



Tanglewood Forest Limited District

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

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Tanglewood Forest Limited District

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Annual Filing Affidavit

The State of Texas

County of Travis

I, _____
(Name of Duly Authorized District Representative)

of the Tanglewood Forest Limited District

hereby swear, or affirm, that the District named above has reviewed and approved at a meeting of the Board of Directors of the District on the _____ day of _____, 20____, its annual audit report for the fiscal year ended September 30, 2024 and that copies of the annual audit report have been filed in the District office, located at 4301 Westbank Drive, Suite B-130, Austin, Texas 78746.

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

Date: _____, 20____. By: _____
(Signature of District Representative)

(Typed Name and Title of above District Representative)

Sworn to and subscribed to before me this _____ day of _____, 20____.

(Signature of Notary)

(SEAL)

(Printed Name of Notary)

My Commission Expires On: _____
Notary Public in and for the State of Texas.

Independent Auditors' Report

To the Board of Directors of
Tanglewood Forest Limited District:

Opinions

We have audited the financial statements of the governmental activities and the General Fund of Tanglewood Forest Limited District (the "District") as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of the District as of September 30, 2024, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

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

Maxwell Locke + Ritter LLP

Austin, Texas
May 27, 2026

Tanglewood Forest Limited District

Management’s Discussion and Analysis For the Year Ended September 30, 2024

In accordance with Governmental Accounting Standards Board (“GASB”) Statement No. 34, the management of Tanglewood Forest Limited District (the “District”) offers the following narrative on the financial performance of the District for the year ended September 30, 2024. Please read it in connection with the District’s financial statements that follow.

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

Overview of the Basic Financial Statements

The District’s reporting is comprised of two parts:

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

Other supplementary information is also included.

The *Statement of Net Position and Governmental Fund Balance Sheet* includes a column (titled “General Fund”) that represents a balance sheet prepared using the modified accrual basis of accounting. The adjustments column converts those balances to a balance sheet that more closely reflects a private-sector business. Over time, increases or decreases in the District’s net position will indicate financial health.

The *Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balance* includes a column (titled “General Fund”) that derives the change in fund balance resulting from current year revenues, expenditures, and other financing sources or uses. These amounts are prepared using the modified accrual basis of accounting. The adjustments column converts those activities to full accrual, a basis that more closely represents the income statement of a private-sector business.

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

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

Schedules required by the Texas Commission on Environmental Quality are presented immediately following the *Notes to Basic Financial Statements*.

Comparative Financial Statements

Statement of Net Position

	Governmental Activities		
	2024	2023	% Change
Current assets	\$ 1,254,631	\$ 1,104,249	14%
Capital assets	683,614	727,732	(6%)
Total assets	\$ 1,938,245	\$ 1,831,981	6%
Total liabilities	\$ 26,851	\$ 24,489	10%
Net investment in capital assets	\$ 683,614	\$ 727,732	(6%)
Unrestricted	1,227,780	1,079,760	14%
Total net position	\$ 1,911,394	\$ 1,807,492	6%

The District's total assets were approximately \$1.9 million as of September 30, 2024. Of this amount, approximately \$684,000 is included in capital assets. The District had outstanding liabilities of approximately \$27,000 as of September 30, 2024, all of which are current liabilities.

Statement of Activities

	Governmental Activities		
	2024	2023	% Change
Property taxes, including penalties and interest	\$ 1,029,227	\$ 1,048,306	(2%)
Pool and park fees	57,186	53,719	6%
Miscellaneous	11,362	567	1,904%
Total revenue	1,097,775	1,102,592	(<1%)
Repairs and maintenance	287,084	331,876	(13%)
Contracted services	106,035	76,174	39%
Pool operations	201,973	172,781	17%
Utilities	49,353	53,485	(8%)
Professional fees	40,678	92,542	(56%)
Other	264,632	123,078	115%
Depreciation	44,118	58,590	(25%)
Total expenses	993,873	908,526	9%
Change in net position	103,902	194,066	(46%)
Beginning net position	1,807,492	1,613,426	12%
Ending net position	\$ 1,911,394	\$ 1,807,492	6%

Revenues were approximately \$1.1 million for the fiscal year ended September 30, 2024, which is consistent with the prior year. Property taxes provided approximately \$1.0 million and other revenues provided approximately \$69,000. Total expenses increased approximately \$85,000 to approximately \$994,000 for the fiscal year ended September 30, 2024, of which approximately \$950,000 related to service operations and approximately \$44,000 related to depreciation. Net position increased approximately \$104,000 for the fiscal year ended September 30, 2024.

