



ANNUAL FINANCIAL REPORT

**FISCAL YEARS ENDED
SEPTEMBER 30, 2025 AND 2024**

TRINITY GLEN ROSE GROUNDWATER CONSERVATION DISTRICT
ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2025

DISTRICT OFFICIALS

BOARD MEMBER – PRECINCT 1	DR STUART BIRNBAUM
BOARD MEMBER – PRECINCT 2	JOSEPH duMENIL
BOARD MEMBER – PRECINCT 3	STEVEN PETERSON
BOARD MEMBER – PRECINCT 4	JOE SILMAN
BOARD MEMBER – PRECINCT 5	KATRINA WARING CASTILLO
GENERAL MANAGER	AMANDA MALOUKIS
ADMINISTRATIVE PROGRAM MANAGER	EMILY GREEN

TRINITY GLEN ROSE GROUNDWATER CONSERVATION DISTRICT
ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2025

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Trinity Glen Rose Groundwater Conservation District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of Trinity Glen Rose Groundwater Conservation District, as of and for the years ended September 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise Trinity Glen Rose Groundwater Conservation District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of Trinity Glen Rose Groundwater Conservation District, as of September 30, 2025 and 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the years 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) 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 Trinity Glen Rose Groundwater Conservation 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

Trinity Glen Rose Groundwater Conservation District's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Trinity Glen Rose Groundwater Conservation District's ability to continue as a going concern for one year after the date that the financial statements are issued.

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 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 GAAS 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 Trinity Glen Rose Groundwater Conservation 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 Trinity Glen Rose Groundwater Conservation District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

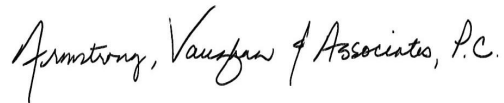
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of employer pension contributions and changes in pension liability and related ratios (as listed in the table of contents), be presented to supplement the basic financial statements. Such information, 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 Trinity Glen Rose Groundwater Conservation District's basic financial statements. The budgetary comparison schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary 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. Such 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 budgetary comparison schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2025 on our consideration of Trinity Glen Rose Groundwater Conservation District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Trinity Glen Rose Groundwater Conservation District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Armstrong, Vaughan & Associates, P.C.".

Armstrong, Vaughan & Associates, P.C.
December 18, 2025

MANAGEMENT’S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Trinity Glen Rose Groundwater Conservation District’s financial performance provides an overview of the District’s financial activities for the fiscal year ended September 30, 2025. Please read it in conjunction with the District’s financial statements.

HIGHLIGHTS

Financial Highlights

- The assets of the District exceeded its liabilities at the close of the fiscal year ended September 30, 2025 by \$1.6 million.
- Total operating revenues for the year were \$293 thousand: an increase of \$23 thousand to the previous year. Revenues fluctuate based on water pumped by producers in the District which can be limited during drought conditions.
- The operating expenses of the District were \$418 thousand: a decrease of 1%. This decrease was mainly due to a decrease in the staff and benefits expense line item as no assistant general manager role existed in 2025.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management’s discussion and analysis* (this section), *the basic financial statements*, *required supplementary information*, and *supplementary information required by the Texas Commission on Environmental Quality*. The basic financial statements consist of the following statements:

- The *Statement of Net Position* shows the financial standing of the District as of the end of the year, including all assets and liabilities.
- The *Statement of Revenues, Expenses and Changes in Net Position* provides information about the activity of the District during the fiscal year. It reports revenues when incurred, regardless of when they are received, and expenses when incurred, regardless of when they are paid.
- The *Statement of Cash Flows* reports the sources and uses of cash during the fiscal year.

The financial statements also include notes that explain the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements.

FINANCIAL ANALYSIS OF THE DISTRICT

Net position—the difference between the District’s assets and liabilities—is one way to measure the District’s financial health or *position*. Over time, increases or decreases in the District’s net position is an indicator of whether its financial health is improving or deteriorating, respectively.

The District's combined net position was \$1.6 million at September 30, 2025. (See Table 1).

