

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

GUADALUPE COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

APRIL 30, 2023

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AND IMPROVEMENT DISTRICT NO. 1**

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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, 2023, 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, 2023, 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 31, 2023

**LAKE MCQUEENEY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 1
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2023**

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, 2023. 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 two governmental fund types. The General Fund accounts for resources not accounted for in another fund which generally include property tax revenues as well as professional and administrative costs. The Debt Service Fund accounts for property taxes and financial resources restricted, committed or assigned for servicing the payment of contract debt service costs.

**LAKE MCQUEENEY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 1
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2023**

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 \$1,841,136 as of April 30, 2023.

A comparative analysis of government-wide changes in net position is presented in the table on page 6.

**LAKE MCQUEENEY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2023**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2023	2022	Change Positive (Negative)
Current and Other Assets	\$ 2,287,714	\$ 1,435,485	\$ 852,229
Capital Assets (Net of Accumulated Depreciation)	10,537	13,777	(3,240)
Total Assets	\$ 2,298,251	\$ 1,449,262	\$ 848,989
Total Liabilities	\$ 457,115	\$ 476,361	\$ 19,246
Net Position:			
Net Investment in Capital Assets	\$ 10,537	\$ 13,777	\$ (3,240)
Restricted	1,591,657	800,116	791,541
Unrestricted	238,942	159,008	79,934
Total Net Position	\$ 1,841,136	\$ 972,901	\$ 868,235

The following table provides a summary of the District's operations for the years ended April 30, 2023, and April 30, 2022.

	Summary of Changes in the Statement of Activities		
	2023	2022	Change Positive (Negative)
Revenues:			
Property Taxes, Including Penalties and Interest	\$ 1,615,881	\$ 1,379,395	\$ 236,486
Other Revenues	37,993	2,113	35,880
Total Revenues	\$ 1,653,874	\$ 1,381,508	\$ 272,366
Expenses:			
Expenses for Services	\$ 221,048	\$ 475,309	\$ 254,261
Debt Service Expenses	564,591	333,476	(231,115)
Total Expenses	\$ 785,639	\$ 808,785	\$ 23,146
Change in Net Position	\$ 868,235	\$ 572,723	\$ 295,512
Net Position, Beginning of Year	972,901	400,178	572,723
Net Position, End of Year	\$ 1,841,136	\$ 972,901	\$ 868,235

**LAKE MCQUEENEY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 1
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2023**

FINANCIAL ANALYSIS OF THE DISTRICT’S GOVERNMENTAL FUNDS

The General Fund fund balance increased by \$74,083, primarily due to property taxes allocated to operations and maintenance exceeding professional and administrative expenditures.

The Debt Service Fund fund balance increased to \$806,178 due to the property taxes allocated to fund the contractual payment of debt service exceeding current year GBRA interest payments.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors annually adopts an unappropriated budget and did not amend the budget for the current fiscal year. Actual revenues were \$59,565 more than budgeted revenues and actual expenditures were \$75,403 more than budgeted expenditures which resulted in a negative variance compared to budget of \$15,838. See the budget to actual comparison for more information.

CAPITAL ASSETS

Capital assets as of April 30, 2023, totaled \$10,537 (net of accumulated depreciation) and included equipment previously purchased to facilitate hybrid meeting requirements.

LONG-TERM DEBT ACTIVITY

As of April 30, 2023, the District has no long-term debt outstanding. However, 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 \$523,050 for contract debt interest costs.

CURRENTLY KNOWN FACTS, DECISIONS OR CONDITIONS

The adopted budget for fiscal year 2024 projects an increase in the General Fund fund balance of \$127,200. Revenues are expected to be \$374,525 and expenditures are expected to be \$247,325.

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.