Analysis of Governmental Funds

	2024	2023
Cash	\$ 728,729	\$ 1,068,016
Investments	500,000	-
Receivables	25,902	36,233
Total assets	\$ 1,254,631	\$ 1,104,249
Accounts payable	\$ 26,851	\$ 24,489
Deferred inflows of resources	21,860	20,788
Unassigned fund balance	1,205,920	1,058,972
Total fund balances	1,205,920	1,058,972
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,254,631	\$ 1,104,249

The *General Fund* pays for daily operating expenditures. When comparing actual to final budget, actual revenues were greater than final budget by approximately \$27,000 primarily due to more pool and park fee revenue than expected. Actual expenditures were greater than final budget by approximately \$58,000 primarily due to higher other and pool operations expenditures than budgeted, offset some by lower capital outlay and contracted services expenditures than budgeted. More detailed information about the District's budgetary comparison is presented in the *Basic Financial Statements*.

Capital Assets

	2024	2023
Land	\$ 528,688	\$ 528,688
Park improvements	1,840,592	1,840,592
Pool facilities	660,165	660,165
Accumulated depreciation	(2,345,831)	(2,301,713)
Total	\$ 683,614	\$ 727,732

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

Currently Known Facts, Decisions, or Conditions

For fiscal year 2025, which is tax year 2024, the tax rate has been set at \$0.28 per \$100 of assessed valuation for maintenance and operating expenditures. The adopted budget for 2025 projects an increase in fund balance for the General Fund of approximately \$209,000. When compared to the 2024 final budget, revenues are expected to increase by approximately \$21,000 and expenditures are expected to decrease by approximately \$10,000.

Requests for Information

This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District c/o The Carlton Law Firm, PLLC, 4301 Westbank Drive, Suite B-130, Austin, Texas 78746.

Tanglewood Forest Limited District

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

	General Fund	Adjustments (Note 2)	Statement of Net Position
Assets:			
Cash	\$ 728,729	-	728,729
Investments	500,000	-	500,000
Receivables:			
Property taxes	21,860	-	21,860
Pool fees	4,042	-	4,042
Capital assets (net of accumulated depreciation):			
Land	-	528,688	528,688
Park improvements	-	141,602	141,602
Pool facilities	-	13,324	13,324
Total assets	<u>\$ 1,254,631</u>	<u>683,614</u>	<u>1,938,245</u>
Liabilities-			
Accounts payable	<u>\$ 26,851</u>	-	<u>26,851</u>
Deferred Inflows of Resources-			
Property taxes	<u>21,860</u>	<u>(21,860)</u>	<u>-</u>
Fund Balance/Net Position:			
Fund balance-			
Unassigned	<u>1,205,920</u>	<u>(1,205,920)</u>	<u>-</u>
Total fund balance	<u>1,205,920</u>	<u>(1,205,920)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 1,254,631</u>		
Net position:			
Net investment in capital assets		\$ 683,614	683,614
Unrestricted		<u>1,227,780</u>	<u>1,227,780</u>
Total net position		<u>\$ 1,911,394</u>	<u>1,911,394</u>

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

Tanglewood Forest Limited District

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

	General Fund	Adjustments (Note 2)	Statement of Activities
Revenues:			
General revenues:			
Property taxes, including penalties and interest	\$ 1,028,155	1,072	1,029,227
Pool and park fees	57,186	-	57,186
Miscellaneous	11,362	-	11,362
Total general revenues	<u>1,096,703</u>	<u>1,072</u>	<u>1,097,775</u>
Expenditures:			
Service operations:			
Repairs and maintenance	287,084	-	287,084
Contracted services	106,035	-	106,035
Pool operations	201,973	-	201,973
Utilities	49,353	-	49,353
Professional fees	40,678	-	40,678
Other	264,632	-	264,632
Depreciation	-	44,118	44,118
Total expenditures	<u>949,755</u>	<u>44,118</u>	<u>993,873</u>
Excess of Revenues Over Expenditures	<u>146,948</u>	<u>(43,046)</u>	<u>103,902</u>
Change in fund balance/net position	146,948	(43,046)	103,902
Fund Balance/Net Position:			
Beginning of year	<u>1,058,972</u>	<u>748,520</u>	<u>1,807,492</u>
End of year	<u>\$ 1,205,920</u>	<u>705,474</u>	<u>1,911,394</u>

