PC

Harlingen TX
July 22, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

CAMERON COUNTY DRAINAGE DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024

This Management's Discussion and Analysis ("MD&A") of the Cameron County Drainage District No. 1 (the "District")'s financial performance provides an overview of the District's financial activities for the fiscal year ended September 30, 2024. The MD&A should be read in conjunction with the accompanying basic financial statements and the accompanying notes to those financial statements.

OVIERVIEW OF THE BASIC FINANCIAL STATEMENTS

The following is an analysis of the District for the fiscal year ending September 30, 2024. As of September 30, 2024, the District held $312,474 in various operating and maintenance and reserve accounts as well.

THE 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 private sector business. They present the financial picture of the District from an economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the District (including infrastructure) as well as all liabilities.

The statement of net position includes all the District's assets and liabilities, with the difference between the two reported as total net position:

- Net invested in capital assets
- Unrestricted net position

The statement of net position provides the basis for evaluating the capital structure of the District and assessing its liquidity and financial flexibility.

The statement of activities and governmental funds, revenue, expenditures, and changes in fund balance, presents information which shows how the District's net position changed during the year. All of the year's revenues and expenses are recorded when the underlying transaction occurs, regardless of the timing of the related cash flows. The statement of activities measures the success of the District's operations during the year and determines whether the District has recovered its costs through other charges.

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 state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District operates solely under a General Fund.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflow 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 government'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 government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and governmental funds and governmental activities.

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. The notes to the financial statements can be found on pages 14-31 of this report.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's general fund budgetary schedule, schedule of changes in the employer's net pension liability and related ratios, schedule of employer contributions and notes to schedule of employer contributions pages 32-34.

FINANCIAL HIGHLIGHTS

Financial highlights of the fiscal year include a District's tax rate of $0.028936 per $100 valuation. The total levy however, increased from $2,636,407 to $2,931,415 Due to the property tax levy increase, the District's financial position has improved. The Board's vision has allowed the District to conservatively grow while providing a significant increase in service to its taxpayers. Through this growth, the Board has not needed to use its emergency cash reserve.

MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2024

Financial Analysis of the District

The District's net position is $8,033,998 on September 30, 2024, and is summarized as follows:

Table I NET POSITION SEPTEMBER 30,		
	2024	2023
Assets:		
Current Assets	$ 554,014	$ 350,560
Net pension asset	106,107	34,813
Capital assets	7,785,195	7,609,993
Total assets	8,445,316	7,995,366
Deferred outflows of resources:		
Deferred outflows related to pensions	77,704	127,525
Total deferred outflows of resources	77,704	127,525
Liabilities:		
Current liabilities	257,972	361,882
Long-term debt	229,833	422,400
Total liabilities	487,804	784,283
Deferred inflows of resources:		
Deferred inflows related to pensions	1,217	7,114
Total deferred inflows of resources	1,217	7,114
Net Position:		
Net invested in Capital Assets,	7,362,787	6,969,379
Unrestricted	671,211	362,116
Total Net Position	$ 8,033,998	$ 7,331,495

Table II **CHANGES IN NET POSITION** **SEPTEMBER 30,**		
	2024	**2023**
Revenues:		
Property taxes	$ 2,911,592	$ 2,612,440
Other general income	297,997	200,987
Total Revenues	3,209,589	2,813,427
Operating Expenses:		
Service Operations	2,507,087	2,604,034
Professional fees	-	-
Total Expenses	2,507,087	2,604,034
Increase in Net Position:	702,502	209,393
Beginning Net position	7,331,496	7,122,102
Prior period adjustment	-	-
Ending Net Position	$ 8,033,998	$ 7,331,495

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

The District has conservatively spent funds to provide service to its taxpayers. The Board holds certificates of deposit that have a six-month maturity date. Although the duration provides a lower interest rate, it has allowed the District to experience liquidity during this time of impressive growth. The District's regular checking accounts require the signatures of two of its Board members. Checks are written once a month to pay bills. The manager also is a signer on two separate accounts which the Board has granted him. One is used to make small, day to day purchases and the other is for payroll.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the fiscal year ending September 30, 2024, actual revenues were higher than the budget amounts by $180,542 and actual expenditures were in excess of the budget amounts by $137,563.

ANALYSIS OF CHANGES IN CAPITAL ASSETS AND LONG-TERM DEBT

Capital assets such as the rights-of-ways for new detention ponds and ditches are acquired through donations by developers who attempt to comply with the District's Master Drainage Plan. Assets such as heavy equipment have been financed through capital leases. The proposed parking and maintenance facility are funded through the reserve account. The District financed the purchases of an excavator and a dump truck through the issuance of long-term capital leases. As of September 30, 2024, The District had a total capital leases outstanding of $422,409.

**CAPITAL ASSETS AT YEAR-END
SEPTEMBER 30,**

	2024	2023
Land	$ 219,422	$ 219,422
Infrastructure net of depreciation	6,716,636	6,415,306
Other capital assets net of depreciation	849,137	975,265
Totals	$ 7,785,195	$ 7,609,993

**LONG TERM DEBT AT YEAR-END
SEPTEMBER 30,**

	2024	2023
Heavy Machinery	$ 422,409	$ 640,614
Totals	$ 422,409	$ 640,614

THE BUDGET AND ECONOMIC ENVIRONMENT

Although the District continues to benefit from a robust economy and appraisal values continue rising, the District has had more expenses than budgeted. These expenses are mostly due to capital outlay related to the Cascade Park. The Cascade Park is nearing its completion and the District should soon recover from those over expenditures.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the General Manager, Cameron County Drainage District No. 1, 3510 Old Port Isabel Road, Brownsville, Texas 78526.