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**LAKE MCQUEENEY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 1
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
APRIL 30, 2023**

	General Fund	Debt Service Fund
ASSETS		
Cash and Cash Equivalents	\$ 209,799	\$
Investments	480,347	1,517,720
Property Taxes Receivable	12,840	59,055
Due from Other Funds		121,804
Prepaid Costs	7,953	
Capital Assets (Net of Accumulated Depreciation):		
Equipment		
TOTAL ASSETS	\$ 710,939	\$ 1,698,579
LIABILITIES		
Accounts Payable	\$ 350,193	\$
Accrued GBRA Interest Payable		
Due to Other Funds	121,804	
TOTAL LIABILITIES	\$ 471,997	\$ -0-
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	\$ 12,840	\$ 59,055
FUND BALANCES		
Nonspendable - Prepaid Costs	\$ 7,953	\$
Restricted for GBRA Debt Service		1,639,524
Unassigned	218,149	
TOTAL FUND BALANCES	\$ 226,102	\$ 1,639,524
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 710,939	\$ 1,698,579
NET POSITION		
Net Investment in Capital Assets		
Restricted		
Unrestricted		
TOTAL NET POSITION		

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

<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 209,799	\$	\$ 209,799
1,998,067		1,998,067
71,895		71,895
121,804	(121,804)	
7,953		7,953
	<u>10,537</u>	<u>10,537</u>
<u>\$ 2,409,518</u>	<u>\$ (111,267)</u>	<u>\$ 2,298,251</u>
\$ 350,193	\$	\$ 350,193
	106,922	106,922
121,804	(121,804)	
<u>\$ 471,997</u>	<u>\$ (14,882)</u>	<u>\$ 457,115</u>
<u>\$ 71,895</u>	<u>\$ (71,895)</u>	<u>\$ -0-</u>
\$ 7,953	\$ (7,953)	\$
1,639,524	(1,639,524)	
218,149	(218,149)	
<u>\$ 1,865,626</u>	<u>\$ (1,865,626)</u>	<u>\$ - 0 -</u>
<u>\$ 2,409,518</u>		
	\$ 10,537	\$ 10,537
	1,591,657	1,591,657
	238,942	238,942
	<u>\$ 1,841,136</u>	<u>\$ 1,841,136</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, 2023**

Total Fund Balances - Governmental Funds	\$	1,865,626
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		10,537
Deferred tax revenues for the 2022 and prior tax levies became part of recognized revenue in the governmental activities of the District.		71,895
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 accrued interest payable on long-term GRBA bonds payable.		<u>(106,922)</u>
Total Net Position - Governmental Activities	\$	<u>1,841,136</u>

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, 2023**

	<u>General Fund</u>	<u>Debt Service Fund</u>
REVENUES		
Property Taxes	\$ 281,164	\$ 1,293,129
Penalty and Interest	1,577	7,256
Investment and Miscellaneous Revenues	<u>9,150</u>	<u>28,843</u>
TOTAL REVENUES	<u>\$ 291,891</u>	<u>\$ 1,329,228</u>
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 104,470	\$
Contracted Services	62,510	
Depreciation		
Other	50,828	
Debt Service - GBRA Interest Payments		<u>523,050</u>
TOTAL EXPENDITURES/EXPENSES	<u>\$ 217,808</u>	<u>\$ 523,050</u>
NET CHANGE IN FUND BALANCES	\$ 74,083	\$ 806,178
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - MAY 1, 2022	<u>152,019</u>	<u>833,346</u>
FUND BALANCES/NET POSITION - APRIL 30, 2023	<u>\$ 226,102</u>	<u>\$ 1,639,524</u>

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

<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
\$ 1,574,293	\$ 32,755	\$ 1,607,048
8,833		8,833
<u>37,993</u>		<u>37,993</u>
<u>\$ 1,621,119</u>	<u>\$ 32,755</u>	<u>\$ 1,653,874</u>
\$ 104,470	\$	\$ 104,470
62,510		62,510
50,828	3,240	3,240
<u>523,050</u>	<u>41,541</u>	<u>564,591</u>
<u>\$ 740,858</u>	<u>\$ 44,781</u>	<u>\$ 785,639</u>
\$ 880,261	\$ (880,261)	\$
	868,235	868,235
<u>985,365</u>	<u>(12,464)</u>	<u>972,901</u>
<u>\$ 1,865,626</u>	<u>\$ (24,490)</u>	<u>\$ 1,841,136</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, 2023**

Net Change in Fund Balances - Governmental Funds	\$	880,261
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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.		32,755
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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.		(3,240)
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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.		(41,541)
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Change in Net Position - Governmental Activities	\$	<u>868,235</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, 2023**

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, 2023**

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. The District's Statement of Net Position and Statement of Activities 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, 2023**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds

The District has two 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 contract debt service 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 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, 2023, the General Fund owed the Debt Service Fund \$121,804 for tax collections.