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

Tanglewood Forest Limited District

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

	Original Budget	Actual	Variance
Revenues:			
Property taxes, including penalties and interest	\$ 1,032,895	1,028,155	(4,740)
Pool and park fees	36,000	57,186	21,186
Miscellaneous	400	11,362	10,962
Total revenues	<u>1,069,295</u>	<u>1,096,703</u>	<u>27,408</u>
Expenditures:			
Service operations:			
Repairs and maintenance	282,756	287,084	(4,328)
Contracted services	145,000	106,035	38,965
Pool operations	166,600	201,973	(35,373)
Utilities	55,000	49,353	5,647
Professional fees	54,000	40,678	13,322
Other	148,163	264,632	(116,469)
Capital outlay	40,000	-	40,000
Total expenditures	<u>891,519</u>	<u>949,755</u>	<u>(58,236)</u>
Excess of Revenues Over Expenditures	177,776	146,948	(30,828)
Fund Balance:			
Beginning of year	<u>1,058,972</u>	<u>1,058,972</u>	<u>-</u>
End of year	<u>\$ 1,236,748</u>	<u>1,205,920</u>	<u>(30,828)</u>

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

Tanglewood Forest Limited District

Notes to Basic Financial Statements Year Ended September 30, 2024

1. Summary of Significant Accounting Policies

Tanglewood Forest Limited District (the “District”) was converted to a limited district on December 31, 1997, upon annexation of Tanglewood Forest Municipal Utility District by the City of Austin, Texas pursuant to Section 43.0751(f)(6) of the Local Government Code. The District owns, maintains, operates, and controls the parks and recreational facilities within the District’s boundaries. It also provides security for these parks and recreational facilities, maintains landscaping in the Slaughter Lane median, enforces restrictive covenants, and provides graffiti removal. The District’s initial term was to be no more than ten years ended December 31, 2007. In September 2007, the term was extended through December 31, 2017. In August 2017, the term was extended through December 31, 2027.

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

Government-Wide and Fund Financial Statements

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

The District reports the following major governmental fund -

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

Budgets and Budgetary Accounting

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

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

Investments - Temporary investments throughout the year consisted of investments in certificates of deposit. The District’s deposits and investments are invested pursuant to the investment policy, which is approved annually by the Board. The District’s investment policies and types of investments are governed by Section 2256 of the Texas Government Code (“Public Funds Investment Act”). The District’s management believes that it complied with the requirements of the Public Funds Investment Act and the District’s investment policies.

Capital Assets - Capital assets, which include land, park improvements, and pool facilities, are reported in the governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of at least \$5,000. Such assets are recorded at historical cost if purchased or estimated acquisition value at the date of donation if donated. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets’ lives are not capitalized.

Capital assets (other than land) are depreciated using the straight-line method over the following estimated useful lives:

Asset	Years
Park improvements	10-20
Pool facilities	15-17

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

Fund Balance - The District complies with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental fund. See Note 6 for additional information on those fund balance classifications.

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

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

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

- Level 1 inputs are based on unadjusted quoted market prices for identical assets or liabilities in an active market the entity has the ability to access.
- Level 2 inputs are observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity.
- Level 3 inputs are unobservable inputs that reflect the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

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

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

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

2. Reconciliation of Government-Wide and Fund Financial Statements

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

Governmental fund total fund balance	\$ 1,205,920
Capital assets used in governmental activities are not current financial resources and are therefore not reported in the governmental fund balance sheet.	683,614
Deferred tax revenue is not available to pay for current-period expenditures and, therefore, is deferred in the fund.	<u>21,860</u>
Total net position	<u><u>\$ 1,911,394</u></u>

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

Change in fund balance	\$ 146,948
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense-	
Depreciation expense	(44,118)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund-	
Property tax revenue	<u>1,072</u>
Change in net position	<u><u>\$ 103,902</u></u>

3. Cash and Temporary Investments

The District's deposits are required to be secured in the manner provided by law for the security of the funds. At September 30, 2024, such deposits were entirely covered by Federal Deposit Insurance Corporation ("FDIC") insurance or secured by collateral pledged by the depository.