CAMERON COUNTY DRAINAGE DISTRICT NO. 1
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
September 30, 2024

ASSETS	General Fund	Adjustments	Statement of Net Position
Cash and cash equivalents	$ 312,474	$ -	$ 312,474
Taxes receivable (net of uncollectible)	241,540	-	241,540
Other receivables	-	-	-
Net pension asset		106,107	106,107
Capital assets (net of accumulated depreciation)			
Land	-	219,422	219,422
Infrastructure	-	9,645,022	9,645,022
Other capital assets	-	3,764,220	3,764,220
Accumulated depreciation	-	(5,843,469)	(5,843,469)
Total assets	554,014	7,891,302	8,445,316
DEFERRED OUTFLOWS OF RESOURCES			
Deferred ouflows related to pensions	-	77,704	77,704
Total deferred inflows of resources	-	77,704	77,704
LIABILITIES			
Accounts payable	38,886	-	38,886
Accrued liabilities	26,510	-	26,510
Noncurrent liabilities:			
Notes payable due within one year	-	192,576	192,576
Notes payable due in more than one year	-	229,833	229,833
Total liabilities	65,396	422,409	487,806
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	-	1,217	1,217
Unavailable revenues - property taxes	241,540	(241,540)	-
Total deferred inflows of resources	241,540	(240,323)	1,217
FUND BALANCE/NET POSITION			
Fund balances:			
Unreserved	247,077	(247,077)	-
Total fund balances	247,077	(247,077)	-
Total liabilities, deferred inflows of resources & fund balances	554,013	(64,991)	489,023
Net position:			
Invested in capital assets, net of related debt		7,362,787	7,362,787
Unrestricted		671,211	671,211
Total net position		$ 8,033,998	$ 8,033,998

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

CAMERON COUNTY DRAINAGE DISTRICT NO. 1
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
September 30, 2024

Total Fund Balances - Governmental Funds	$	247,077
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was $7,609,993. The net effect of including the beginning balances for capital assets and other capital asset adjustments is to increase net position.		7,609,993
Pension plan asset and deferred outflows and inflows are not financial resources and therefore are not reported in the funds. The net effect of including the pension plan asset and deferred outflows and inflows is to increase net position.		182,594
Current year capital outlays, are expenditures in the fund financial statements, but they should be shown as increase in capital assets in the statement of net position.The net effect of including the 2024 capital outlays is to increase net position.		531,431
The 2024 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(356,228)
Long-term liabilities are not reported in the govenrmental funds because they are not due and payable in the current period. As a result, long-term debt increases liabilities and reduces net position by $422,409.		(422,409)
Other reclassifications are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include reclassifying deferred inflows in the amount of $241,540 reclassification is to increase net position.		241,540
Net Position of Governmental Activities	$	8,033,998

CAMERON COUNTY DRAINAGE DISTRICT NO. 1
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS, REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the year ended September 30, 2024

REVENUES/INCOME	General Fund	Adjustments	Statement of Activities
Property taxes	$ 2,881,802	$ 29,790	$ 2,911,592
Penalties and interest	58,210	-	58,210
Plat review fee	7,800	-	7,800
Investment earnings (net of unrecognized loss)	21,888	-	21,888
Grant revenue	-	-	-
Drainage Income	123,181	-	123,181
Miscellaneous income	86,918	-	86,918
Total revenues/income	3,179,799	29,790	3,209,589
EXPENDITURES/EXPENSES			
Service Operations:			
Salaries, benefits, and payroll taxes	1,095,853	(27,370)	1,068,483
Directors' fees	1,800	-	1,800
Advertising	3,219	-	3,219
Fuel and oil	38,329	-	38,329
Insurance	372,972	-	372,972
Maintenance and repairs	56,480	-	56,480
M&O equipment	123,900	-	123,900
Small tools	38,715	-	38,715
Tax attorney's commissions	28,962	-	28,962
Interest expense	26,351	-	26,351
Professional fees	143,520	-	143,520
Utilities	74,777	-	74,777
Property tax discounts	64,421	-	64,421
Other operating expenditures/expenses	108,837	-	108,837
Debt service			
Principal	218,205	(218,205)	-
Grant expenditures	93	-	93
Capital Outlay	531,431	(531,431)	-
Depreciation	-	356,228	356,228
Total expenditures/expenses	2,927,865	(420,777)	2,507,087
Excess (deficiency) of revenues over expenditures	251,935	450,567	702,502
Other financing sources			
Capital lease proceeds	-	-	-
Total financing sources	-	-	-
Net change in fund balance/net position	251,935	450,567	702,503
Fund balances/net position:			
Beginning of the year	(4,857)	7,336,353	7,331,496
Prior period adjustment	-	-	-
End of the year	$ 247,077	$ 7,786,920	$ 8,033,998

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

CAMERON COUNTY DRAINAGE DISTRICT NO. 1
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES;
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For the year ended September 30, 2024

Total Net Change in Fund Balance - Governmental Funds	$ 251,935
Current year capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets. The net effect of removing the 2024 capital outlays is to increase net position.	531,431
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.	(356,228)
Other reclassifications are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. These include recognizing unearned revenue as income, adjusting current year revenue to show the income earned from the current year's tax levy, recognizing the liabilities associated with accrued payroll, and removing pension contributions. The net effect of these reclassifications and recognitions is to increase net position.	275,364
Change in Net Position of Governmental Activities	$ 702,503

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Cameron County Drainage District No. 1 (the "District") reflected in the accompanying financial statements conform to accounting principles generally acceptable in the United States of America applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments are those promulgated by the Governmental Accounting Standards Board (GASB) in *Governmental Accounting and Financial Reporting Standards.* The financial report has been prepared in accordance with GASB Statement No. 34 issued in June 1999. Under GASB Statement No. 34, "Basic Financial Statements-and Management's Discussion and Analysis-for state and Local Governments" infrastructure is reported, and other capital assets are depreciated.

Other new statements include Statements 37, 38, and GASB Interpretation No. 6, GASB Statement 37, "Basic Financial Statements-and Management's Discussion and Analysis for State and Local Governments: Omnibus-an amendment of GASB Statement No. 21 and No. 34" clarifies certain GASB 34 provisions related to MD&A requirements and the modified approach to infrastructure. GASB Statement No. 38, "Certain Financial Statement Note Disclosures" modifies note disclosure requirements. GASB Interpretation No. 6 clarifies the application of modified accrual recognition of certain liabilities and expenditures in the governmental fund financial statements. Specifically, GASB Interpretation No. 6 indicates that liabilities for compensated absences, claims and judgments and special termination benefits are normally expected to be liquidated with expendable available financial resources and should be recognized as governmental fund liabilities, to the extent that they mature each period.

The District was created under applicable articles of the Texas Constitution in 1910. The Board of Directors held its first meeting on January 24, 1910 and issued its first bonds on December 1, 1911. The County Commissioners appoint the Board of Directors to two-year terms. The District is under the authority of the Texas Commission on Environmental Quality and is operated under and governed by Chapter 56 of the Texas Water Code. The District's principal function is to provide drainage in the southeastern quadrant of Cameron County, Texas.