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 not amended during the fiscal year. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the budgeted amounts compared to the actual amounts of revenues and expenditures for the current year.

**LAKE MCQUEENEY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2023**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

**LAKE MCQUEENEY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2023**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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.

NOTE 3. 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 7). 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. For the fiscal year ended April 30, 2023, the District paid the GBRA \$523,050 for interest due on the bonds.

**LAKE MCQUEENEY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2023**

NOTE 3. CONTRACT DEBT (Continued)

As of April 30, 2023, the District’s future contractual financing (debt service) obligations due to the GBRA for the bonds are as follows:

Fiscal Year	Principal	Interest	Total
2024	\$	\$ 523,050	\$ 523,050
2025	1,260,000	519,270	1,779,270
2026	1,265,000	511,695	1,776,695
2027	1,275,000	504,075	1,779,075
2028	1,280,000	496,410	1,776,410
2029-2033	6,525,000	2,365,453	8,890,453
2034-2038	6,735,000	2,140,744	8,875,744
2039-2043	7,135,000	1,722,057	8,857,057
2044-2048	7,755,000	1,085,343	8,840,343
2049-2052	6,770,000	288,518	7,058,518
	<u>\$ 40,000,000</u>	<u>\$ 10,156,615</u>	<u>\$ 50,156,615</u>

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, 2023, the District has not issued any bonds to fund the repairs and remediation of Lake McQueeney dam and lake facilities and the District has not levied a debt service tax to fund the Remediation Bonds.

During the year ended April 30, 2023, the District levied an ad valorem contract tax rate of \$0.2226 per \$100 of assessed valuation, which resulted in a tax levy of \$1,306,156 on the adjusted taxable valuation of \$593,670,880 for the 2022 tax year. The contract between the District and the GBRA (see further discussion at Note 7) 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 6 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, 2023**

NOTE 4. 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, which includes \$8,527 of cash on deposit and \$201,272 of money market funds, was \$209,799 and the bank balance was \$239,499. The District was not exposed to custodial credit risk at April 30, 2023.

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.

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.

**LAKE MCQUEENEY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2023**

NOTE 4. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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 Investors, 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.

As of April 30, 2023, 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	\$ 480,347	\$ 480,347
<u>DEBT SERVICE FUND</u>		
TexPool	<u>1,517,720</u>	<u>1,517,720</u>
TOTAL INVESTMENTS	<u>\$ 1,998,067</u>	<u>\$ 1,998,067</u>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At April 30, 2023, the District's investment in TexPool was rated AAAM by Standard & Poor's Rating Agency.

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.

Restrictions

All cash in the Debt Service Fund is restricted for contract debt service payments to the Guadalupe-Blanco River Authority.

**LAKE MCQUEENEY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2023**

NOTE 5. CAPITAL ASSETS

Capital assets as of April 30, 2023, consisted of the following:

	May 1, 2022	Increases	Decreases	April 30, 2023
Capital Assets Subject to Depreciation				
Equipment	\$ 16,200	\$	\$ -0-	\$ 16,200
Accumulated Depreciation				
Equipment	\$ 2,423	\$ 3,240	\$ -0-	\$ 5,663
Total Assets, Net of Accumulated Depreciation	<u>\$ 13,777</u>	<u>\$ (3,240)</u>	<u>\$ -0-</u>	<u>\$ 10,537</u>

NOTE 6. 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, 2023, the District levied an ad valorem maintenance tax rate of \$0.0484 per \$100 of assessed valuation, which resulted in a tax levy of \$283,998 on the adjusted taxable valuation of \$593,670,880 for the 2022 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 7. 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.