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

The District is entitled to invest in: (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) certain collateralized mortgage obligations; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States; (5) obligations of states, agencies, counties, cities and other political subdivisions having not less than an "A" rating from a nationally recognized investment rating firm; (6) insured or collateralized certificates of deposit issued by a bank or savings and loan associations doing business in the State of Texas; (7) certain fully collateralized repurchase agreements; (8) certain bankers' acceptance and commercial paper with a maturity of 270 days or less; (9) certain no-load money market mutual funds and mutual funds; and (10) certain public fund investment pools.

Investments held at September 30, 2024 consisted of certificates of deposit of \$500,000 with a weighted average maturity of 106 days.

Credit Risk - At September 30, 2024, investments were comprised of certificates of deposit with ratings from Standard & Poor's in compliance with the District's investment policy. At September 30, 2024, all certificates of deposit were collateralized in compliance with the District's investment policy.

4. Property Taxes

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

In August 2023, the District levied a maintenance tax rate of \$0.1628 per \$100 of assessed valuation to finance maintenance and operating expenditures. The total 2023 tax levy was \$1,039,636 based on a taxable valuation of \$634,456,821.

5. Capital Assets

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

	Balance September 30, 2023	Additions	Retirements	Balance September 30, 2024
Capital assets not being depreciated-				
Land	\$ 528,688	-	-	528,688
Total capital assets not being depreciated	528,688	-	-	528,688
Capital assets being depreciated:				
Park improvements	1,840,592	-	-	1,840,592
Pool facilities	660,165	-	-	660,165
Total capital assets being depreciated	2,500,757	-	-	2,500,757
Less accumulated depreciation for:				
Park improvements	(1,667,955)	(31,035)	-	(1,698,990)
Pool facilities	(633,758)	(13,083)	-	(646,841)
Total accumulated depreciation	(2,301,713)	(44,118)	-	(2,345,831)
Total capital assets being depreciated, net	199,044	(44,118)	-	154,926
Capital assets, net	\$ 727,732	(44,118)	-	683,614

6. Fund Balance

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

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

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

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

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

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

The detail of the fund balances is included in the Governmental Fund Balance Sheet on page 8. Fund balance of the District may be committed for a specific purpose by formal action of the Board, the District's highest level of decision-making authority. Commitments may be established, modified, or rescinded only through a resolution approved by the Board. The Board has the authority to assign fund balance for a specific purpose. In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

7. Risk Management

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District effectively manages its risk by obtaining coverage from commercial insurance companies for its fidelity bonds and the Texas Municipal League Intergovernmental Risk Pool ("TML Pool") to provide property and boiler and machinery coverage. All risk management activities are accounted for in the General Fund. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

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

Tanglewood Forest Limited District

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

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

Tanglewood Forest Limited District

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

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

(A) Creation of District

See Note 1 to basic financial statements.

(B) Contingent Liabilities

Not applicable.

(C) Pension Coverage

Not applicable.

(D) Pledge of Revenues

Not applicable.

(E) Compliance with Debt Service Requirements

Not applicable.

(F) Redemption of Bonds

Not applicable.

Tanglewood Forest Limited District

TSI-1 Schedule of Services and Rates Year Ended September 30, 2024

1. Services Provided by the District:

- | | | |
|---|---|-------------------------------------|
| <input type="checkbox"/> Retail Water | <input type="checkbox"/> Wholesale Water | <input type="checkbox"/> Drainage |
| <input type="checkbox"/> Retail Wastewater | <input type="checkbox"/> Wholesale Wastewater | <input type="checkbox"/> Irrigation |
| <input checked="" type="checkbox"/> Parks/Recreation | <input type="checkbox"/> Fire Protection | <input type="checkbox"/> Security |
| <input type="checkbox"/> Solid Waste/Garbage | <input type="checkbox"/> Flood Control | <input type="checkbox"/> Roads |
| <input type="checkbox"/> Participates in joint venture, regional system and or wastewater service (other than emergency interconnect) | | |
| <input type="checkbox"/> Other (specify): _____ | | |

2. Retail Service Providers:

a. Retail Rates for a 5/8" Meter (or equivalent):

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1,000 Gallons Over Minimum</u>	<u>Usage Levels</u>
Water	N/A	N/A	N/A	N/A	N/A
Wastewater	N/A	N/A	N/A	N/A	N/A
Surcharge	N/A				

District employs winter averaging for wastewater usage? Yes No

(continued)

