

**LAKE MCQUEENEY WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 1**

**GUADALUPE COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**APRIL 30, 2024**

**McCALL GIBSON SWEDLUND BARFOOT PLLC**  
Certified Public Accountants



## TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR’S REPORT	1-3
MANAGEMENT’S DISCUSSION AND ANALYSIS	4-8
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET	9-10
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	11
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES	12-13
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES	14
NOTES TO THE FINANCIAL STATEMENTS	15-26
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND	28
SUPPLEMENTARY INFORMATION – REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE	
NOTES REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE (Included in the notes to the financial statements)	
SERVICES AND RATES	30
GENERAL FUND EXPENDITURES	31
INVESTMENTS	32
TAXES LEVIED AND RECEIVABLE	33-34
LONG-TERM DEBT SERVICE REQUIREMENTS	35
CHANGE IN LONG-TERM BOND DEBT	36-37
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES GENERAL FUND AND DEBT SERVICE FUND - FOUR YEARS	38-41
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS	42-43



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INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Lake McQueeney Water Control and  
Improvement District No. 1  
Guadalupe County, Texas

**Opinions**

We have audited the accompanying financial statements of the governmental activities and each major fund of Lake McQueeney Water Control and Improvement District No. 1 (the "District") as of and for the year ended April 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of April 30, 2024, and the respective changes in financial position 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Responsibilities of Management for the Financial Statements**

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

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



### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 and the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund 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.





Board of Directors  
Lake McQueeney Water Control and  
Improvement District No. 1

### **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 supplementary information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* 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 supplementary information, excluding that portion marked "Unaudited" on which we express no opinion or provide an assurance, 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

A handwritten signature in black ink that reads "McCall Gibson Swedlund Barfoot PLLC". The signature is written in a cursive, flowing style.

McCall Gibson Swedlund Barfoot PLLC  
Certified Public Accountants  
Houston, Texas

August 20, 2024



**LAKE MCQUEENEY WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 1  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED APRIL 30, 2024**

Management’s discussion and analysis of the financial performance of Lake McQueeney Water Control and Improvement District No. 1 (the “District”) provides an overview of the District’s financial activities for the fiscal year ended April 30, 2024. Please read it in conjunction with the District’s financial statements.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The basic financial statements include: (1) fund financial statements and government-wide financial statements and (2) notes to the financial statements. The fund financial statements and government-wide financial statements combine both: (1) the Statement of Net Position and Governmental Funds Balance Sheet and (2) the Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. This report also includes required and other supplementary information in addition to the basic financial statements.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The District’s annual report includes two financial statements combining the government-wide financial statements and the fund financial statements. The government-wide portion of these statements provides both long-term and short-term information about the District’s overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The Statement of Net Position is the District-wide statement of its financial position presenting information that includes all of the District’s assets and liabilities with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

The government-wide Statement of Activities reports how the District’s net position changed during the current fiscal year. All current year revenues and expenditures are included regardless of when cash is received or paid.

**FUND FINANCIAL STATEMENTS**

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has three governmental fund types. The General Fund accounts for resources not accounted for in another fund, maintenance tax revenues, costs and general expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

**LAKE MCQUEENEY WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 1  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED APRIL 30, 2024**

**FUND FINANCIAL STATEMENTS (Continued)**

Governmental funds are reported in each of the financial statements. The focus in the fund financial statements provides a distinctive view of the District’s governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of the District and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The adjustments columns, the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position, and the reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities explain the differences between the two presentations and assist in understanding the differences between these two perspectives.

**NOTES TO THE FINANCIAL STATEMENTS**

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

**OTHER INFORMATION**

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information (“RSI”) and other supplementary information. The budgetary comparison schedule is included as RSI for the General Fund.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of the District’s financial position. In the case of the District, assets exceeded liabilities by \$2,499,376 as of April 30, 2024.

The table on the following page presents a comparative analysis of the government-wide changes in net position.

**LAKE MCQUEENEY WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED APRIL 30, 2024**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

	Summary of Changes in the Statement of Net Position		
	2024	2023	Change Positive (Negative)
Current and Other Assets	\$ 13,386,859	\$ 2,287,714	\$ 11,099,145
Capital Assets (Net of Accumulated Depreciation)	7,288	10,537	(3,249)
Total Assets	\$ 13,394,147	\$ 2,298,251	\$ 11,095,896
Long -Term Liabilities	\$ 10,550,000	\$	\$ (10,550,000)
Other Liabilities	344,771	457,115	112,344
Total Liabilities	\$ 10,894,771	\$ 457,115	\$ (10,437,656)
Net Position:			
Net Investment in Capital Assets	\$ (502,968)	\$ 10,537	\$ (513,505)
Restricted	2,627,786	1,591,657	1,036,129
Unrestricted	374,558	238,942	135,616
Total Net Position	\$ 2,499,376	\$ 1,841,136	\$ 658,240

The following table summarizes District operations for the current and prior fiscal years:

	Summary of Changes in the Statement of Activities		
	2024	2023	Change Positive (Negative)
Revenues:			
Property Taxes, Including Penalties and Interest	\$ 1,616,843	\$ 1,615,881	\$ 962
Other Revenues	131,721	37,993	93,728
Total Revenues	\$ 1,748,564	\$ 1,653,874	\$ 94,690
Expenses:			
Expenses for Services	\$ 187,121	\$ 221,048	\$ 33,927
Debt Service Expenses	903,203	564,591	(338,612)
Total Expenses	\$ 1,090,324	\$ 785,639	\$ (304,685)
Change in Net Position	\$ 658,240	\$ 868,235	\$ (209,995)
Net Position, Beginning of Year	1,841,136	972,901	868,235
Net Position, End of Year	\$ 2,499,376	\$ 1,841,136	\$ 658,240

**LAKE MCQUEENEY WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 1  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED APRIL 30, 2024**

**FINANCIAL ANALYSIS OF THE DISTRICT’S GOVERNMENTAL FUNDS**

The General Fund fund balance increased by \$135,013, primarily due to property taxes allocated to operations and maintenance exceeding District operating costs.

The Debt Service Fund fund balance increased by \$1,013,321 due to the property taxes allocated to fund the contractual payment of debt service exceeding current year GBRA interest payments along with capitalized interest associated with the issuance of the District’s Series 2024 unlimited tax bonds.