1. The Reporting Entity

In accordance with the Codification of Governmental Accounting and Financial Reporting Standards, the basic financial statements include all funds, organizations, agencies, boards, commissions, and authorities for which the District is financially accountable. The District has also considered all other potential organizations for which the nature and significance of their relationships with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. GASB has set forth criteria to be considered in determining financial accountability. These criteria include appointing a majority of an organization's governing body, and 1) the ability of the District to impose its will on that organization, or 2) the potential for that organization to provide specific benefits to or impose specific financial burdens on the District. Based on these criteria, there are no other organizations or agencies which should be included in these basic financial statements.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

2. Fund Accounting

Governmental Fund Types

Governmental fund types are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used; current liabilities are assigned to the fund from which they are paid; and the difference between governmental fund assets and liabilities, the fund equity, is referred to as "fund balance". The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following is the District's only governmental fund:

General Fund – The general operating fund of the District. All general tax revenues and other receipts are accounted for in this fund.

3. 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 when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting.* Revenues are recognized as soon as they are both measurable and available. Revenues are available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The District reports unearned revenue on its statement of net position. Unearned revenues arise when potential revenue does not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the statements of net position and revenue is recognized.

4. Budgets

The District's Board of Directors review and approved an annual budget for the general fund. The budget is consistent with accounting principles generally accepted in the United States of America. The Texas Commission on Environmental Quality required that the Board adopt an operating budget before the fiscal year begins. Annual appropriate budgets are adopted for the general fund. All annual appropriations lapse at fiscal year-end.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

5. Expenditures Over Appropriations

At September 30, 2024, expenditures in the following areas exceeded budgeted amounts by:

Service operations:	
Advertising	$ 2,219
Insurance	33,762
Maintenance and repairs	52,180
Professional fees	24,520
Utilities	9,777
Property taxes discounts	6,421
Other operating expenditures / expenses	21,121
Capital outlay	56,431
Debt service	
Principal	99,705
Interest	26,444
	$ 332,580

6. Cash Equivalents

The District defines cash equivalents as short-term, highly liquid investments that are both readily convertible to known amounts of cash. Generally, only investments with original maturities of three months or less meet this definition. The District's Board considers certificates of deposit as investments.

7. Investments

The District is authorized to invest in 1) U.S. Treasury obligations and government agency securities of the United States of America, its agencies and instrumentalities, provided the payment of the principle and interest are fully guaranteed by the insured, 2) certificates of deposit and other evidence of deposits from credit unions, banks, savings banks, trust companies or savings and loan associations that are fully guaranteed; 3) direct obligations of the State of Texas; 4) local government investment pools of potential subdivisions in the State of Texas which invest in instruments and follow practices allowed by the Public Funds Investment Act, and 5) obligations of states, agencies, counties, cities, and other potential subdivisions of any state rated not less that A or its equivalent in investment quality.

The investments are carried at fair value. Short-term investments are reported at cost including accrued interest, which approximates fair value.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

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 address the following areas:(1) safety of principle and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date of the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposits.

8. Property Taxes Receivable

Property taxes are recognized at the time an enforceable legal claim is established. This is deemed to occur when the budget is certified. The current tax levy was certified on September 2023 based on the assessed valuations. Since the 2023 tax levy is budgeted and levied for the calendar year 2024, the revenue from this tax levy has been unearned. Revenue has been recognized for those taxes receivable which represent the prior year's delinquent taxes, and which are expected to be collected within 60 days after year-end.

Property taxes are recognized as a receivable at the time they are levied, and the current taxes receivable represent the 2023 levy. Property taxes are levied each year on all taxable real and personal property in the District. Property taxes are assessed in October and attach as an enforceable lien on the property as of July 1^{st}. These taxes become due on receipt of the tax bill. The County collects the taxes and remits to the District its respective share. The District receives daily tax reports and tax deposits from the County.

9. Capital Assets

Capital assets, which include property, plant, equipment, and prospective reporting of infrastructure assets (e.g., earthen drainage ditches) are reported in the applicable governmental type activities on the statement of net position. The District has elected not to report infrastructure retroactively. All purchased capital assets are valued at cost. Donated capital assets are valued at acquisition cost, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend lives are not capitalized.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings	35-40 years
Land Improvements	15 years
Furniture and fixtures	5 years
Office equipment	5 years
Heavy equipment	20 years
Trucks	10 years
Signs	5 years
Radios	5 years

10. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. In accordance with the provisions of Statement No. 43 of the Governmental Accounting Standards Board, Accounting for Compensated Absences, no liability is recorded for non-vesting accumulating rights to receive vacation and sick pay benefits.

All permanent employees accrue annual vacation leave of twelve days and sick leave of seven days after completion of a 45-day probationary period. The days are accrued on a calendar year basis and are rolled over to the next year. Any additional vacation days accumulated over the twelve accrued days are rolled over monthly into sick days. Sick leave days are accumulated indefinitely. The maximum payment upon termination for employees and liability of the District is twelve vacation leave days and twenty sick leave days. Employees also receive two personal days a year, but the days are lost if not used within the year.

11. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

12. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

be recognized as an outflow of resources (expense/expenditure) until then. The District has the following items that qualify for reporting in this category:

- Pension contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Difference in projected and actual earning on pension assets – This difference is deferred and amortized over a closed five-year period.
- Unearned revenue – property taxes.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item that qualifies for reporting in this category. The difference in expected and actual pension experience is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

13. Fund Balance Classification

The governmental fund financial statements present fund balances based on classification that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follow:

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by the County’s highest level of decision-making authority. These amounts cannot be used for any other purposes unless the Commissioners Court removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- Assigned: This classification includes amounts that are constrained by the County’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Commissioners’ Court.
- Unassigned: This classification includes the residual fund balance for the General

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

At times the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

14. Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

15. Prepaid Expenses

Prepaid asset are assets that arises on a balance sheet as a result of the District making payments for goods and services to be received in the near future. While prepaid expenses are initially recorded as assets, their value is expensed over time as the benefit is received onto the income statement, because unlike conventional expenses, the District will receive something of value in the near future.

NOTE B – RECONCILIATION OF GOVENRMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the governmental fund balance sheet and government-wide statement of net position.