Tanglewood Forest Limited District

TSI-1 Schedule of Services and Rates (Continued) Year Ended September 30, 2024

b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
	-	-		-
<=3/4"	-	-	x 1.0	-
1"	-	-	x 2.5	-
1 1/2"	-	-	x 5.0	-
2"	-	-	x 8.0	-
3"	-	-	x 15.0	-
4"	-	-	x 25.0	-
6"	-	-	x 50.0	-
8"	-	-	x 80.0	-
10"	-	-	x 115.0	-
Total Water	-	-		-
Total Wastewater	-	-	x 1.0	-

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

Gallons pumped into system:	-	Water Accountability Ratio: (Gallons billed/Gallons pumped)
Gallons billed to customers:	-	
		N/A

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

Does the District have Debt Service standby fees?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If yes, Date of the most recent Commission Order:	N/A	
Does the District have Operation and Maintenance standby fees?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If yes, Date of the most recent Commission Order:	N/A	

(continued)

Tanglewood Forest Limited District

TSI-1 Schedule of Services and Rates (Continued) Year Ended September 30, 2024

5. Location of District:

County in which district is located:

Travis

Is the District located entirely within one county?

Yes

No

Is the District located within a city?

Entirely

Partly

Not at all

City in which District is located:

Austin

Is the District located within a city's extra-territorial jurisdiction (ETJ?)

Entirely

Partly

Not at all

ETJ's in which district is located:

Austin

Are Board members appointed by an office outside the District?

Yes

No

If yes, by whom?

N/A

Tanglewood Forest Limited District

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

Personnel Expenditures (including benefits)	\$ -
Professional Fees:	
Auditing	13,500
Legal	15,178
Purchased Services For Resale-	
Bulk Water and Wastewater Purchases	-
Contracted Services:	
Bookkeeping	12,000
General Manager	39,168
Tax Collector	5,290
Other Contracted Services	61,577
Utilities	49,353
Repairs and Maintenance	287,084
Administrative Expenditures:	
Directors' Fees	18,600
Office Supplies	-
Insurance	10,521
Other Administrative Expenditures	235,511
Capital Outlay:	
Capitalized Assets	-
Expenditures not Capitalized	-
Tap Connection Expenditures	-
Solid Waste Disposal	-
Parks and Recreation	201,973
Other Expenditures	-
Total Expenditures	<u>\$ 949,755</u>

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

Tanglewood Forest Limited District

TSI-3 Schedule of Temporary Investments September 30, 2024

Fund	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at September 30, 2024	Accrued Interest Receivable at September 30, 2024
General Fund:					
Certificate of Deposit	010-008-2220795	4.45%	10/15/2024	\$ 250,000	\$ -
Certificate of Deposit	010-008-2219963	4.11%	4/15/2025	250,000	-
Total General Fund				500,000	-
Total - all funds				\$ 500,000	\$ -

Tanglewood Forest Limited District

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

	Maintenance Taxes	Debt Service Taxes
Taxes Receivable, September 30, 2023	\$ 20,788	\$ -
2023 Tax Roll	1,039,636	-
Adjustments	(7,869)	-
Total to be accounted for	<u>1,052,555</u>	<u>-</u>
Tax collections:		
Current year	1,026,173	-
Prior years	4,522	-
Total collections	<u>1,030,695</u>	<u>-</u>
Taxes Receivable, September 30, 2024	<u>\$ 21,860</u>	<u>\$ -</u>
Taxes Receivable, by Years:		
2023	\$ 8,322	\$ -
2022	3,491	-
2021	1,794	-
2020	1,377	-
2019 and earlier	6,876	-
Taxes Receivable, September 30, 2024	<u>\$ 21,860</u>	<u>\$ -</u>

	2023	2022	2021	2020
Property Valuations-				
Land improvements and personal property	\$ 634,456,821	612,899,674	490,805,879	455,543,137
Tax Rates per \$100 Valuation*:				
Maintenance tax rates	\$ 0.1628	0.1715	0.1865	0.1896
Debt service tax rates	0.0000	0.0000	0.0000	0.0000
Total Tax Rates per \$100 Valuation	<u>\$ 0.1628</u>	<u>0.1715</u>	<u>0.1865</u>	<u>0.1896</u>
Original Tax Levy	<u>\$ 1,039,636</u>	<u>1,068,137</u>	<u>926,237</u>	<u>870,401</u>
Percent of Taxes Collected To Taxes Levied	<u>99.2%</u>	<u>99.7%</u>	<u>99.8%</u>	<u>99.8%</u>

* Maintenance tax - maximum tax rate of \$0.40 per \$100 of assessed valuation was approved by voters on May 2, 1998.