The Capital Projects Fund fund balance increased by \$10,039,744, primarily due to the District’s issuance of \$10,550,000 of Series 2024 unlimited tax bonds, the proceeds of which will be used to provide additional funding to finance the Lake McQueeney Dam facility improvement costs and remediation projects.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Board of Directors annually adopts a General Fund budget and amended the budget for the current fiscal year in March 2024 to reflect a decrease in anticipated property tax revenues. Actual revenues were \$32,285 more than amended budgeted revenues and actual expenditures were \$62,253 less than amended budgeted expenditures which resulted in a positive variance compared to budget of \$94,538. See the budget to actual comparison for more information.

**CAPITAL ASSETS**

Capital assets as of April 30, 2024, totaled \$7,288 (net of accumulated depreciation) and included equipment previously purchased to facilitate hybrid meeting requirements.

**LONG-TERM DEBT ACTIVITY**

As of April 30, 2024, the District has \$10,550,000 of long-term debt outstanding. The changes in the debt position of the District during the year ended April 30, 2024, are summarized as follows:

Bond Debt Payable, May 1, 2023	\$ - 0 -
Add: Bond Sale	<u>10,550,000</u>
Bond Debt Payable, April 30, 2024	<u>\$ 10,550,000</u>

**LAKE MCQUEENEY WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 1  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED APRIL 30, 2024**

**LONG-TERM DEBT ACTIVITY (Continued)**

In addition, the District has contractually agreed to fund principal and interest payments on \$40,000,000 of debt issued by the Guadalupe-Blanco River Authority (the “GBRA”), the proceeds of which will be used for the design and construction of a dam and hydroelectric facilities to serve Lake McQueeney. During the current year, the District paid the GBRA \$490,426 for contract debt interest costs.

**CURRENTLY KNOWN FACTS, DECISIONS OR CONDITIONS**

The adopted budget for fiscal year 2025 projects an increase in the General Fund fund balance of \$41,390. Revenues are expected to be \$279,065 and expenditures are expected to be \$237,675.

**CONTACTING THE DISTRICT’S MANAGEMENT**

This financial report is designed to provide a general overview of the District’s finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Lake McQueeney Water Control and Improvement District No. 1, c/o Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027.

**LAKE MCQUEENEY WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 1  
STATEMENT OF NET POSITION AND  
GOVERNMENTAL FUNDS BALANCE SHEET  
APRIL 30, 2024**

	General Fund	Debt Service Fund
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 13,662	\$
Investments	591,998	2,662,115
Receivables:		
Property Taxes	13,443	60,123
Accrued Interest	2,840	
Due from Other Funds	3,775	
Prepaid Costs	8,429	
Capital Assets (Net of Accumulated Depreciation) - Equipment		
<b>TOTAL ASSETS</b>	<b>\$ 634,147</b>	<b>\$ 2,722,238</b>
<b>LIABILITIES</b>		
Accounts Payable	\$ 259,589	\$
Accrued Bond Interest Payable		
Accrued GBRA Interest Payable		
Due to Other Funds		9,270
Long-Term Liabilities - Bonds Payable, Due After One Year		
<b>TOTAL LIABILITIES</b>	<b>\$ 259,589</b>	<b>\$ 9,270</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property Taxes	\$ 13,443	\$ 60,123
<b>FUND BALANCES</b>		
Nonspendable - Prepaid Costs	\$ 8,429	\$
Restricted for:		
Authorized Construction		
Debt Service		86,841
GBRA Contract Debt		2,566,004
Unassigned	352,686	
<b>TOTAL FUND BALANCES</b>	<b>\$ 361,115</b>	<b>\$ 2,652,845</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 634,147</b>	<b>\$ 2,722,238</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets		
Restricted		
Unrestricted		
<b>TOTAL NET POSITION</b>		

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



Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$ 501,157	\$ 514,819	\$	\$ 514,819
9,533,092	12,787,205		12,787,205
	73,566		73,566
	2,840		2,840
5,495	9,270	(9,270)	
	8,429		8,429
		7,288	7,288
<u>\$ 10,039,744</u>	<u>\$ 13,396,129</u>	<u>\$ (1,982)</u>	<u>\$ 13,394,147</u>
\$	\$ 259,589	\$	\$ 259,589
		5,210	5,210
		79,972	79,972
	9,270	(9,270)	
		10,550,000	10,550,000
<u>\$ -0-</u>	<u>\$ 268,859</u>	<u>\$ 10,625,912</u>	<u>\$ 10,894,771</u>
<u>\$ -0-</u>	<u>\$ 73,566</u>	<u>\$ (73,566)</u>	<u>\$ -0-</u>
\$	\$ 8,429	\$ (8,429)	\$
10,039,744	10,039,744	(10,039,744)	
	86,841	(86,841)	
	2,566,004	(2,566,004)	
	352,686	(352,686)	
<u>\$ 10,039,744</u>	<u>\$ 13,053,704</u>	<u>\$ (13,053,704)</u>	<u>\$ - 0 -</u>
<u>\$ 10,039,744</u>	<u>\$ 13,396,129</u>		
		\$ (502,968)	\$ (502,968)
		2,627,786	2,627,786
		374,558	374,558
		<u>\$ 2,499,376</u>	<u>\$ 2,499,376</u>

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

**LAKE MCQUEENEY WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 1  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
APRIL 30, 2024**

Total Fund Balances - Governmental Funds \$ 13,053,704

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. 7,288

Deferred tax revenues for the 2023 and prior tax levies became part of recognized revenue in the governmental activities of the District. 73,566

Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consisted of the following:

Accrued Bond Interest Payable	\$ (5,210)	
Accrued GBRA Interest Payable	(79,972)	
Bonds Payable	<u>(10,550,000)</u>	
		<u>(10,635,182)</u>

Total Net Position - Governmental Activities \$ 2,499,376

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

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**LAKE MCQUEENEY WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 1  
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED APRIL 30, 2024**