Table 1
Trinity Glen Rose Groundwater Conservation District

	2025	2024	2023
Cash & Investments	\$ 1,426,429	\$ 1,431,508	\$ 1,661,801
Other Current Assets	43,400	54,982	58,106
Other Assets	261,062	308,858	10,225
TOTAL ASSETS	<u>1,730,891</u>	<u>1,795,348</u>	<u>1,730,132</u>
 DEFERRED OUTFLOWS	 <u>30,108</u>	 <u>36,730</u>	 <u>46,307</u>
 Current Liabilities	 42,590	 40,117	 16,968
Long-term Liabilities	116,479	118,866	4,172
TOTAL LIABILITIES	<u>159,069</u>	<u>158,983</u>	<u>21,140</u>
 DEFERRED INFLOWS	 <u>6,847</u>	 <u>935</u>	 <u>1,080</u>
 TOTAL NET POSITION	 <u><u>\$ 1,595,083</u></u>	 <u><u>\$ 1,672,160</u></u>	 <u><u>\$ 1,754,219</u></u>

The District's total operating revenues were \$293 thousand, an increase of \$23 thousand from the year ending September 30, 2024. The operating expenses were \$418 thousand, compared to \$420 thousand in the prior year (See Table 2).

Table 2
Trinity Glen Rose Groundwater Conservation District
Change in Net Position

	2025	2024	2023
Operating Revenues	\$ 293,323	\$ 270,751	\$ 218,729
Operating Expenses	<u>(417,933)</u>	<u>(420,388)</u>	<u>(392,703)</u>
 Operating Income	 (124,610)	 (149,637)	 (173,974)
 Nonoperating Revenue (Expense)	 <u>47,533</u>	 <u>67,578</u>	 <u>51,651</u>
 Change in Net Position	 (77,077)	 (82,059)	 (122,323)
 Beginning Net Position	 1,672,160	 1,754,219	 1,876,542
Ending Net Position	<u><u>\$ 1,595,083</u></u>	<u><u>\$ 1,672,160</u></u>	<u><u>\$ 1,754,219</u></u>

The District designates portions of its unrestricted net position each year for specific purposes. These designations as of September 30 were as follows:

Table 3
Trinity Glen Rose Groundwater Conservation District
Net Position Designations

	2025	2024	2023
Elections	\$ 40,000	\$ 40,000	\$ 40,000
Operations	600,000	600,000	600,000
Conservation	200,000	300,000	400,000
Aquifer Studies	150,000	300,000	300,000
Legal	250,000	300,000	300,000
Redistricting	60,000	60,000	60,000
Total Designations	<u>\$ 1,300,000</u>	<u>\$ 1,600,000</u>	<u>\$ 1,700,000</u>

BUDGETARY HIGHLIGHTS

District revenues were short of expectations in the budget by \$17 thousand as production waned. Operating expenses were under budget by \$22 thousand.

CAPITAL ASSETS

As of September 30, 2025, the District had invested \$125 thousand in capital assets, including a vehicle, leasehold improvements and field equipment. More detailed information about the District's capital assets is presented in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

With the District continuing to be in a drought, production in fiscal year 2025-2026 is expected to continue to be depressed. However, the District has significant reserves to fund budget deficits if needed for several years. No significant changes in operations are anticipated for fiscal year 2025-2026.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please review the website at www.trinityglenrose.com or contact the Trinity Glen Rose Groundwater Conservation District at 12790 FM 1560 N Box 1589, Helotes, TX 78023.

BASIC FINANCIAL STATEMENTS

The basic financial statements include:

- Statements of Net Position
- Statements of Revenues, Expenses and Changes in Net Position
- Statements of Cash Flows

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

TRINITY GLEN ROSE GROUNDWATER CONSERVATION DISTRICT
STATEMENTS OF NET POSITION
SEPTEMBER 30, 2025 AND 2024

	2025	2024
ASSETS		
<i>Current Assets:</i>		
Cash and Cash Equivalents	\$ 126,429	\$ 181,508
Investments	1,300,000	1,250,000
Accounts Receivable	22,534	28,351
Interest Receivable	17,291	23,056
Prepaid Expenses	3,575	3,575
<i>Total Current Assets</i>	<u>1,469,829</u>	<u>1,486,490</u>
<i>Other Assets:</i>		
Property and Equipment (net)	124,524	151,615
Right to Use Asset (net)	128,167	153,122
Net Pension Asset	8,371	4,121
<i>Total Other Assets</i>	<u>261,062</u>	<u>308,858</u>
TOTAL ASSETS	<u>1,730,891</u>	<u>1,795,348</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Pension Related Outflows	28,927	36,730
Deferred Other Postemployment Benefit Related Outflows	<u>1,181</u>	<u>-</u>
TOTAL DEFERRED OUTFLOWS	<u>30,108</u>	<u>36,730</u>
LIABILITIES		
<i>Current Liabilities:</i>		
Accounts Payable	3,768	5,641
Payroll Withholdings	2,524	2,279
Lease Payable - Current Portion	36,298	32,197
<i>Total Current Liabilities</i>	<u>42,590</u>	<u>40,117</u>
<i>Long-term Liabilities:</i>		
Lease Payable (net of current portion)	113,400	117,169
Total Other Postemployment Benefit Liability	3,079	1,697
<i>Total Long-term Liabilities</i>	<u>116,479</u>	<u>118,866</u>
TOTAL LIABILITIES	<u>159,069</u>	<u>158,983</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Pension Related Inflows	6,396	935
Deferred Other Postemployment Benefit Related Inflows	<u>451</u>	<u>-</u>
TOTAL DEFERRED INFLOWS	<u>6,847</u>	<u>935</u>
NET POSITION		
Net Investment in Capital Assets	102,993	155,371
Restricted Net Pension Asset	8,371	4,121
Unrestricted	1,483,719	1,512,668
TOTAL NET POSITION	<u>\$ 1,595,083</u>	<u>\$ 1,672,160</u>