The government fund balance sheet includes reconciliation between fund balance-total governmental funds and net position-governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities, including bonds payable are not debt is not accrued in governmental funds, but rather is recognized

NOTE B – RECONCILIATION OF GOVENRMENT-WIDE AND FUND FINANCIAL STATEMENTS – (Continued)

as an expenditure when due. All liabilities, both current and long-term, are reported in the statement of net position.

Another element of that reconciliation explains that when capital assets (land, building, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds.

However, the statement of net position includes those capital assets among the assets of the District as a whole.

Capital assets - cost	$ 13,628,664
Accumulated depreciation	(5,843,469)
	$ 7,785,195

Another element of that reconciliation explains that because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (for example, receivables) are offset by unearned revenue in the governmental funds and this are not included in fund balance.

Adjustment of unavailable revenue	$ 241,540

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances-total governmental funds and changes in net position of governmental activities as reported in the government-wide statements of activities. One element of the reconciliation explains that "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 and reported as depreciation expense".

The details of this $356,228 difference are as follows:

Depreciation expense	$ 356,228

NOTE C – DEPOSITS AND INVESTMENTS

For the District's investments, both the statutes of the state of Texas and policies mandated by the District's Board of Directors, which are more restrictive, authorize the District to invest only in certificates of deposit issued by federally insured banks or savings and loans associations.

In accordance with GASB Statement No. 31, money market investments, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations, are reported as amortized costs.

NOTE C – DEPOSITS AND INVESTMENTS – (Continued)

Interest Rate Risk: In accordance with its investment policy, the District manages its exposure to declines in fair value by limiting the weighted average maturity of its investment portfolio to five years or less.

Credit Risk: State law and the District's investment policy limits investments to obligations of states, agencies, counties, cities, and other political subdivisions of any state rate as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent. Further, commercial paper must be rated not less than A-1 or P-1 or an equivalent rating by at least two nationally recognized credit rating agencies.

Custodial Credit Risk-Deposits: In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's investment policy requires funds on deposit at the depository bank to be collateralized by securities and FDIC insurance. As of September 30, 2024, market values of pledged securities and FDIC insurance did not exceeded bank balances.

NOTE D – PROPERTY TAXES RECEIVABLE

Property taxes receivable at September 30, 2024 are as follows:

Taxes	$ 254,612
Less allowance for uncollectible	(13,073)
Net total receivable	$ 241,540

Taxes are levied each October 1st based on assessed values and are due on receipt of the tax bill. Taxes become delinquent on February 1st of the following year of which time penalties and interest are applicable. Property taxes are considered when they become due or past due and receivable within the current period.

NOTE E – CAPITAL ASSETS

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

	Beginning Balance October 1, 2023	Additions	Deletions	Ending Balance September 30, 2024
Governmental Activities:				
Capital assets not being depreciated				
Land	$ 219,422	$ -	$ -	$ 219,422
Total capital assets not being depreciated	219,422	-	-	219,422
Capital assets being depreciated				
Cascade Park	6,585,978	531,431	-	7,117,409
Detention ponds	1,501,954	-	-	1,501,954
Drainage ditches	701,826	-	-	701,826
Ditch crossing/wirs/rip	323,833	-	-	323,833
Office building and improvements	206,197	-	-	206,197
Office equipment	15,011	-	-	15,011
Equipment sold	183,931	-	-	183,931
Furniture and fixtures	4,735	-	-	4,735
Heavy equipment and trucks	3,302,132	-	-	3,302,132
Land improvements	26,890	-	-	26,890
Signs	17,593	-	-	17,593
Radio-portable	7,730	-	-	7,730
Total capital assets being depreciated	12,877,810	531,431	-	13,409,241
Less accumulated depreciation	(5,487,241)	(356,228)	-	(5,843,469)
Total capital assets being depreciated, net	7,390,570	175,203	-	7,565,773
Total capital assets	$ 7,609,992	$ 175,203	$ -	$ 7,785,195

NOTE F – LONG-TERM DEBT

Capital Lease Obligations are secured by leased equipment, payable in various monthly or quarterly installments with interest at 2.10% to 3.21%.

The District has entered into certain long-term lease-purchase agreement for financing the purchase of equipment. In as much as the leases are financing arrangements, which transfer the ownership of the assets to the District at the end of the respective lease terms.

NOTE F – LONG-TERM DEBT – (Continued)

Capital Lease Obligations at September 30, 2024 are as follows:

Equipment Description	Balance 10/1/2023	Principal Issued	Principal Retired	Adjustments	Balance 9/30/2024
Government Capital Lease (2018 JD 6145 Tractor)	3,449	-	(3,449)	-	-
Government Capital Lease (2018 Peterbilt Dump Truck)	30,682	-	(28,276)	-	2,406
Government Capital Lease (2021 JDZ997R Volvo Excavator)	219,255	-	(70,863)	-	148,392
Government Capital Lease (Marling Leasing Corp.)	149,014	-	(69,210)	-	79,804
Government Capital Lease (JD 6145M Tractor)	238,213	-	(46,406)	-	191,807
Total	$ 640,614	$ -	$ (218,204)	$ -	$ 422,409

Capital Leases Annual Requirements to Amortize Long-Term Debt Including Interest

Year Ending September 30,	Principal	Interest
2025	$ 192,576	$ 7,254
2026	128,091	5,231
2027	67,559	2,986
2028	34,173	1,245
Thereafter	-	-
Total	$ 422,409	$ 16,716

Changes in Long-Term Liabilities

	Balance 10/1/2023	Principal Issued	Principal Retired	Adjustments	Balance 9/30/2024
Capital Leases	$ 640,614	$ -	$ (218,204)	$ -	$ 422,409
Total	$ 640,614	$ -	$ (218,204)	$ -	$ 422,409

NOTE G – CONTINGENT LIABILITIES

Based on communication with the District's legal counsel, there are no pending or threatened litigation against the District as of September 30, 2024.

NOTE H – EMPLOYEE RETIREMENT SYSTEM

Effective January 1, 2015, Cameron County Drainage District No. 1 adopted an employee retirement system. The District provides retirement, disability, and death benefits for all its full-time and part-time employees through a nontraditional, defined benefit pension plan in the statewide state 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 nontraditional defined benefit pension plans. TCDRS in the aggregate issues an annual comprehensive financial report (ACFR) on a calendar year basis. The ACFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034,

NOTE H – EMPLOYEE RETIREMENT SYSTEM – (Continued)

Ausin, Texas 78768-2034.