	General Fund	Debt Service Fund
<b>REVENUES</b>		
Property Taxes	\$ 293,572	\$ 1,309,478
Penalty and Interest	2,191	9,931
Investment and Miscellaneous Revenues	23,122	97,497
<b>TOTAL REVENUES</b>	<b>\$ 318,885</b>	<b>\$ 1,416,906</b>
<b>EXPENDITURES/EXPENSES</b>		
Service Operations:		
Professional Fees	\$ 93,289	\$
Contracted Services	58,971	
Depreciation		
Other	31,612	
Debt Service:		
Bond Interest Payments		
GBRA Interest Payments		490,426
Bond Issuance Costs		
<b>TOTAL EXPENDITURES/EXPENSES</b>	<b>\$ 183,872</b>	<b>\$ 490,426</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES/EXPENSES</b>	<b>\$ 135,013</b>	<b>\$ 926,480</b>
<b>OTHER FINANCING SOURCES</b>		
Proceeds from Issuance of Long-Term Debt	\$ - 0 -	\$ 86,841
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ 135,013</b>	<b>\$ 1,013,321</b>
<b>CHANGE IN NET POSITION</b>		
<b>FUND BALANCES/NET POSITION - MAY 1, 2023</b>	<b>226,102</b>	<b>1,639,524</b>
<b>FUND BALANCES/NET POSITION - APRIL 30, 2024</b>	<b>\$ 361,115</b>	<b>\$ 2,652,845</b>

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 1,603,050	\$ 1,671	\$ 1,604,721
	12,122		12,122
11,102	131,721		131,721
<u>\$ 11,102</u>	<u>\$ 1,746,893</u>	<u>\$ 1,671</u>	<u>\$ 1,748,564</u>
\$	\$ 93,289	\$	\$ 93,289
	58,971		58,971
		3,249	3,249
	31,612		31,612
		5,210	5,210
	490,426	(26,950)	463,476
434,517	434,517		434,517
<u>\$ 434,517</u>	<u>\$ 1,108,815</u>	<u>\$ (18,491)</u>	<u>\$ 1,090,324</u>
<u>\$ (423,415)</u>	<u>\$ 638,078</u>	<u>\$ 20,162</u>	<u>\$ 658,240</u>
<u>\$ 10,463,159</u>	<u>\$ 10,550,000</u>	<u>\$ (10,550,000)</u>	<u>\$ - 0 -</u>
\$ 10,039,744	\$ 11,188,078	\$ (11,188,078)	\$
		658,240	658,240
	1,865,626	(24,490)	1,841,136
<u>\$ 10,039,744</u>	<u>\$ 13,053,704</u>	<u>\$ (10,554,328)</u>	<u>\$ 2,499,376</u>

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

**LAKE MCQUEENEY WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 1  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED APRIL 30, 2024**

Net Change in Fund Balances - Governmental Funds	\$ 11,188,078
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.	1,671
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Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.	(3,249)
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Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.	21,740
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Governmental funds report bond proceeds as other financing sources. However, issued bonds increase long-term liabilities in the Statement of Net Position.	<u>(10,550,000)</u>
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Change in Net Position - Governmental Activities	<u>\$ 658,240</u>
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The accompanying notes to the financial statements are an integral part of this report.

**LAKE MCQUEENEY WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 1  
NOTES TO THE FINANCIAL STATEMENTS  
APRIL 30, 2024**

**NOTE 1. CREATION OF DISTRICT**

Lake McQueeney Water Control and Improvement District No. 1 (the “District”) was created, organized and established on December 17, 2019, pursuant to Article XVI, Section 59 of the Texas Constitution and Chapter 51 of the Texas Water Code, and confirmed by an election held on November 3, 2020. The District was created for the purpose of repairing the Lake McQueeney dam and flood gates and the maintenance and operation of Lake McQueeney within its geographical jurisdiction. The District is governed by a five-member Board of Directors who were elected by District residents on November 3, 2020. The District held its first meeting on April 9, 2020.

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (“GASB”). In addition, the accounting records of the District are maintained generally in accordance with the *Water District Financial Management Guide* published by the Texas Commission on Environmental Quality (the “Commission”).

The District is a political subdivision of the State of Texas governed by an elected board. GASB has established the criteria for determining whether or not an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District’s financial statement as component units.

Financial Statement Presentation

These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting (“GASB Codification”).

GASB Codification sets forth standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Position and a Statement of Activities. It requires the classification of net position into three components: Net Investment in Capital Assets; Restricted; and Unrestricted. These classifications are defined on the following page.

**LAKE MCQUEENEY WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 1  
NOTES TO THE FINANCIAL STATEMENTS  
APRIL 30, 2024**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Financial Statement Presentation (Continued)

- Net Investment in Capital Assets – This component of net position consists of capital assets reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

When both restricted and unrestricted resources are available for use, generally it is the District's policy to use restricted resources first.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole and are combined with the governmental fund financial statements. The District is viewed as a special-purpose government and has the option of combining these financial statements. The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Amounts recorded due to and due from other funds, if any, are eliminated in the Statement of Net Position. The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any, are eliminated by adjustment to obtain net total revenue and expense of the government-wide Statement of Activities.

Fund Financial Statements

The District's fund financial statements are combined with the government-wide financial statements. The fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.



**LAKE MCQUEENEY WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 1  
NOTES TO THE FINANCIAL STATEMENTS  
APRIL 30, 2024**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Governmental Funds

The District has three governmental funds and considers each to be a major fund.

General Fund - To account for resources not accounted for in another fund, ad valorem taxes, professional fees, and administrative costs.

Debt Service Fund - To account for ad valorem taxes and financial resources restricted, committed or assigned for servicing the payment of bond debt and contract debt service costs.

Capital Projects Fund - To account for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

Basis of Accounting

The District uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both “measurable and available.” Measurable means the amount can be determined. Available means collectable within the current period or soon enough thereafter to pay current liabilities. The District considers revenue reported in governmental funds to be available if they are collectable within 60 days after year end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term and contract debt, which are recognized as expenditures when payment is due.

Property taxes considered available by the District and included in revenue include taxes collected during the year and taxes collected after year-end, which were considered available to defray the expenditures of the current year. Deferred inflows of resources related to property tax revenues are those taxes which the District does not reasonably expect to be collected soon enough in the subsequent period to finance current expenditures.

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. As of April 30, 2024, the Debt Service Fund owed the General Fund \$3,775 pertaining to tax collections and the Debt Service Fund owed the Capital Projects Fund \$5,495 pertaining to the Series 2024 bond issue.

**LAKE MCQUEENEY WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 1  
NOTES TO THE FINANCIAL STATEMENTS  
APRIL 30, 2024**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Budgeting

An unappropriated budget was adopted for the General Fund on a basis consistent with generally accepted accounting principles. The District's Board utilizes the budget as a management tool for planning and cost control purposes. The budget was amended during the fiscal year. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the original and amended budget amounts compared to the actual amounts of revenues and expenditures for the current year.

Pensions

The District has not established a pension plan as the District does not have employees. The Internal Revenue Service has determined that fees of office received by directors are considered to be wages subject to federal income tax withholding for payroll tax purposes only.