See accompanying notes to basic financial statements.

TRINITY GLEN ROSE GROUNDWATER CONSERVATION DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024

	2025	2024
Operating Revenues:		
Groundwater Production Fees	\$ 241,728	\$ 237,685
Other Fees	51,595	33,066
Total Operating Revenues	<u>293,323</u>	<u>270,751</u>
Operating Expenses:		
Staff and Benefits	217,082	240,749
Other Operating Costs	42,299	50,267
Outreach and Conservation	33,324	41,381
Professional Fees	36,513	24,732
Lease and Utilities	1,463	21,956
Research	11,379	7,909
Depreciation Expense	34,995	15,029
Amortization Expense	34,391	13,921
Insurance	6,487	4,444
Total Operating Expenses	<u>417,933</u>	<u>420,388</u>
Income (Loss) from Operations	<u>(124,610)</u>	<u>(149,637)</u>
Nonoperating Revenues (Expenses):		
Investment Income	56,929	70,601
Interest Expense	(9,396)	(3,023)
Total Nonoperating Revenues (Expenses)	<u>47,533</u>	<u>67,578</u>
Change in Net Position	(77,077)	(82,059)
Net Position at Beginning of Year	<u>1,672,160</u>	<u>1,754,219</u>
Net Position at End of Year	<u><u>\$ 1,595,083</u></u>	<u><u>\$ 1,672,160</u></u>

See accompanying notes to basic financial statements.

TRINITY GLEN ROSE GROUNDWATER CONSERVATION DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024

	2025	2024
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 299,140	\$ 266,186
Cash Paid to Employees for Services	(207,171)	(239,056)
Cash Paid to Suppliers for Goods and Services	(133,338)	(153,969)
Net Cash Provided (Used) by Operating Activities	<u>(41,369)</u>	<u>(126,839)</u>
Cash Flows from Capital Financing Activities:		
Purchase of Property and Equipment	(7,904)	(156,419)
Payments on Lease Liabilities	(18,500)	(20,700)
Net Cash Provided (Used) by Capital Financing Activities	<u>(26,404)</u>	<u>(177,119)</u>
Cash Flows from Investing Activities:		
Purchase of Certificates of Deposit	(1,300,000)	(975,000)
Maturity of Certificates of Deposit	1,250,000	1,250,000
Investment Income	62,694	73,665
Net Cash Provided (Used) by Investing Activities	<u>12,694</u>	<u>348,665</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(55,079)	44,707
Cash and Cash Equivalents, October 1	181,508	136,801
Cash and Cash Equivalents, September 30	<u>\$ 126,429</u>	<u>\$ 181,508</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	\$ (124,610)	\$ (149,637)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization Expense	69,386	28,950
(Increase) Decrease in Accounts Receivable	5,817	(4,565)
(Increase) Decrease in Prepaid Expenses	-	4,625
(Increase) Decrease in Net Pension Asset	(4,250)	(8,293)
(Increase) Decrease in Deferred Outflows	6,622	9,577
Increase (Decrease) in Accounts Payable	(1,873)	(7,905)
Increase (Decrease) in Payroll Withholdings	245	(1,143)
Increase (Decrease) in Total OPEB Liability	1,382	1,697
Increase (Decrease) in Deferred Inflows	5,912	(145)
Total Adjustments	<u>83,241</u>	<u>22,798</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (41,369)</u>	<u>\$ (126,839)</u>

See accompanying notes to basic financial statements.

TRINITY GLEN ROSE GROUNDWATER CONSERVATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. REPORTING ENTITY

The Trinity Glen Rose Groundwater Conservation District (the "District") was created to conserve and protect the Trinity Group of Aquifers in northern Bexar County in response to the Texas Natural Resources Conservation Commission designating a portion of the Trinity Aquifer as a Priority Groundwater Management Area. The District was created during the 2001 77th Texas Legislature with the enrollment of House Bill 2005 and became effective September 1, 2001. House bill 1518 provides the District the authority to increase production fees and allow municipalities to request inclusion of annexed areas into the District as provided by Chapter 36 of the Texas Water Code.