Plan Description

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 ages 60 and above with 8 or more years of service or when the sum of their age years of service equals 80 or more.

Members are vested after 8 years of service but must leave their accumulated contributions in 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 Provided

TCDRS provides retirement, disability and death benefits. Benefit provisions are adopted by the governing body of the District, within options available in the state statutes governing TCDRS.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of those 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 commitment to contribute. At retirement, death, or disability, 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 prescribed by the TCDRS Act.

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefits	7
Inactive employees entitled to but not yeat receiving benefits	17
Active employees	28
	52

Contributions

The employer has elected the annually determined contribution rate (Variable-Rate) plan 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 is actuarially determined annually.

Employees for the District were required to contribute 7% of their annual gross earnings during

NOTE H – EMPLOYEE RETIREMENT SYSTEM – (Continued)

the fiscal year. The contributions rates for the District was 4.60% in the calendar year 2024. The District's contributions to TCDRS for the year ended December 31, 2023, were $37,562, and were equal to the required contributions.

Defined Benefit Pension Plan

The District's Net Pension Asset (NPA) was measured as of December 31, 2023, and the Total Pension Liability (TPL) used to calculate the Net Pension Asset was determined by an actuarial valuation as of that date.

The District's GASB 68 Reporting package for changes in Net Pension Liability/(Asset) reflects balance for the Net Pension Asset of $106,107.

Actuarial Assumptions

The Total Pension Asset in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Real rate of return	5.00%
Inflation	2.50%
Long-term investment return	7.50%

Mortality rates for active members, retirees, and beneficiaries were based on the following:

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.
Service retirees, beneficiaries and non-depositing members	135% of Pub-2010 General Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
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.

The assumed long-term investment return of 7.50% is net after investment and administrative expenses and is expected to enable the system to credit each employer's Subdivision Accumulation Fund (SAF) with as nominal annual return of 7.50% on the combined ESF and SAF funds, less the amount credited to the employer's ESF. Under the TCDRS Act, the ESF is credited with a nominal annual rate of 7%.

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant. Cliffwater LLC. The numbers shown are based on January 2024 information for a 10-

NOTE H – EMPLOYEE RETIREMENT SYSTEM – (Continued)

year time horizon. The valuation assumption for long-term expected return is re-assessed at a minimum of every four years and is set based on a long-tern horizon. The TCDRS Board of Trustees adopted the current assumption at their March 2021 meeting. The target allocation and best estimates of geometric real rates return for each major asset class are summarized in the following table:

Asset Class	Benchmark	Target Allocation[1]	Geometric Real Rate of Return[2]
U.S. Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.75%
Global Equities	MSCI World (net) Index	2.50%	4.75%
Int'l Equities - Developed Markets	MSCI World Ex USA (net) Index	5.00%	4.75%
Int'l Equities - Emerging Markets	MSCI Emerging Markets (net) Index	6.00%	4.75%
Investment-Grade Bonds	Bloomberg U.S. Aggregate Bond Index	3.00%	2.35%
Strategic Credit	FTSE High-Yield Cash-Pay Index	9.00%	3.65%
Direct Lending	Morningstar LSTA US Leveraged Loan TR USD Index	16.00%	7.25%
Distressed Debt	Cambridge Associates Distressed Securities Index[3]	4.00%	6.90%
REIT Equities	67% FTSE NAREIT All Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.10%
Master Limited Partnerships	Alerian MLP Index	2.00%	5.20%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index[4]	6.00%	5.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index[5]	25.00%	7.75%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	3.25%
Cash Equivalents	90-Day U. S. Treasury	2.00%	0.60%

(1) *Target asset allocation adopted at the March 2024 TCDRS Board meeting.*
(2) *Geometric real rates of return equal the expected return for the asset class minus the assumed inflation rate of 2.2%, per Cliffwater's 2024 capital market assumptions.*
(3) *Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.*
(4) *Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.*
(5) *Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.*

Depletion of Plan Assets/GASB Discount Rate

The discount rate is the single rate of return that, when applied to all projected benefit payments results in an actuarial present value of projected benefit payments equal to the total of the following:

1. The actuarial present value of benefit payments projected to be made in future period in which (a) the amount of the pension plan's fiduciary net position is projected to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to

NOTE H – EMPLOYEE RETIREMENT SYSTEM – (Continued)

achieve the long-term rate of return, calculated using the long-term expected rate of return on pension plan investments.

2. The actuarial present value of projected benefit payments not included in (1), calculated using the municipal bond rate.

Therefore, if plan investments in a given future year are greater than projected benefit payments in that year and are invested such that they are expected to earn the long-term rate of return, the discount rate applied to projected benefit payments in that year should be the long-term expected rate of return on plan investments. If future years exist where this is not the case, then an index rate reflecting the yield on a 20-year, tax-exempt municipal bond should be used to discount the projected benefit payments for those years.

The determination of a future date when plan investments are not sufficient to pay projected benefit payments is often referred to as depletion date projection. A depletion date projection compares projections of the pension plan's fiduciary net position to projected benefit payments and aims to determine a future date, if one exists, when the fiduciary net position is projected to be less than projected benefit payments. If an evaluation of the sufficiency of the projected fiduciary net position compared to projected benefit payments can be made with sufficient reliability without performing a depletion date projection, alternative methods to determine sufficiency may be applied.

In order to determine the discount rate to be used by the employer we have used an alternative method to determine the sufficiency of the fiduciary net position in all future years. Our alternative method reflects the funding requirements under the employer's funding policy and the legal requirements under the TCDRS Act.

1. TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods.
2. Under the TCDRS Act, the employer is legally required to make the contribution specified in the funding policy.
3. The employer's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost.
4. Any increased cost due to the adoption of a COLA is required to be funded over a period of 15 years, if applicable.

Based on the above, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments. Based on the expected level of cash flows and investment returns to the system, the fiduciary net position as a percentage of total pension liability is projected to increase from its current level in future years.