Accounting Estimates

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

Capital Assets

Capital assets are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their acquisition value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset. Assets are capitalized if they have an original cost of \$5,000 or more and a useful life of at least two years. Depreciation is calculated on equipment using no salvage value and the straight-line method of depreciation over 5 years.

**LAKE MCQUEENEY WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 1  
NOTES TO THE FINANCIAL STATEMENTS  
APRIL 30, 2024**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities associated with the activities are reported. Fund equity is classified as net position. Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the Balance Sheet, and the reported fund balance provides an indication of available spendable or appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources.

Fund balances in governmental funds are classified using the following hierarchy:

*Nonspendable*: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

*Restricted*: amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally.

*Committed*: amounts that can be spent only for purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. This action must be made no later than the end of the fiscal year. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. The District does not have any committed fund balances.

*Assigned*: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances and does not have any assigned fund balances.

*Unassigned*: all other spendable amounts in the General Fund.

When expenditures are incurred for which restricted, committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of restricted funds, then committed funds, then assigned funds, and finally unassigned funds.

**LAKE MCQUEENEY WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 1  
NOTES TO THE FINANCIAL STATEMENTS  
APRIL 30, 2024**

**NOTE 3. BONDS PAYABLE**

At a bond election held on May 6, 2023, voters approved authorization for the District to issue \$18,000,000 of bonds to fund the purchase, construction, acquisition, development, design, improvement, management, repair, replacement, operation and maintenance of Lake McQueeney and the Lake McQueeney dam and any related works, structures, equipment, facilities, appliances, improvements, interests in land, contract rights, or administrative facilities needed in order to store and preserve the waters within Lake McQueeney (the “Remediation Bonds”). At the same election, voters authorized the District to issue \$18,000,000 of bonds to refund existing outstanding “Remediation Bonds”.

As of April 30, 2024, the District has issued \$10,550,000 of direct placement Remediation Bonds to provide additional funding for the repairs and remediation of Lake McQueeney dam and lake facilities. Bonds payable activity for the current fiscal year is summarized in the following table:

	May 1, 2023	Additions	Retirements	April 30, 2024
Bonds Payable	\$ -0-	\$ 10,550,000	\$ -0-	\$ 10,550,000
		Amount Due Within One Year		\$ -0-
		Amount Due After One Year		10,550,000
		Bonds Payable, Net		\$ 10,550,000

On April 23, 2024, the District issued Unlimited Tax Bonds, Series 2024, of \$10,550,000 with interest rates ranging from 1.90% to 3.08%. The net proceeds of \$10,115,483 (after payment of the loan origination fees and bond issue costs) will be used to finance initial Lake McQueeney Dam facility improvement costs and lake remediation projects, fund future interest payments on the bonds and pay subsequent bond issue costs.

	Series 2024
Amount Outstanding – April 30, 2024	\$ 10,550,000
Interest Rates	1.90% - 3.08%
Maturity Date	August 15, 2026/2053
Interest Payment Dates	August 15/ February 15
Callable Dates	August 15, 2034*

\* Or any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption.

**LAKE MCQUEENEY WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 1  
NOTES TO THE FINANCIAL STATEMENTS  
APRIL 30, 2024**

**NOTE 3. BONDS PAYABLE (Continued)**

As of April 30, 2024, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2025	\$	\$ 226,408	\$ 226,408
2026		279,133	279,133
2027	270,000	276,338	546,338
2028	275,000	270,849	545,849
2029	280,000	265,494	545,494
2030-2034	1,495,000	1,241,225	2,736,225
2035-2039	1,665,000	1,071,213	2,736,213
2040-2044	1,875,000	842,449	2,717,449
2045-2049	2,170,000	551,661	2,721,661
2050-2054	2,520,000	197,912	2,717,912
	<u>\$ 10,550,000</u>	<u>\$ 5,222,682</u>	<u>\$ 15,772,682</u>

As of April 30, 2024, the District has authorized but unissued Remediation Bonds of \$7,450,000 and authorized but unissued refunding bonds of \$18,000,000. The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount. To date, no debt service tax has been levied.

**NOTE 4. CONTRACT DEBT**

At an election held on November 3, 2020, voters of the District approved the provisions of a contract between the District and the Guadalupe-Blanco River Authority (the “GBRA”) (see further discussion at Note 8). The District is authorized to levy a contract tax to repay principal and interest due on the contractual debt issued by the GBRA.

In December 2021, the GBRA issued \$40,000,000 of Contract Revenue Bonds, Series 2021, with interest rates ranging from 0.60% to 2.13% and principal maturities through August 15, 2051. The proceeds of the bonds are to be used for the design and construction of dam and hydroelectric facilities to serve Lake McQueeney. In exchange, the District is obligated to fund principal and interest payments due on the bonds issued by the GBRA. In August 2023, the GBRA began crediting the District for certain engineering fees incurred by the GBRA and for which the GBRA is responsible. Beginning in fiscal year 2025, the GBRA will credit the District \$65,917 annually on the District’s August interest payment due to the GBRA on the Contract Revenue Bonds.

**LAKE MCQUEENEY WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 1  
NOTES TO THE FINANCIAL STATEMENTS  
APRIL 30, 2024**

**NOTE 4. CONTRACT DEBT (Continued)**

For the fiscal year ended April 30, 2024, the District paid the GBRA \$490,426, which included \$523,049 for interest due on the Contract Revenue Bonds, net of a \$32,623 credit received from the GBRA.

As of April 30, 2024, the District's future contractual financing (debt service) obligations due to the GBRA for the bonds are as follows:

Fiscal Year	Principal	Interest	GBRA Credit	Total
2025	\$ 1,260,000	\$ 519,270	\$ (65,917)	\$ 1,713,353
2026	1,265,000	511,695	(65,917)	1,710,778
2027	1,275,000	504,075	(65,917)	1,713,158
2028	1,280,000	496,410	(65,917)	1,710,493
2029	1,290,000	488,699	(65,917)	1,712,782
2030-2034	6,565,000	2,326,184	(329,586)	8,561,598
2035-2039	6,795,000	2,076,889	(329,586)	8,542,303
2040-2044	7,240,000	1,610,641	(329,586)	8,521,055
2045-2049	7,900,000	935,581	(329,586)	8,505,995
2050-2052	5,130,000	164,121	(197,754)	5,096,367
	<u>\$ 40,000,000</u>	<u>\$ 9,633,565</u>	<u>\$ (1,845,683)</u>	<u>\$ 47,787,882</u>

During the year ended April 30, 2024, the District levied an ad valorem contract tax rate of \$0.2213 per \$100 of assessed valuation, which resulted in a tax levy of \$1,289,560 on the adjusted taxable valuation of \$582,640,116 for the 2023 tax year. The contract between the District and the GBRA (see further discussion at Note 8) requires the District to levy and collect an ad valorem contract tax sufficient to pay interest and principal on bonds issued by the GBRA to fund dam and hydroelectric facilities serving District residents. See Note 7 for the maintenance tax levy.