The District is managed by an elected Board of Directors from each of the five district precincts. The purpose of the District is to develop and implement regulatory, conservation, and recharge programs that preserve and protect the Trinity Aquifer within the District.

The financial statements of the Corporation have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

2. ENTERPRISE FUND

The Corporation is an enterprise fund. Enterprise funds are proprietary funds used to account for business-type activities provided to the general public. The activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

3. BASIS OF ACCOUNTING

The statements are presented on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. The accrual basis of accounting is used whereby revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash deposits in checking, savings, and money market accounts.

5. ACCOUNTS RECEIVABLE

Accounts receivable consists of monthly water production fees that have not yet been received. Accounts receivables are stated at the amount management expects to collect from outstanding balances. No allowance has been established as management estimates all outstanding amounts will be collected.

TRINITY GLEN ROSE GROUNDWATER CONSERVATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2025

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

6. INVESTMENTS

State statutes authorize the District to invest in (a) obligations of United States or its agencies and instrumentalities; (b) direct obligations of the State of Texas or its agencies; (c) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States; (d) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (e) certificates of deposit by state and national banks domiciled in this state that are (i) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (ii) secured by obligations that are described by (a) – (d); or (e).

The District has adopted an investment policy that further limits the available investment options to obligations of the United States or its agencies and instrumentalities, certificates of deposit, and local government investment pools.

7. PREPAID ITEMS

Payments made for goods and services in advance are recorded as prepaid items on the Statement of Net Position.

8. PROPERTY AND EQUIPMENT

Capital assets with a useful life in excess of one year and exceeding \$1,000 are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Capital assets are depreciated using the straight-line method. Depreciable lives are generally estimated at 5 years for equipment. Leasehold improvements follow the shorter of the life of the lease or useful life of the improvements. Currently, the leasehold improvements are estimated at 5 years.

9. DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

A deferred outflow of resources is a consumption of net position that is applicable to a future reporting period, while a deferred inflow of resources is an acquisition of net position. These items are presented in separate sections following assets (deferred outflows) or liabilities (deferred inflows) on the statement of net position.

10. PENSIONS

The net pension liability (or asset), deferred inflows, and outflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas County and District Retirement System (TCDRS), and additions to and deductions from TCERS' fiduciary net position have been determined on the same basis as they are reported by TCERS. For this purpose, benefit payments (including refund of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

TRINITY GLEN ROSE GROUNDWATER CONSERVATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2025

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

11. NET POSITION

Net position represents the difference between assets plus deferred outflows and liabilities plus deferred inflows. Net investment 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 position is reported as restricted when there are limitations imposed on its 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.

12. OPERATING REVENUES AND EXPENSES

Operating revenues are those revenues that are generated directly from the primary activity of the District, which are permitted production fees. Operating expenses are the necessary costs incurred to provide water conservation.

13. USE OF ESTIMATES

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

NOTE B -- CASH AND INVESTMENTS

1. Cash and Cash Equivalents

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent bank approved pledge securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance. At September 30, 2025, the District's bank deposits were covered by federal deposit insurance. All of the District's deposits were fully collateralized, including certificates of deposit.

2. Investments

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area, conducted as a part of the audit of the basic financial statements, disclosed that the District's investment practices adhered to the requirements of the Act.

As of September 30, 2025, the District's investments consisted of only certificates of deposit that are presented at amortized cost.

TRINITY GLEN ROSE GROUNDWATER CONSERVATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2025

NOTE C -- PROPERTY AND EQUIPMENT

Changes in property and equipment were as follows:

	Balance 10/1/24	Additions	Disposals	Balance 9/30/25
Furniture and Equipment	\$ 20,825	\$ 2,470	\$ -	\$ 23,295
Leasehold Improvements	65,298	5,434	-	70,732
Well Management System	49,339	-	-	49,339
Vehicle	49,150	-	-	49,150
Accumulated Depreciation	(32,997)	(34,995)	-	(67,992)
Property and Equipment, Net	<u>\$ 151,615</u>	<u>\$ (27,091)</u>	<u>\$ -</u>	<u>\$ 124,524</u>