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability (asset) and net pension liability (asset) of the employer is equal to the long-term assumed rate of

NOTE H – EMPLOYEE RETIREMENT SYSTEM – (Continued)

return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses for GASB 68 purposes. Therefore, we have used a discount rate of 7.60%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.50%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

The total pension liability (asset) was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below:

Disccount rate	7.60%
Long-term expected rate of return, net of investment expense	7.60%

Changes in Net Pension Liability / (Asset)

Changes in Net Pension Liability / (Asset)	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) – (b)
Balances as of December 31, 2022	$2,166,620	$2,201,434	$(34,813)
Changes for the year:			
Service cost	86,891		86,891
Interest on total pension liability[(1)]	169,325		169,325
Effect of plan changes[(2)]	0		0
Effect of economic/demographic gains or losses	21,520		21,520
Effect of assumptions changes or inputs	0		0
Refund of contributions	0	0	0
Benefit payments	(52,053)	(52,053)	0
Administrative expenses		(1,305)	1,305
Member contributions		62,984	(62,984)
Net investment income		242,458	(242,458)
Employer contributions		41,390	(41,390)
Other[(3)]	0	3,502	(3,502)
Balances as of December 31, 2023	$2,392,304	$2,498,411	$(106,107)

[(1)] *Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.*
[(2)] *No plan changes valued.*
[(3)] *Relates to allocation of system-wide items.*

Sensitivity Analysis

The following presents the net pension liability of the employer, calculated using the discount rate of 7.60%, as well as what Cameron County Drainage District No. 1 net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.60%) or 1 percentage

NOTE H – EMPLOYEE RETIREMENT SYSTEM – (Continued)

point higher (8.60%) than the current rate

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Total pension liability	$2,658,970	$2,392,304	$2,161,439
Fiduciary net position	2,498,411	2,498,411	2,498,411
Net pension liability / (asset)	$160,559	($106,107)	($336,972)

Pension Plan Fiduciary Net Position

Pension Expense / (Income)

Pension Expense / (Income)	January 1, 2023 to December 31, 2023
Service cost	$86,891
Interest on total pension liability[1]	169,325
Effect of plan changes	0
Administrative expenses	1,305
Member contributions	(62,984)
Expected investment return net of investment expenses	(169,343)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	8,273
Recognition of assumption changes or inputs	22,590
Recognition of investment gains or losses	(33,692)
Other[2]	(3,502)
Pension expense / (income)	$18,862

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

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	$ -	$ 26,989
Changes in assumptions	1,217	-
Net difference between projected and actual earnings	-	16,153
Contributions made subsequent to measurement date	-	34,563
Total	$ 1,217	$ 77,704

NOTE H – EMPLOYEE RETIREMENT SYSTEM – (Continued)

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

Year ended December 31:	
2024	$(2,112)
2025	5,170
2026	53,490
2027	(14,623)
2028	0
Thereafter[4]	0

NOTE I – SUBSEQUENT EVENTS

Subsequent events have been evaluated through July 22, 2026, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

REQUIRED SUPPLEMENTARY INFORMATION

CAMERON COUNTY DRAINAGE DISTRICT NO. 1
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGED IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
For the year ended September 30, 2024

REVENUES/INCOME	Original Budget	Final Budget	Actual Amounts	Variance with Budget
Property taxes	$ 2,835,857	$ 2,835,857	$ 2,881,802	$ 45,945
Penalties and interest	48,000	48,000	58,210	10,210
Plant review fee	5,400	5,400	7,800	2,400
Income/investment earnings	5,000	5,000	21,888	16,888
Cascade park rentals	-	-	-	-
Drainage income	80,000	80,000	123,181	43,181
Miscellaneous income	25,000	25,000	86,918	61,918
Total Revenues	2,999,257	2,999,257	3,179,799	180,542
EXPENDITURES/EXPENSES				
Service Operations:				
Salaries,benefits and payroll taxes	1,097,759	1,097,759	1,095,853	1,906
Directors' fees	1,800	1,800	1,800	-
Advertising	1,000	1,000	3,219	(2,219)
Fuel and oil	77,226	77,226	38,329	38,897
Insurance	390,000	390,000	372,972	17,028
Maintenance and repairs	4,300	4,300	56,480	(52,180)
Maintenance and operating equipment	180,000	180,000	123,900	56,100
Small tools	85,000	85,000	38,715	46,285
Tax attorney's commissions	30,000	30,000	28,962	1,038
Office expenses	-	-	-	-
Travel	-	-	-	-
Professional fees	119,000	119,000	143,520	(24,520)
Utilities	65,000	65,000	74,777	(9,777)
Property tax discounts	58,000	58,000	64,421	(6,421)
Other operating expenditures/expenses	87,716	87,716	108,837	(21,121)
Capital outlay	475,000	475,000	531,431	(56,431)
Debt service				
Principal	118,500	118,500	218,205	(99,705)
Interest	-	-	26,444	(26,444)
Total expenditures	2,790,301	2,790,301	2,927,865	(137,563)
Excess (deficiency) of revenues over expenditures	208,956	208,956	251,935	42,979
Other financing sources				
Capital lease proceeds	-	-	-	-
Total financing sources	-	-	-	-
Net change in fund balance/net position				
Fund balances/net position:				
Beginning of the year	(4,857)	(4,857)	(4,857)	-
Prior period adjustment	-	-	-	-
End of the year	$ 204,099	$ 204,099	$ 247,077	$ 42,979