All property values and exempt status, if any, are determined by the appraisal district. Assessed values are determined as of January 1 of each year, at which time a tax lien attaches to the related property. Taxes are levied around October/November, are due upon receipt and are delinquent the following February 1. Penalty and interest attach thereafter.

**LAKE MCQUEENEY WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 1  
NOTES TO THE FINANCIAL STATEMENTS  
APRIL 30, 2024**

**NOTE 5. DEPOSITS AND INVESTMENTS**

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District’s deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes. Cash and cash equivalents include cash on deposit as well as money market funds. Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District’s deposits and the bank balance was \$720,096. The District was not exposed to custodial credit risk at April 30, 2024.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at April 30, 2024, as listed below:

	Cash	Certificate of Deposit	Total
GENERAL FUND	\$ 13,662	\$ 205,277	\$ 218,939
CAPITAL PROJECTS FUND	501,157		501,157
TOTAL DEPOSITS	\$ 514,819	\$ 205,277	\$ 720,096

Investments

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all District funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the District’s financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth. The District’s investments must be made “with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person’s own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived.” No person may invest District funds without express written authority from the Board of Directors.

**LAKE MCQUEENEY WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 1  
NOTES TO THE FINANCIAL STATEMENTS  
APRIL 30, 2024**

**NOTE 5. DEPOSITS AND INVESTMENTS (Continued)**

Investments (Continued)

Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. The District has adopted a written investment policy to establish the guidelines by which it may invest. This policy is reviewed annually. The District’s investment policy may be more restrictive than the Public Funds Investment Act.

The District invests in TexPool, an external investment pool that is not SEC-registered. The State Comptroller of Public Accounts of the State of Texas has oversight of the pool. Federated Hermes, Inc. manages the daily operations of the pool under a contract with the Comptroller. TexPool measures all of its portfolio assets at amortized cost. As a result, the District also measures its investments in TexPool at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from TexPool.

Certificates of deposit are recorded at acquisition cost.

As of April 30, 2024, the District had the following investments and maturities:

Funds and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
TexPool	\$ 386,721	\$ 386,721
Certificate of Deposit	205,277	205,277
<u>DEBT SERVICE FUND</u>		
TexPool	2,662,115	2,662,115
<u>CAPITAL PROJECTS FUND</u>		
TexPool	9,533,092	9,533,092
<b>TOTAL INVESTMENTS</b>	<u><u>\$ 12,787,205</u></u>	<u><u>\$ 12,787,205</u></u>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At April 30, 2024, the District’s investment in TexPool was rated AAAM by Standard & Poor’s Rating Agency. The District also manages credit risk by investing in certificates of deposit with balances below FDIC coverage.



**LAKE MCQUEENEY WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 1  
NOTES TO THE FINANCIAL STATEMENTS  
APRIL 30, 2024**

**NOTE 5. DEPOSITS AND INVESTMENTS (Continued)**

Investments (Continued)

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investment in TexPool to have a maturity of less than one year due to the fact the share position can usually be redeemed each day at the discretion of the District, unless there has been a significant change in value. The District also manages interest rate risk by investing in certificates of deposit with maturities of less than one year.

Restrictions

All cash and investments of the Debt Service Fund are restricted for payment of District Remediation Bonds and contract debt service payments to the Guadalupe-Blanco River Authority and cost of assessing and collecting taxes. All cash and investments of the Capital Projects Fund are restricted for purchase of capital assets and the repairs, remediation and maintenance of Lake McQueeney and Lake McQueeney dam.

**NOTE 6. CAPITAL ASSETS**

Capital assets as of April 30, 2024, consisted of the following:

	May 1, 2023	Increases	Decreases	April 30, 2024
<b>Capital Assets Subject to Depreciation</b>				
Equipment	\$ 16,200	\$ -0-	\$ -0-	\$ 16,200
<b>Accumulated Depreciation</b>				
Equipment	\$ 5,663	\$ 3,249	\$ -0-	\$ 8,912
<b>Total Assets, Net of Accumulated Depreciation</b>	<u>\$ 10,537</u>	<u>\$ (3,249)</u>	<u>\$ -0-</u>	<u>\$ 7,288</u>

**LAKE MCQUEENEY WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 1  
NOTES TO THE FINANCIAL STATEMENTS  
APRIL 30, 2024**

**NOTE 7. MAINTENANCE TAX**

At an election held on November 3, 2020, the voters of the District approved the levy and collection of a maintenance tax not to exceed \$0.05 per \$100 of assessed valuation of taxable property within the District. During the year ended April 30, 2024, the District levied an ad valorem maintenance tax rate of \$0.0497 per \$100 of assessed valuation, which resulted in a tax levy of \$289,612 on the adjusted taxable valuation of \$582,640,116 for the 2023 tax year. The maintenance tax is to be used by the General Fund to fund expenditures of planning, constructing, acquiring, operating, maintaining and repairing dam and flood gate facilities serving the District.

**NOTE 8. GUADALUPE-BLANCO RIVER AUTHORITY**

The GBRA was created by the Texas Legislature to provide stewardship for water resources in its ten-county statutory district, with Lake McQueeney being within the GBRA's statutory boundaries. On October 27, 2020, as amended on June 7, 2023, the District entered into a Contract for Financing and Operation of Lake McQueeney Dam and Hydroelectric Facilities with the GBRA to facilitate the replacement of the flood gates and stabilization of the dam and to work cooperatively on the design, construction, finance and ongoing maintenance of the Lake McQueeney dam. Pursuant to the Contract with the GBRA, the GBRA will own and operate the dam, flood gates and hydroelectric facilities on Lake McQueeney and serving the District.