	Balance 10/1/23	Additions	Disposals	Balance 9/30/24
Furniture and Equipment	\$ 20,825	\$ -	\$ -	\$ 20,825
Leasehold Improvements	7,153	65,297	(7,153)	65,297
Well Management System	7,368	41,782	-	49,150
Vehicle	-	49,339	-	49,339
Accumulated Depreciation	(25,120)	(15,029)	7,153	(32,996)
Property and Equipment, Net	<u>\$ 10,226</u>	<u>\$ 141,389</u>	<u>\$ -</u>	<u>\$ 151,615</u>

NOTE D -- ECONOMIC DEPENDENCY/CONCENTRATIONS

Funding for the operation of the District is provided through permitted production fees charged for groundwater produced from the Trinity aquifer in Bexar County and small portions of Comal and Kendall counties. One producer represented 22% and 30% of production revenues in fiscal years 2025 and 2024, respectively. Another producer represented 21% and 20% of production revenues in fiscal years 2025 and 2024, respectively.

NOTE E -- LEASE

In 2024, the District entered into a lease for office space. The lease is for five years ending April 30, 2028. The first-year lease required annual payments in advance. The board made the decision in April 2025 to move payments to a monthly basis. The lease may be renewed beyond the termination date at the mutual option of the landlord and District. Future cash flows have been discounted at 6%. A right of use asset has been recorded as of September 30, 2025 as follows:

Right of Use Asset	\$ 176,479
Accumulated Amortization	(48,312)
Right of Use Asset (net)	<u>\$ 128,167</u>

TRINITY GLEN ROSE GROUNDWATER CONSERVATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2025

NOTE E – LEASE (CONT.)

Future payments to service the lease are expected as follows:

Year Ending September 30,	Principal	Interest	Total
2026	\$ 36,298	\$ 8,102	\$ 44,400
2027	40,311	5,814	46,125
2028	45,339	3,201	48,540
2029	27,750	565	28,315
Total	<u>\$ 149,698</u>	<u>\$ 17,682</u>	<u>\$ 167,380</u>

NOTE F -- TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

The plan provisions are adopted by the governing body of the District, within the options available in the state statutes governing TCDRS. Members can retire at age 60 and above with 5 or more years of service or with 30 years regardless of age or when the sum of their age and years of service equals 75 or more. A member is vested after 5 years but must leave his accumulated contributions in the plan. Members who withdraw their personal contributions in a partial lump sum are entitled to any amounts contributed by the employer.

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 these monetary credits is adopted by the governing body of the District within the actuarial constraints imposed by the TCDRS Act so 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.

Contributions

The District has elected the annually determined contribution 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 District is actuarially determined annually. The District contributed using the actuarially determined rate of 12.29%, 12.33% and 12.35% for the calendar years of 2023, 2024 and 2025, respectively.

The contribution rate payable by the employee members is 7% as adopted by the governing body of the District. The employee deposit rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

TRINITY GLEN ROSE GROUNDWATER CONSERVATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2025

NOTE F -- TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM (CONT.)

Benefits Provided

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

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the District-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

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

	12/31/2024
Inactive Employees Receiving Benefits	1
Inactive Employees	0
Active Employees	2
	<u>3</u>

Net Pension Liability

The District's Net Pension Liability (NPL) (or asset) 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.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

Real Rate of Return	5.00%
Inflation	2.50%
Long-Term Investment Return	7.50%

The long-term expected rate of return on pension plan investments is 7.5%. 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 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 2025 information for a 10-year time horizon.

TRINITY GLEN ROSE GROUNDWATER CONSERVATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2025

NOTE F -- TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM (CONT.)

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a long-term time horizon. The TCDRS Board of Trustees adopted the current assumption at their March 2021 meeting. The assumption for the long-term expected return is reviewed annually for continued compliance with the relevant actuarial standards of practice.

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	Expected Real Rate of Return (Geometric)
US Equities	13.00%	5.35%
Private Equity	25.00%	8.15%
Global Equities	4.00%	5.15%
International Equities - Developed	6.00%	4.75%
International Equities - Emerging	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 (MLPs)	2.00%	4.95%
Commodities	2.00%	1.00%
Private Real Estate Partnerships	6.00%	5.75%
Hedge Funds	6.00%	3.60%
Cash Equivalents	2.00%	1.10%
	100.00%	

Discount Rate

The discount rate used to measure the Total Pension Liability (or asset) was 7.60%. 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 (or asset).

TRINITY GLEN ROSE GROUNDWATER CONSERVATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2025

NOTE F -- TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM (CONT.)