Tanglewood Forest Limited District

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

	Amounts					Percent of Fund Total Revenues				
	2024	2023	2022	2021	2020	2024	2023	2022	2021	2020
General Fund										
Revenues and										
Other Financing Sources:										
Property taxes, including penalties and interest	\$ 1,028,155	1,043,916	902,313	867,027	842,319	93.8 %	95.1	93.8	94.3	99.4
Pool and park fees	57,186	53,719	58,073	21,464	1,539	5.2	4.8	6.0	2.3	0.2
Miscellaneous	11,362	567	2,046	342	3,598	1.0	0.1	0.2	0.1	0.4
Insurance proceeds	-	-	-	30,762	-	-	-	-	3.3	-
Total revenues and other financing sources	<u>1,096,703</u>	<u>1,098,202</u>	<u>962,432</u>	<u>919,595</u>	<u>847,456</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
Expenditures:										
Service operations:										
Repairs and maintenance	287,084	331,876	205,358	233,372	200,337	26.2	30.2	21.3	25.3	23.7
Contracted services	106,035	76,174	121,361	137,880	129,975	9.7	6.9	12.6	15.0	15.3
Pool operations	201,973	172,781	168,102	164,050	123,631	18.4	15.7	17.5	17.8	14.6
Utilities	49,353	53,485	51,648	45,526	52,087	4.5	4.9	5.4	5.0	6.1
Professional fees	40,678	92,542	59,835	32,722	191,396	3.7	8.4	6.2	3.6	22.6
Other	264,632	123,078	109,299	113,606	46,794	24.1	11.3	11.3	12.4	5.5
Capital outlay	-	-	36,464	40,314	44,832	-	-	3.8	4.4	5.3
Total expenditures	<u>949,755</u>	<u>849,936</u>	<u>752,067</u>	<u>767,470</u>	<u>789,052</u>	<u>86.6</u>	<u>77.4</u>	<u>78.1</u>	<u>83.5</u>	<u>93.1</u>
Excess of Revenues and Other Financing Sources Over Expenditures	<u>\$ 146,948</u>	<u>248,266</u>	<u>210,365</u>	<u>152,125</u>	<u>58,404</u>	<u>13.4 %</u>	<u>22.6</u>	<u>21.9</u>	<u>16.5</u>	<u>6.9</u>
Total Active Retail Water Connections	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>					
Total Active Retail Wastewater Connections	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>					

Tanglewood Forest Limited District

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

Complete District Mailing Address: c/o The Carlton Law Firm, PLLC
4301 Westbank Drive, Suite B-130, Austin, Texas 78746

District Business Telephone Number: (512) 614-0901

Submission date of the most recent District Registration Form: December 14, 2022
(TWC Sections 36.054 and 49.054)

Limit on fees of office that a director may receive during a fiscal year: \$7,200
(Set by Board Resolution - TWC Sections 49.060)

<u>Name</u>	<u>Term of Office Elected & Expires or Date Hired</u>	<u>Fees 9/30/2024</u>	<u>Expense Reimbursements 9/30/2024</u>	<u>Title at 9/30/2024</u>
<u>Board Members:</u>				
Ron Peterson	Elected 11/20 - 11/24	\$ 6,450	\$ 126	President
Nikki Krueger	Appointed 11/20 - 11/24	6,300	21	Vice President/Secretary
Brian Whelan	Elected 11/22 - 11/26	5,850	861	Treasurer
Robbie Castille	Elected 11/20 - 11/24	-	-	Director
Mike Canty	Appointed 3/24 - 11/26	-	-	Director

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

(continued)

Tanglewood Forest Limited District

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

<u>Name</u>	<u>Date Hired</u>	<u>Fees and Expense Reimbursements 9/30/2024</u>	<u>Title at Year End</u>
<u>Consultants:</u>			
Pioneer Real Estate Services	2020	\$ 76,692	General Manager
Giles & Shea Inc.	2020	12,236	Bookkeeper
The Carlton Law Firm, PLLC	2014	71,267	Attorney
Maxwell Locke & Ritter LLP	2016	13,500	Auditor
Travis County Tax Assessor/Collector	1996	5,290	Tax Assessor/Collector