The District is responsible for funding the debt service obligations of the GBRA's \$40,000,000 Series 2021 Contract Revenue Bonds (see discussion at Note 4) and for issuing additional Remediation Bonds, as needed and up to the \$18,000,000 as approved by voters at a bond election held on May 6, 2023, to pay for any excess costs to plan, design, acquire, construct, repair and equip the Lake McQueeney dam and hydroelectric facilities (see discussion at Note 3). The District is also responsible for the GBRA's annual operation and maintenance expenses for operating the dam, flood gates and hydroelectric facilities, which the District anticipates financing with future tax revenue and hydroelectric generation revenues.

**NOTE 9. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and there have been no settlements.

**LAKE MCQUEENEY WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 1**

**REQUIRED SUPPLEMENTARY INFORMATION**

**APRIL 30, 2024**



**LAKE MCQUEENEY WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 1  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED APRIL 30, 2024**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Property Taxes	\$ 366,725	\$ 280,000	\$ 293,572	\$ 13,572
Penalty and Interest	600	600	2,191	1,591
Investment and Miscellaneous Revenues	6,000	6,000	23,122	17,122
<b>TOTAL REVENUES</b>	<b>\$ 373,325</b>	<b>\$ 286,600</b>	<b>\$ 318,885</b>	<b>\$ 32,285</b>
<b>EXPENDITURES</b>				
Service Operations:				
Professional Fees	\$ 117,500	\$ 117,500	\$ 93,289	\$ 24,211
Contracted Services	79,000	79,000	58,971	20,029
Other	49,625	49,625	31,612	18,013
<b>TOTAL EXPENDITURES</b>	<b>\$ 246,125</b>	<b>\$ 246,125</b>	<b>\$ 183,872</b>	<b>\$ 62,253</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 127,200</b>	<b>\$ 40,475</b>	<b>\$ 135,013</b>	<b>\$ 94,538</b>
<b>FUND BALANCE - MAY 1, 2023</b>	<b>226,102</b>	<b>226,102</b>	<b>226,102</b>	<b>_____</b>
<b>FUND BALANCE - APRIL 30, 2024</b>	<b>\$ 353,302</b>	<b>\$ 266,577</b>	<b>\$ 361,115</b>	<b>\$ 94,538</b>

See accompanying independent auditor's report.

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**LAKE MCQUEENEY WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 1**

**SUPPLEMENTARY INFORMATION – REQUIRED BY THE  
WATER DISTRICT FINANCIAL MANAGEMENT GUIDE**

**APRIL 30, 2024**





**LAKE MCQUEENEY WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 1  
SERVICES AND RATES  
FOR THE YEAR ENDED APRIL 30, 2024**

**1. SERVICES PROVIDED BY THE DISTRICT DURING THE FISCAL YEAR:**

<u>      </u>	Retail Water	<u>      </u>	Wholesale Water	<u>  X  </u>	Drainage
<u>      </u>	Retail Wastewater	<u>      </u>	Wholesale Wastewater	<u>      </u>	Irrigation
<u>      </u>	Parks/Recreation	<u>      </u>	Fire Protection	<u>      </u>	Security
<u>      </u>	Solid Waste/Garbage	<u>      </u>	Flood Control	<u>      </u>	Roads
<u>      </u>	Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)				
<u>  X  </u>	Other: To facilitate the repair or replacement of Lake McQueeney dam and flood gates and to provide financing of future operating and maintenance costs.				

**2. RETAIL SERVICE PROVIDERS:** Not applicable

**3. TOTAL WATER CONSUMPTION:** Not applicable

**4. STANDBY FEES:** Not applicable

**5. LOCATION OF DISTRICT:**

Is the District located entirely within one county?

Yes   X   No       

County in which District is located:

Guadalupe County, Texas

Is the District located within a city?

Entirely        Partly   X   Not at all       

City in which District is located:

City of Seguin, Texas

Is the District located within a city's extraterritorial jurisdiction (ETJ)?

Entirely        Partly   X   Not at all       

ETJ in which District is located:

City of New Braunfels and City of Seguin, Texas

Are Board Members appointed by an office outside the District?

Yes        No   X  

See accompanying independent auditor's report.

**LAKE MCQUEENEY WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 1  
GENERAL FUND EXPENDITURES  
FOR THE YEAR ENDED APRIL 30, 2024**

PROFESSIONAL FEES:	
Auditing	\$ 8,500
Legal	<u>84,789</u>
TOTAL PROFESSIONAL FEES	<u>\$ 93,289</u>
CONTRACTED SERVICES:	
Appraisal District and Tax Collection Costs	\$ 20,520
Bookkeeping	29,328
Other - Public Relations	<u>9,123</u>
TOTAL CONTRACTED SERVICES	<u>\$ 58,971</u>
ADMINISTRATIVE EXPENDITURES:	
Insurance	\$ 7,953
Election Costs	14,436
Office Supplies and Postage	4,379
Travel and Meetings	1,705
Website Hosting and Other	<u>3,139</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 31,612</u>
TOTAL EXPENDITURES	<u><u>\$ 183,872</u></u>

See accompanying independent auditor's report.

**LAKE MCQUEENEY WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 1  
INVESTMENTS  
APRIL 30, 2024**

<u>Funds</u>	<u>Identification or Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Accrued Interest Receivable at End of Year</u>
<u>GENERAL FUND</u>					
TexPool	XXXX0002	Varies	Daily	\$ 386,721	\$
Certificate of Deposit	XXXX1070	5.00%	08/20/24	<u>205,277</u>	<u>2,840</u>
TOTAL GENERAL FUND				<u>\$ 591,998</u>	<u>\$ 2,840</u>
<u>DEBT SERVICE FUND</u>					
TexPool	XXXX0001	Varies	Daily	\$ 2,641,285	\$
TexPool	XXXX0003	Varies	Daily	<u>20,830</u>	<u></u>
TOTAL DEBT SERVICE FUND				<u>\$ 2,662,115</u>	<u>\$ - 0 -</u>
<u>CAPITAL PROJECTS FUND</u>					
TexPool	XXXX0004	Varies	Daily	<u>\$ 9,533,092</u>	<u>\$ - 0 -</u>
TOTAL - ALL FUNDS				<u>\$ 12,787,205</u>	<u>\$ 2,840</u>

See accompanying independent auditor's report.