**LAKE MCQUEENEY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2023**

NOTE 7. GUADALUPE-BLANCO RIVER AUTHORITY (Continued)

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 3) 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. 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 8. 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, 2023

**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, 2023**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Property Taxes	\$ 230,626	\$ 281,164	\$ 50,538
Penalty and Interest	100	1,577	1,477
Investment and Miscellaneous Revenues	<u>1,600</u>	<u>9,150</u>	<u>7,550</u>
TOTAL REVENUES	<u>\$ 232,326</u>	<u>\$ 291,891</u>	<u>\$ 59,565</u>
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 61,000	\$ 104,470	\$ (43,470)
Contracted Services	65,000	62,510	2,490
Other	<u>16,405</u>	<u>50,828</u>	<u>(34,423)</u>
TOTAL EXPENDITURES	<u>\$ 142,405</u>	<u>\$ 217,808</u>	<u>\$ (75,403)</u>
NET CHANGE IN FUND BALANCE	\$ 89,921	\$ 74,083	\$ (15,838)
FUND BALANCE - MAY 1, 2022	<u>152,019</u>	<u>152,019</u>	<u></u>
FUND BALANCE - APRIL 30, 2023	<u>\$ 241,940</u>	<u>\$ 226,102</u>	<u>\$ (15,838)</u>

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, 2023

**LAKE MCQUEENEY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 1
SERVICES AND RATES
FOR THE YEAR ENDED APRIL 30, 2023**

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, 2023**

PROFESSIONAL FEES:	
Auditing	\$ 7,000
Legal	<u>97,470</u>
TOTAL PROFESSIONAL FEES	<u>\$ 104,470</u>
CONTRACTED SERVICES:	
Appraisal District	\$ 17,899
Bookkeeping	26,489
Tax Collector	239
Other - Public Relations	<u>17,883</u>
TOTAL CONTRACTED SERVICES	<u>\$ 62,510</u>
ADMINISTRATIVE EXPENDITURES:	
Insurance	\$ 8,432
Election Costs	30,101
Office Supplies and Postage	1,937
Travel and Meetings	1,298
Website Hosting and Other	<u>9,060</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 50,828</u>
TOTAL EXPENDITURES	<u><u>\$ 217,808</u></u>

See accompanying independent auditor's report.

**LAKE MCQUEENEY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 1
INVESTMENTS
APRIL 30, 2023**

<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	\$ 480,347	\$ - 0 -
<u>DEBT SERVICE FUND</u>					
TexPool	XXXX0001	Varies	Daily	\$ 17,195	\$
TexPool	XXXX0003	Varies	Daily	1,500,525	
TOTAL DEBT SERVICE FUND				<u>\$ 1,517,720</u>	<u>\$ - 0 -</u>
TOTAL - ALL FUNDS				<u>\$ 1,998,067</u>	<u>\$ - 0 -</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, 2023**

	Maintenance Taxes		Contract Taxes	
TAXES RECEIVABLE -				
MAY 1, 2022	\$	6,989		\$ 32,151
Adjustments to Beginning				
Balance		<u>3,017</u>	\$ 10,006	<u>13,877</u> \$ 46,028
Original 2022 Tax Levy	\$	255,095		\$ 1,173,225
Adjustment to 2022 Tax Levy		<u>28,903</u>	<u>283,998</u>	<u>132,931</u> <u>1,306,156</u>
TOTAL TO BE				
ACCOUNTED FOR			\$ 294,004	\$ 1,352,184
TAX COLLECTIONS:				
Prior Years	\$	9,353		\$ 43,024
Current Year		<u>271,811</u>	<u>281,164</u>	<u>1,250,105</u> <u>1,293,129</u>
TAXES RECEIVABLE -				
APRIL 30, 2023			<u>\$ 12,840</u>	<u>\$ 59,055</u>
TAXES RECEIVABLE BY				
YEAR:				
2022			\$ 12,187	\$ 56,051
2021			<u>653</u>	<u>3,004</u>
TOTAL			<u>\$ 12,840</u>	<u>\$ 59,055</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, 2023**

	2022	2021
PROPERTY VALUATIONS:		
Land	\$ 301,862,641	\$ 270,556,621
Improvements	369,126,836	269,386,779
Personal Property	56,739	257,163
Exemptions	(77,375,336)	(43,299,063)
TOTAL PROPERTY VALUATIONS	\$ 593,670,880	\$ 496,901,500
TAX RATES PER \$100 VALUATION:		
Maintenance	\$ 0.0484	\$ 0.05
Contract	0.2226	0.23
TOTAL TAX RATES PER \$100 VALUATION	\$ 0.2710	\$ 0.28
ADJUSTED TAX LEVY*	\$ 1,590,154	\$ 1,375,002
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	95.71 %	99.73 %

* 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.