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 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:

	Discount Rate 6.60%	Discount Rate 7.60%	Discount Rate 8.60%
Net Pension Liability (Asset)	\$ 30,999	\$ (8,371)	\$ (41,613)

Changes in Net Pension Liability (Asset)

The below schedule presents the changes in the Net Pension Liability (asset) as of December 31, 2024:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at December 31, 2023	\$ 231,793	\$ 235,915	\$ (4,122)
Changes for the year:			
Service Cost	40,627	-	40,627
Interest	20,406	-	20,406
Plan Changes	-	-	-
Economic/Demographic Gains/Losses	(5,600)	-	(5,600)
Assumptions Changes or Inputs	-	-	-
Refund of Contributions	-	-	-
Benefit Payments	(7,985)	(7,985)	-
Administrative Expenses	-	(157)	157
Member Contributions	-	12,225	(12,225)
Net Investment Income	-	24,593	(24,593)
Employer Contributions	-	21,533	(21,533)
Other	-	1,488	(1,488)
Net Changes	47,448	51,697	(4,249)
Balance at December 31, 2024	\$ 279,241	\$ 287,612	\$ (8,371)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TCDRS financial report. That report may be obtained at www.tcdrs.com.

TRINITY GLEN ROSE GROUNDWATER CONSERVATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2025

NOTE F -- TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM (CONT.)

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

For the year ended September 30, 2025, the District recognized pension expense of \$29,721. Also, 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 Experience	\$ 11,646	\$ 5,591
Changes in Assumptions	2,924	177
Difference between Projected and Actual Earnings	-	628
Contributions Subsequent to the Measurement Date	14,357	-
	<u>\$ 28,927</u>	<u>\$ 6,396</u>

Deferred outflows of resources in the amount of \$14,357 result from contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability for the plan year ending December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the plan year ended December 31,

2025	\$ 1,138
2026	3,932
2027	(765)
2028	139
2029	1,273
Thereafter	2,457
	<u>\$ 8,174</u>

NOTE G – OTHER POSTEMPLOYMENT BENEFIT

The District also participates in a defined benefit group-term life insurance plan operated by the Texas County and District Retirement System (TCDRS). The District elected to provide group-term life insurance coverage to both current and retired employees. The District may terminate coverage under and discontinue participation in the benefit annually.

TRINITY GLEN ROSE GROUNDWATER CONSERVATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2025

NOTE G – OTHER POSTEMPLOYMENT BENEFIT (CONT.)

Employers in the TCDRS Group Term Life (GLT) Program make a combined contribution for both the active and the retiree coverage. However, the retiree coverage is considered on OPEB plan. The employers benefit payments for the year are treated as being equal to its annual retiree GLT contributions. Membership in the plan on December 31, 2024, the valuation and measurement date, consisted of:

Current Active Members	2
Current Inactive Members	1
Current Retirees	<u>0</u>
	<u><u>3</u></u>

Trinity Glen Rose Groundwater Conservation District participates in the retiree Group Term Life program for the Texas County & District Retirement System (TCDRS). The District OPEB contributions are made in the fiscal year, but subsequent to the measurement date of December 31, 2024. The total GTL contribution rates are as follows:

	Total GTL Contribution Rate	Retiree Portion of Rate
For the Plan Year Ended December 31,		
2025	0.19%	0.00%
2024	0.18%	0.00%

The TCDRS GTL program is treated as an unfunded OPEB plan because the GTL trust covers both actives and retirees, and the assets are not segregated for these groups. The OPEB plan is not a cost sharing plan, so the annual benefit payments are treated as being equal to the employer's actual retiree GTL contributions for the year. Actuarial assumptions for the plan are as follows:

All actuarial assumptions and methods that determined the total OPEB liability as of December 31, 2024, were based on the results of an actuarial experience study for the period January 1, 2017 - December 31, 2020.

Inflation	3.00%
Discount Rate	4.08%
	20 year Bond GO Index published by bondbuyer.com as of December 31, 2024.
Amortization Method	Straight - Line amortization over Expected Working Life.
Salary Increase	Note that salary increases do not affect benefits but are used in the allocation of costs under the actuarial cost.
Mortality Rates - Disabled Retirees	160% of Pub-2010 General Disabled Retirees Amount -Weighet Mortality Table for males and 125% for females.

TRINITY GLEN ROSE GROUNDWATER CONSERVATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2025

NOTE G – OTHER POSTEMPLOYMENT BENEFIT (CONT.)

Changes in the OPEB liability for the plan year ending December 31, 2024 were as follows:

	Total OPEB Liability
Balance at December 31, 2023	\$ 1,697
Changes for the year:	
Service Cost	489
Interest	71
Change of Benefit Terms	-
Differences Between Expected and Actual Experience	1,329
Changes in Assumptions or Other Inputs	(507)
Benefit Payments	-
Balance at December 31, 2024	\$ 3,079

Total OPEB Liability of the employer, calculated using the discount rate of 4.08%, as well as what the Trinity Glen Rose Groundwater Conservation District 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.