**LAKE MCQUEENEY WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 1  
TAXES LEVIED AND RECEIVABLE  
FOR THE YEAR ENDED APRIL 30, 2024**

	Maintenance Taxes		Contract Taxes	
TAXES RECEIVABLE -				
MAY 1, 2023	\$	12,840	\$	59,055
Adjustments to Beginning				
Balance		<u>4,563</u>	\$	<u>17,403</u>
			<u>20,986</u>	\$
				80,041
Original 2023 Tax Levy	\$	259,761	\$	1,156,644
Adjustment to 2023 Tax Levy		<u>29,851</u>	<u>289,612</u>	<u>132,916</u>
TOTAL TO BE				<u>1,289,560</u>
ACCOUNTED FOR		\$	307,015	\$
				1,369,601
TAX COLLECTIONS:				
Prior Years	\$	15,599	\$	71,743
Current Year		<u>277,973</u>	<u>293,572</u>	<u>1,237,735</u>
				<u>1,309,478</u>
TAXES RECEIVABLE -				
APRIL 30, 2024		<u>\$</u>	<u>13,443</u>	<u>\$</u>
				<u>60,123</u>
TAXES RECEIVABLE BY				
YEAR:				
2023	\$	11,639	\$	51,825
2022		1,439		6,620
2021		<u>365</u>		<u>1,678</u>
TOTAL	\$	<u>13,443</u>	\$	<u>60,123</u>

See accompanying independent auditor's report.

**LAKE MCQUEENEY WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 1  
TAXES LEVIED AND RECEIVABLE  
FOR THE YEAR ENDED APRIL 30, 2024**

	<u>2023</u>	<u>2022</u>	<u>2021</u>
PROPERTY VALUATIONS:			
Land	\$ 256,632,689	\$ 301,862,641	\$ 270,556,621
Improvements	380,206,211	369,126,836	269,386,779
Personal Property	317,411	56,739	257,163
Exemptions	<u>(54,516,195)</u>	<u>(77,375,336)</u>	<u>(43,299,063)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 582,640,116</u>	<u>\$ 593,670,880</u>	<u>\$ 496,901,500</u>
TAX RATES PER \$100 VALUATION:			
Maintenance Contract	\$ 0.0497	\$ 0.0484	\$ 0.05
	<u>0.2213</u>	<u>0.2226</u>	<u>0.23</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.2710</u>	<u>\$ 0.2710</u>	<u>\$ 0.28</u>
ADJUSTED TAX LEVY*	<u>\$ 1,579,172</u>	<u>\$ 1,590,154</u>	<u>\$ 1,375,002</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>95.98 %</u>	<u>99.49 %</u>	<u>99.85 %</u>

\* Based on adjusted tax levy at the time of audit for the fiscal year in which the tax was levied.

Maintenance Tax - Maintenance tax rate of \$0.05 per \$100 of assessed valuation approved by voters on November 3, 2020.

See accompanying independent auditor's report.

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**LAKE MCQUEENEY WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 1  
LONG-TERM DEBT SERVICE REQUIREMENTS  
APRIL 30, 2024**

S E R I E S - 2 0 2 4

Due During Fiscal Years Ending April 30	Principal Due August 15	Interest Due August 15/ February 15	Total
2025	\$	\$ 226,408	\$ 226,408
2026		279,133	279,133
2027	270,000	276,338	546,338
2028	275,000	270,849	545,849
2029	280,000	265,494	545,494
2030	285,000	260,070	545,070
2031	295,000	254,414	549,414
2032	300,000	248,478	548,478
2033	305,000	242,307	547,307
2034	310,000	235,956	545,956
2035	320,000	229,373	549,373
2036	325,000	222,356	547,356
2037	330,000	214,806	544,806
2038	340,000	206,696	546,696
2039	350,000	197,982	547,982
2040	355,000	188,799	543,799
2041	365,000	179,149	544,149
2042	375,000	168,973	543,973
2043	385,000	158,312	543,312
2044	395,000	147,216	542,216
2045	410,000	135,602	545,602
2046	420,000	123,463	543,463
2047	435,000	110,829	545,829
2048	445,000	97,694	542,694
2049	460,000	84,073	544,073
2050	475,000	69,907	544,907
2051	490,000	55,214	545,214
2052	500,000	40,092	540,092
2053	520,000	24,460	544,460
2054	535,000	8,239	543,239
	<u>\$ 10,550,000</u>	<u>\$ 5,222,682</u>	<u>\$ 15,772,682</u>

See accompanying independent auditor's report.

**LAKE MCQUEENEY WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 1  
CHANGE IN LONG-TERM BOND DEBT FOR THE  
YEAR ENDED APRIL 30, 2024**

Description	Original Bonds Issued	Bonds Outstanding May 1, 2023
Lake McQueeney Water Control and Improvement District No. 1 Unlimited Tax Bonds - Series 2024	<u>\$ 10,550,000</u>	<u>\$ -0-</u>
Bond Authority:	<u>Tax Bonds</u>	<u>Refunding Bonds</u>
Amount Authorized by Voters	\$ 18,000,000	\$ 18,000,000
Amount Issued	<u>10,550,000</u>	<u>                    </u>
Remaining to be Issued	<u>\$ 7,450,000</u>	<u>\$ 18,000,000</u>
Debt Service Fund cash balance allocated for District (non-GBRA) debt:		<u>\$ 86,841</u>
Average annual debt service payment (principal and interest) for remaining term of all debt:		<u>\$ 525,756</u>

See Note 3 for interest rate, interest payment dates and maturity dates.

See accompanying independent auditor's report.



<u>Current Year Transactions</u>				
	<u>Retirements</u>		<u>Bonds Outstanding April 30, 2024</u>	<u>Paying Agent</u>
<u>Bonds Sold</u>	<u>Principal</u>	<u>Interest</u>		
<u>\$ 10,550,000</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 10,550,000</u>	BOK Financial Houston, TX

See accompanying independent auditor's report.

**LAKE MCQUEENEY WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 1  
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES  
GENERAL FUND - FOUR YEARS**

	Amounts		
	2024	2023	2022
<b>REVENUES</b>			
Property Taxes	\$ 293,572	\$ 281,164	\$ 238,547
Penalty and Interest	2,191	1,577	784
Donation - Friends of Lake McQueeney			
Investment and Miscellaneous Revenues	<u>23,122</u>	<u>9,150</u>	<u>1,596</u>
<b>TOTAL REVENUES</b>	<u>\$ 318,885</u>	<u>\$ 291,891</u>	<u>\$ 240,927</u>
<b>EXPENDITURES</b>			
Professional Fees	\$ 93,289	\$ 104,470	\$ 258,894
Contracted Services	58,971	62,510	40,415
Other	31,612	50,828	161,911
Capital Outlay	<u>          </u>	<u>          </u>	<u>16,200</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 183,872</u>	<u>\$ 217,808</u>	<u>\$ 477,420</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ 135,013	\$ 74,083	\$ (236,493)
<b>BEGINNING FUND BALANCE (DEFICIT)</b>	<u>226,102</u>	<u>152,019</u>	<u>388,512</u>
<b>ENDING FUND BALANCE</b>	<u>\$ 361,115</u>	<u>\$ 226,102</u>	<u>\$ 152,019</u>

See accompanying independent auditor's report.