CAMERON COUNTY DRAINAGE DISTRICT NO. 1
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
PENSION INFORMATION

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Total pension liability	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**
Service cost	$ 86,891	$ 79,822	$ 85,617	$ 83,502	$ 78,661	$ 77,844
Interest on the Total Pension Liability	169,325	153,526	140,667	129,564	114,975	101,126
Effect of plan changes	-	-	-	-	-	-
Effect of economic/demographic gains or losses	21,520	20,187	3,024	(18,716)	8,849	6,705
Effect of assumptions, changes or inputs	-	-	(4,871)	95,238	-	-
Benefit payments, including refunds of employee contributions	(52,053)	(53,367)	(45,647)	(35,265)	(19,475)	(11,721)
Net Change in Total Pension Liability	**$ 225,683**	**$ 200,167**	**$ 178,789**	**$ 254,323**	**$ 183,010**	**$ 173,954**
Total Pension Liability - Beginning	**2,166,620**	**1,966,452**	**1,787,663**	**1,533,340**	**1,350,330**	**1,176,376**
Total Pension Liability - Ending (a)	**$ 2,392,304**	**$ 2,166,620**	**$ 1,966,452**	**$ 1,787,663**	**$ 1,533,340**	**$ 1,350,330**
Plan Fiduciary Net Position						
Contributions - Employer	$ 41,390	$ 42,084	$ 29,993	$ 29,647	$ 27,562	$ 26,075
Contributions - Employee	62,984	58,566	57,044	57,013	57,252	54,813
Investment Income Net of Investment Expense	242,458	(137,973)	407,853	167,084	218,548	(23,150)
Benefit payments/refunds of contributions	(52,053)	(53,367)	(45,647)	(35,265)	(19,475)	(11,721)
Administrative expenses	(1,305)	(1,290)	(1,236)	(1,343)	(1,232)	(1,069)
Other	3,502	8,566	1,678	1,681	2,462	2,190
Net change in Plan Fiduciary - Net Position	**$ 296,977**	**$ (83,414)**	**$ 449,685**	**$ 218,818**	**$ 285,117**	**$ 47,138**
Plan Fiduciary Net Position - Beginning	**2,201,434**	**2,284,847**	**1,835,163**	**1,616,346**	**1,331,228**	**1,284,090**
Plan Fiduciary Net Position - Ending (b)	**$ 2,498,411**	**$ 2,201,434**	**$ 2,284,847**	**$ 1,835,163**	**$ 1,616,346**	**$ 1,331,228**
Net Pension Liability/(asset) - Ending = (a) - (b)	**$ (106,107)**	**$ (34,813)**	**$ (318,395)**	**$ (47,499)**	**$ (83,005)**	**$ 19,102**
Plan Fiduciary Net Positions as a Percentage of Total Pension Liability	**104.44%**	**101.61%**	**116.19%**	**102.66%**	**105.41%**	**98.59%**
Pensionable covered Payroll	**$ 899,778**	**$ 836,651**	**$ 814,920**	**$ 814,465**	**$ 817,880**	**$ 703,172**
Net Pension Liability (asset) as a Percentage of Covered Employee Payroll	**(11.79%)**	**(4.16%)**	**(39.07%)**	**(5.83%)**	**(10.15%)**	**2.44%**

GASB 68 requires ten fiscal years of data to be provided in this schedule. Howeverm until a full ten year trend is compiled, this shceudle provides the information for those years for which information is available.

CAMERON COUNTY DRAINAGE DISTRICT NO. 1
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM

SCHEDULE OF CONTRIBUTIONS

	2023	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	$ 41,390	$ 42,084	$ 29,989	$ 29,647	$ 27,562	$ 26,075	$ 23,134
Actual employee contributions	$ 41,390	$ 42,084	$ 29,993	$ 29,647	$ 27,562	$ 26,075	$ 23,134
Contribution deficiency (excess)	$ -	$ -	$ (4)	$ -	$ -	$ -	$ -
Covered employee payroll	$ 899,778	$ 836,651	$ 814,920	$ 814,465	$ 817,880	$ 783,042	$ 703,172
Contributions as a percentage of covered employee payroll	4.6%	5.0%	3.7%	3.6%	3.4%	3.3%	3.3%

NOTES TO SCHEDULE

Valuation Date: Actuarially determined contribution rates are calculates each December 31, two years prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method: Entry Age (level percentage of pay)

Amortizartion Method: Level percentage of payroll, closed

Remaining Amortization Period: 17.8 years (based on contribution rate calculated in 12/31/2023 valuation)

Asset Valuation Method: 5-years 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 Healthy Annuitant Mortality Table for males and 120% of the Pub-2010 Healthy Annuitant Mortality 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, mortality and other assumptions were reflected.
2017: New mortality assumptions were reflected.
2019: New inflation, mortality and other assumptions were reflected.
2022: New investment return and inflation assumptions in the Schedule.

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.

**Only changes that affect the benefit amount and that are effective 2015 and later are shown in the Notes to Schedule.*

TEXAS WATER CODE SUPPLEMENTARY INFORMATION

CAMERON COUNTY DRAINAGE DISTRICT NO. 1
NOTES REQUIRED BY THE WATER DISTRICT ACCOUNTING MANUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Cameron County Drainage District No. 1 (the "District") was created under applicable articles of the Texas Constitution in 1910. The Board of Directors held its first meeting on January 24, 1910, and issued its first bonds on December 1, 1911. The County Commissioners appoint the Board of Directors to two-year terms. The District is under the authority of the Texas Commission on Environmental Quality and is operated under and governed by Chapter 56 of the Texas Water Code. The District's principal function is to provide drainage in the southeastern quadrant of Cameron County, Texas.

CAMERON COUNTY DRAINAGE DISTRICT NO. 1
General Fund Expenditures
For the year ended September 30, 2024

Personnel expenditures (including benefits)	$ 1,095,853
Professional fees	
Auditing & accounting	35,950
Legal	20,710
Engineering	45,600
Contracted services	
Appraisal district	41,260
Utilities	74,777
Repairs and maintenance	56,480
Administrative expenditures	
Directors' fees	1,800
Office expenses	41,277
Insurance	372,972
Capital outlay	
Acquisition of capital assets	531,431
Debt service	244,556
Other expenditures	365,198
Total expenditures	$ 2,927,865
Number of persons employed full time by the District	28

CAMERON COUNTY DRAINAGE DISTRICT NO. 1
Temporary Investments
For the year ended September 30, 2024

General Fund	Certificate/ Cusip Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Intesest Receivable at End of Year
Merrill Lynch	Cash	-	-	$ -	-
Total Investments				$ -	

CAMERON COUNTY DRAINAGE DISTRICT NO. 1
Taxes Levied and Receivable
For the year ended September 30, 2024

	District Taxes
Taxes Receivable, Beginning of the year	$ 223,199
2023 Original Tax Levy (less abatements)	2,931,415
Total to be accounted for	3,154,614
Tax collections:	
Current year	2,835,116
Prior years	64,886
Total collections	2,900,002
Taxes Receivable, end of the year	254,612
Taxes Receivable, By Years	
Prior years	158,293
Year 2023	96,319
Taxes Receivable, End of Year	254,612

	2023	2022	2021	2020	2019
Property Valuations:					
Land	10,130,686,273	8,142,838,435	7,572,763,636	7,587,954,311	6,529,609,443
Total Property Valuations	10,130,686,273	8,142,838,435	7,572,763,636	7,587,954,311	6,529,609,443
Tax Rates per $100 Valuations:					
District tax rates	0.028936	0.032377	0.03350	0.03090	0.03090
Total Tax Rates per $100	0.028936	0.032377	0.03350	0.03090	0.03090
Original Tax Levy	2,931,415	2,636,407	2,499,012	2,344,349	2,344,349
Percent of Taxes Collected to Taxes Levied	97%	94%	94%	96%	96%