	Discount Rate 3.08%	Discount Rate 4.08%	Discount Rate 5.08%
Total OPEB Liability	\$ 3,713	\$ 3,079	\$ 2,582

OPEB Expense and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended September 30, 2025, the District recognized OPEB expense of \$652. Also, as of September 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in Experiences	\$ 1,181	\$ -
Changes in Actuarial Assumptions	-	451
	\$ 1,181	\$ 451

TRINITY GLEN ROSE GROUNDWATER CONSERVATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2025

NOTE G – OTHER POSTEMPLOYMENT BENEFIT (CONT.)

OPEB Expense and Deferred Outflows/Inflows of Resources Related to Pensions (Cont.)

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Plan Year Ended December 31,		
2025	\$	92
2026		92
2027		92
2028		92
2029		92
Thereafter		270
	\$	<u>730</u>

NOTE H -- LITIGATION

Management is unaware of any pending litigation that would have any material effect on the District's financial position.

REQUIRED SUPPLEMENTARY INFORMATION

TRINITY GLEN ROSE GROUNDWATER CONSERVATION DISTRICT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FOR THE LAST SEVEN CALENDAR YEARS

	Total Pension Liability						
	2018	2019	2020	2021	2022	2023	2024
Service Cost	\$ 18,376	\$ 17,185	\$ 19,412	\$ 33,208	\$ 36,436	\$ 38,637	\$ 40,627
Interest (on the Total Pension Liability)	1,488	2,882	4,867	8,639	12,255	16,233	20,406
Changes of Benefit Terms	-	-	-	-	-	-	-
Changes of Assumptions	-	-	5,009	(265)	-	-	-
Economic/Demographic gains or losses	(1,474)	2,214	10,501	2,766	1,457	1,967	(5,600)
Benefit Payments, Including Refunds of							
Employee Contributions	-	-	-	-	-	-	(7,985)
Net Change in Total Pension Liability	18,390	22,281	39,789	44,348	50,148	56,837	47,448
Total Pension Liability - Beginning	-	18,390	40,671	80,460	124,808	174,956	231,793
Total Pension Liability - Ending	<u>\$ 18,390</u>	<u>\$ 40,671</u>	<u>\$ 80,460</u>	<u>\$ 124,808</u>	<u>\$ 174,956</u>	<u>\$ 231,793</u>	<u>\$ 279,241</u>
	Plan Fiduciary Net Position						
	2018	2019	2020	2021	2022	2023	2024
Contributions - Employer	\$ 10,870	\$ 12,255	\$ 18,217	\$ 20,898	\$ 25,999	\$ 27,899	\$ 21,533
Contributions - Employee	7,104	8,040	12,260	13,999	14,856	15,891	12,225
Net Investment Income	200	3,050	4,474	21,255	(11,433)	19,203	24,593
Benefit Payments, Including Refunds of							
Employee Refunds	-	-	-	-	-	-	(7,985)
Administrative Expense	(15)	(33)	(57)	(73)	(100)	(123)	(157)
Other	536	701	906	1,010	5,865	2,261	1,488
Net Change in Plan Fiduciary Net Position	18,695	24,013	35,800	57,089	35,187	65,131	51,697
Plan Fiduciary Net Position - Beginning	-	18,695	42,708	78,508	135,597	170,784	235,915
Plan Fiduciary Net Position - Ending	<u>\$ 18,695</u>	<u>\$ 42,708</u>	<u>\$ 78,508</u>	<u>\$ 135,597</u>	<u>\$ 170,784</u>	<u>\$ 235,915</u>	<u>\$ 287,612</u>
Net Pension Liability (asset) - Ending	\$ (305)	\$ (2,037)	\$ 1,952	\$ (10,789)	\$ 4,172	\$ (4,121)	\$ (8,371)
Plan Fiduciary Net Position as a							
Percentage of Total Pension Liability	101.66%	105.01%	97.57%	108.64%	97.62%	101.78%	103.00%
Covered Payroll	\$ 101,491	\$ 114,854	\$ 175,138	\$ 199,984	\$ 212,233	\$ 227,008	\$ 174,640
Net Pension Liability as a Percentage							
of Covered Payroll	-0.30%	-1.77%	1.11%	-5.39%	1.97%	-1.82%	-4.79%

The District began participating in the plan in 2018. Information will be accumulated until ten years are presented.

See Independent Auditor's Report.