		Percentage of Total Revenues			
<u>2021</u>		<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
\$		92.0 %	96.3 %	99.0 %	%
		0.7	0.6	0.3	
	465,000				99.7
	<u>1,459</u>	<u>7.3</u>	<u>3.1</u>	<u>0.7</u>	<u>0.3</u>
\$	<u>466,459</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$	23,298	29.3 %	35.8 %	107.5 %	5.0 %
	40,819	18.5	21.4	16.8	8.8
	12,795	9.9	17.4	67.2	2.7
				<u>6.7</u>	
\$	<u>76,912</u>	<u>57.7 %</u>	<u>74.6 %</u>	<u>198.2 %</u>	<u>16.5 %</u>
\$	389,547	<u>42.3 %</u>	<u>25.4 %</u>	<u>(98.2) %</u>	<u>83.5</u>
	<u>(1,035)</u>				
\$	<u>388,512</u>				

See accompanying independent auditor's report.

**LAKE MCQUEENEY WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 1  
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES  
DEBT SERVICE FUND - FOUR YEARS**

	Amounts		
	2024	2023	2022
<b>REVENUES</b>			
Property Taxes	\$ 1,309,478	\$ 1,293,129	\$ 1,097,315
Penalty and Interest	9,931	7,256	3,609
Investment and Miscellaneous Revenues	<u>97,497</u>	<u>28,843</u>	<u>517</u>
<b>TOTAL REVENUES</b>	<u>\$ 1,416,906</u>	<u>\$ 1,329,228</u>	<u>\$ 1,101,441</u>
<b>EXPENDITURES</b>			
Contract Debt Service Interest and Fees	\$ 490,426	\$ 523,050	\$ 97,345
Debt Issuance Costs			<u>170,750</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 490,426</u>	<u>\$ 523,050</u>	<u>\$ 268,095</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ 926,480</u>	<u>\$ 806,178</u>	<u>\$ 833,346</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from Issuance of Long-Term Debt	<u>\$ 86,841</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ 1,013,321	\$ 806,178	\$ 833,346
<b>BEGINNING FUND BALANCE</b>	<u>1,639,524</u>	<u>833,346</u>	
<b>ENDING FUND BALANCE</b>	<u>\$ 2,652,845</u>	<u>\$ 1,639,524</u>	<u>\$ 833,346</u>
<b>TOTAL ACTIVE RETAIL WATER CONNECTIONS</b>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
<b>TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS</b>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

See accompanying independent auditor's report.

Percentage of Total Revenues				
2021	2024	2023	2022	2021
\$	92.4 %	97.3 %	99.6 %	
	0.7	0.5	0.3	
	<u>6.9</u>	<u>2.2</u>	<u>0.1</u>	
<u>\$ - 0 -</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>N/A</u>
\$	34.6 %	39.3 %	8.8 %	
			15.5	
<u>\$ - 0 -</u>	<u>34.6 %</u>	<u>39.3 %</u>	<u>24.3 %</u>	<u>N/A</u>
<u>\$ - 0 -</u>	<u>65.4 %</u>	<u>60.7 %</u>	<u>75.7 %</u>	<u>N/A</u>
<u>\$ - 0 -</u>				
\$				
<u>\$ - 0 -</u>				
<u>N/A</u>				
<u>N/A</u>				

See accompanying independent auditor's report.

**LAKE MCQUEENEY WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 1  
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS  
APRIL 30, 2024**

District Mailing Address - Lake McQueeney Water Control and Improvement District No. 1  
c/o Allen Boone Humphries Robinson LLP  
3200 Southwest Freeway, Suite 2600  
Houston, TX 77027

District Telephone Number - (713) 860-6400

<b>Board Members:</b>	Term of Office (Elected or Appointed)	Fees of Office for the year ended <u>April 30, 2024</u>	Expense Reimbursements for the year ended <u>April 30, 2024</u>	<u>Title</u>
Robert L. Worth, Jr.	05/2024 05/2028 (Elected)	\$ -0-	\$ -0-	President
Paul A. Mueller	05/2024 05/2028 (Elected)	\$ -0-	\$ -0-	Vice President
Lindsey Gillum	05/2024 05/2028 (Elected)	\$ -0-	\$ -0-	Secretary
David Doughtie	05/2022 05/2026 (Elected)	\$ -0-	\$ -0-	Treasurer / Assistant Secretary
Michele Norris	05/2022 05/2026 (Elected)	\$ -0-	\$ -0-	Assistant Vice President

Notes: No Director has any business or family relationships (as defined by the Texas Water Code) with major landowners in the District or with any of the District's consultants.

Submission date of most recent District Registration Form: May 19, 2024

The Board of Directors of the District waives payment of fees of office for the duties of a director as set by Board Resolution on April 9, 2020. Directors shall be entitled to receive reimbursement for expenses reasonably and necessarily incurred while engaging in activities on behalf of the District.

See accompanying independent auditor's report.

**LAKE MCQUEENEY WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 1  
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS  
APRIL 30, 2024**

<b>Consultants:</b>	<u>Date Hired</u>	<u>Fees / Compensation for the year ended April 30, 2024</u>	<u>Title</u>
Allen Boone Humphries Robinson LLP	04/09/20	\$ 144,595 \$ 141,063	General Counsel * Bond Related
McCall Gibson Swedlund Barfoot PLLC	05/13/21	\$ 8,500	Auditor
Municipal Accounts & Consulting, L.P.	04/09/20	\$ 31,148 \$ 5,000	Bookkeeper Bond Related
Post Oak Municipal Advisors, LLC	05/14/20	\$ 106,605	Financial Advisor
Mark Burton and Ghia Lewis	04/09/20	\$ -0-	Investment Officers
Guadalupe County Tax Assessor Collector	02/23/21	\$ 237	Tax Assessor/ Collector

\* By agreement, prior to fiscal year 2022 general counsel had held billing subject to the levy of the District's initial tax. The District levied a maintenance tax in fiscal year 2022 and will pay past due and current general counsel billings as they are able to do so.

See accompanying independent auditor's report.