CAMERON COUNTY DRAINAGE DISTRICT NO. 1
Prior Years Receivable
For the year ended September 30, 2024

Taxes Receivable by Years	Property Tax	Total
2000	75	75
2001	77	77
2002	88	88
2003	1,898	1,898
2004	1,707	1,707
2005	2,196	2,196
2006	2,771	2,771
2007	2,675	2,675
2008	3,076	3,076
2009	3,236	3,236
2010	4,441	4,441
2011	4,229	4,229
2012	4,763	4,763
2013	6,040	6,040
2014	6,266	6,266
2015	6,983	6,983
2016	7,437	7,437
2017	8,715	8,715
2018	9,942	9,942
2019	11,541	11,541
2020	13,322	13,322
2021	21,110	21,110
2022	35,703	35,703
2023	96,319	96,319
Taxes Receivable, End of Year	$ 254,612	$ 254,612

CAMERON COUNTY DRAINAGE DISTRICT NO. 1
Long-Term Debt Service Requirements by Years
For the year ended September 30, 2024

Year Ended September 30,	Principal	Interest	Total
2025	$ 192,576	$ 7,254	$ 199,830
2026	128,091	5,231	133,322
2027	67,559	2,986	70,545
2028	34,173	1,245	35,418
Thereafter	-	-	-
	$ 422,409	$ 16,716	$ 439,115

CAMERON COUNTY DRAINAGE DISTRICT NO. 1
Comparative Schedule of Revenues and Expenditures - General Fund
Five Year

	2024	2023	2022	2021	2020
REVENUES/INCOME					
Property taxes	$ 2,881,802	$ 2,591,005	$ 2,472,182	$ 2,344,349	$ 2,139,525
Penalties and interest	58,210	49,594	50,669	50,398	44,766
Plat review fee	7,800	5,100	5,550	29,223	4,950
Investment earnings (net of unrecognized loss)	21,888	18,302	3,549	1,158	3,454
Grant revenue	-	-	-	-	-
Drainage Income	123,181	95,531	152,076	216,256	338,210
Miscellaneous income	86,918	32,460	10,300	14,792	11,204
Total revenues/income	3,179,799	2,791,992	2,694,326	2,656,176	2,542,109
EXPENDITURES					
Salaries, benefits, and payrol tax	1,095,853	1,040,998	921,361	901,227	965,956
Advertising	3,219	500	7,567	7,809	3,776
Fuel and oil	38,329	50,630	31,630	58,676	47,954
Insurance	372,972	361,762	319,643	295,782	290,316
Maintenance and repais	56,480	28,016	207,744	39,839	97,987
Maintenace and operating equipment	123,900	327,036	206,387	133,634	80,981
Small tools	38,715	47,465	45,479	22,906	19,189
Tax attorney's commissions	28,962	25,548	24,288	23,337	21,269
Travel	-	-	-	-	3,000
Professional fees	143,520	118,153	102,905	81,301	88,296
Capital outlay	531,431	1,151,020	914,398	546,399	413,882
Debt Service					
Principal	218,205	211,367	115,899	89,809	83,948
Interest	26,444	25,952	30,613	7,969	11,511
Other operating expenses	249,835	229,895	221,457	214,746	165,234
Total Expenditures	2,927,865	3,618,342	3,149,371	2,423,434	2,293,299
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	$ 251,935	$ (826,350)	$ (455,045)	$ 232,741	$ 248,809

CAMERON COUNTY DRAINAGE DISTRICT NO. 1
BOARD MEMBERS AND KEY ADMINISTRATIVE PERSONNEL & CONSULTANTS
AS OF SEPTEMBER 30, 2024

	Terms of Office	Annual Fees	Title	Resident of District	Relationship with Major Land Owners, Engineers, Attorney & Tax Assessor
Ernesto Gamez, Jr. 777 E. Harrison St. Brownsville, TX 78520	9/2/1998	$ -	President	Yes	None
Albert Barreda 5297 Clear View Dr. Brownsville, TX 78520	2/1/2005	$ -	Treasurer	Yes	None
Mark Milum 35156 Anaqua Dr Los Fresnos, TX 78566	6/27/2022	$ -	Secretary	Yes	None

Note: No director is disqualified from serving on this board under the Texas Water Code.

Legal Counsel: Dennis Sanchez 3505 Boca Chica Blvd. Ste 100 Brownsville, TX	9/2000	N/A	Attorney	Yes	None
Key Administrative Personnel Scott Fry 3510 Old Port Isabel Road Brownsville, TX	5/2013	N/A	Engineer	Yes	None
Albert Barreda 5297 Clear View Dr. Brownsville, TX 78520	8/2015	N/A	General Manager	Yes	None
Consultant Juan E. Rivera, CPA P.O. Box 68 Port Isabel, Texas	10/2002	N/A	Accountant	Yes	None

COMPLIANCE AUDIT SECTION

ROBERTO LOPEZ
CERTIFIED PUBLIC ACCOUNTANT, PC

MEMBER OF TEXAS SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

MEMBER OF AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

913 E HARRISON AVE., SUITE 18
HARLINGEN, TX 78550

PHONE: 956-425-9020
FAX: 956-425-9077
EMAIL: rlcpa2@robertolopezcpa.com

INDEPENDENT AUDITOR'S 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*

Board of Directors
Cameron County Drainage District No. 1
Brownsville, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, and the major fund of the Cameron County Drainage District No. 1 (the "District"), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated July 22, 2026.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.

Roberto Lopez

Roberto Lopez
Certified Public Accountant, PC

Harlingen, TX
July 22, 2026

CAMERON COUNTY DRAINAGE DISTRICT NO. 1
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

I. Summary of the Auditor's Results:

A. The type of report issued: Unmodified Opinion

B. Internal Control over financial statements:
Significant Deficiency (ies) identified? None
Significant Deficiency (ies) identified which were not considered material weaknesses? None

C. Noncompliance material to the financial statements Noted? None

D. The District did not meet the criteria for a single audit under OMB Uniform Guidance.

II. Findings Related to the Financial Statements Which Are Required To be Reported in Accordance with generally Accepted Governmental Auditing Standards.

None

III. Noncompliance Material to the Financial Statements Noted Including Audit Findings as described in C above.

None