TRINITY GLEN ROSE GROUNDWATER CONSERVATION DISTRICT
SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS
FOR THE LAST EIGHT FISCAL YEARS

Fiscal Year Ending September 30,	Actuarially Determined Contribution	Actual Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions As Percent of Payroll
2025	\$ 20,863	\$ 20,863	\$ -	\$ 168,946	12.35%
2024	23,810	23,810	-	193,338	12.32%
2023	27,302	27,302	-	220,766	12.37%
2022	24,246	24,246	-	206,752	11.73%
2021	20,293	20,293	-	194,338	10.44%
2020	16,240	16,240	-	155,129	10.47%
2019	11,407	11,407	-	106,510	10.71%
2018	8,078	8,078	-	75,429	10.71%

Changes in Assumptions:

2022: New investment return and inflation assumptions were reflected

2019: New inflation, mortality and other assumptions were reflected

Changes in Plan Provisions:

None

The District began participating in the plan in 2018. Information will be accumulated until ten years are presented.

TRINITY GLEN ROSE GROUNDWATER CONSERVATION DISTRICT
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE LAST TWO CALENDAR YEARS

	Total OPEB Liability	
	2023	2024
Service Cost	\$ -	\$ 489
Interest (on the Total OPEB Liability)	-	71
Effect of plan changes	1,697	-
Effect of assumption changes or inputs	-	(507)
Effect of Economic/demographic (gains) or losses	-	1,329
Benefit Payments	-	-
Net Change in Total OPEB Liability	1,697	1,382
Total OPEB Liability - Beginning	-	1,697
Total OPEB Liability - Ending	<u>\$ 1,697</u>	<u>\$ 3,079</u>
Covered Payroll	\$ 227,008	\$ 174,640
Total OPEB Liability as a Percentage of Covered Payroll	0.75%	1.76%
Discount Rate	3.26%	4.08%

The District began participating in the plan in 2024. Information will be accumulated until ten years are presented.

SUPPLEMENTARY INFORMATION

TRINITY GLEN ROSE GROUNDWATER CONSERVATION DISTRICT
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budget		Actual	
	Original	Final	Budgetary Basis	Variance
Operating Revenues:				
Groundwater Production Fees	\$ 280,000	\$ 280,000	\$ 241,728	\$ (38,272)
Other Fees	30,500	30,500	51,595	21,095
Total Operating Revenues	<u>310,500</u>	<u>310,500</u>	<u>293,323</u>	<u>(17,177)</u>
Operating Expenses:				
Staff and Benefits	203,500	203,500	217,082	(13,582)
Other Operating Costs	67,270	67,270	42,299	24,971
Outreach and Conservation	37,645	37,645	33,324	4,321
Professional Fees	34,000	34,000	36,513	(2,513)
Lease and Utilities	42,500	42,500	43,705	(1,205)
Research	21,500	21,500	11,379	10,121
Insurance	6,500	6,500	6,487	13
Total Operating Expenses	<u>412,915</u>	<u>412,915</u>	<u>390,789</u>	<u>22,126</u>
Income (Loss) from Operations	<u>(102,415)</u>	<u>(102,415)</u>	<u>(97,466)</u>	<u>4,949</u>
Nonoperating Revenues:				
Investment Income	57,000	57,000	56,929	(71)
Total Nonoperating Revenues	<u>57,000</u>	<u>57,000</u>	<u>56,929</u>	<u>(71)</u>
Budgetary Surplus (Shortage)	<u>(45,415)</u>	<u>(45,415)</u>	(40,537)	<u>4,878</u>
Depreciation Expense			(34,995)	
Difference Between Lease Payments and Lease Amortization/Interest			<u>(1,545)</u>	
Change in Net Position			<u>\$ (77,077)</u>	

See Independent Auditor's Report.



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*

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Trinity Glen Rose Groundwater Conservation District

We have audited, 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, the financial statements of Trinity Glen Rose Groundwater Conservation District as of September 30, 2025 and 2024, and for the years then ended, and the related notes to the financial statements, which collectively comprise Trinity Glen Rose Groundwater Conservation District's basic financial statements, and have issued our report thereon dated December 18, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Trinity Glen Rose Groundwater Conservation 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 Trinity Glen Rose Groundwater Conservation District's internal control. Accordingly, we do not express an opinion on the effectiveness of Trinity Glen Rose Groundwater Conservation 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Trinity Glen Rose Groundwater Conservation 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.

A handwritten signature in black ink that reads "Armstrong, Vaughan & Associates, P.C." The signature is written in a cursive, flowing style.

Armstrong, Vaughan & Associates, P.C.
December 18, 2025