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

	Amounts		
	2023	2022	2021
REVENUES			
Property Taxes	\$ 281,164	\$ 238,547	\$
Penalty and Interest	1,577	784	
Donation - Friends of Lake McQueeney			465,000
Investment and Miscellaneous Revenues	<u>9,150</u>	<u>1,596</u>	<u>1,459</u>
TOTAL REVENUES	<u>\$ 291,891</u>	<u>\$ 240,927</u>	<u>\$ 466,459</u>
EXPENDITURES			
Professional Fees	\$ 104,470	\$ 258,894	\$ 23,298
Contracted Services	62,510	40,415	40,819
Other	50,828	161,911	12,795
Capital Outlay		<u>16,200</u>	
TOTAL EXPENDITURES	<u>\$ 217,808</u>	<u>\$ 477,420</u>	<u>\$ 76,912</u>
NET CHANGE IN FUND BALANCE	\$ 74,083	\$ (236,493)	\$ 389,547
BEGINNING FUND BALANCE (DEFICIT)	<u>152,019</u>	<u>388,512</u>	<u>(1,035)</u>
ENDING FUND BALANCE	<u>\$ 226,102</u>	<u>\$ 152,019</u>	<u>\$ 388,512</u>

See accompanying independent auditor's report.

Percentage of Total Revenues		
2023	2022	2021
96.3 %	99.0 %	%
0.6	0.3	
		99.7
<u>3.1</u>	<u>0.7</u>	<u>0.3</u>
<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
35.8 %	107.5 %	5.0 %
21.4	16.8	8.8
17.4	67.2	2.7
	<u>6.7</u>	
<u>74.6 %</u>	<u>198.2 %</u>	<u>16.5 %</u>
<u>25.4 %</u>	<u>(98.2) %</u>	<u>83.5 %</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 - THREE YEARS**

	Amounts		
	2023	2022	2021
REVENUES			
Property Taxes	\$ 1,293,129	\$ 1,097,315	\$
Penalty and Interest	7,256	3,609	
Investment and Miscellaneous Revenues	28,843	517	
TOTAL REVENUES	<u>\$ 1,329,228</u>	<u>\$ 1,101,441</u>	<u>\$ - 0 -</u>
EXPENDITURES			
Contract Debt Service Interest and Fees	\$ 523,050	\$ 97,345	\$
Debt Issuance Costs		170,750	
TOTAL EXPENDITURES	<u>\$ 523,050</u>	<u>\$ 268,095</u>	<u>\$ - 0 -</u>
NET CHANGE IN FUND BALANCE	\$ 806,178	\$ 833,346	\$
BEGINNING FUND BALANCE	833,346		
ENDING FUND BALANCE	<u>\$ 1,639,524</u>	<u>\$ 833,346</u>	<u>\$ - 0 -</u>
TOTAL ACTIVE RETAIL WATER CONNECTIONS	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

See accompanying independent auditor's report.

Percentage of Total Revenues		
<u>2023</u>	<u>2022</u>	<u>2021</u>
97.3 %	99.6 %	
0.5	0.3	
<u>2.2</u>	<u>0.1</u>	
<u>100.0</u> %	<u>100.0</u> %	<u>N/A</u>
39.3 %	8.8 %	
	15.5	
<u>39.3</u> %	<u>24.3</u> %	<u>N/A</u>
<u>60.7</u> %	<u>75.7</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, 2023**

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

Board Members:	Term of Office (Elected or Appointed)	Fees of Office for the year ended <u>April 30, 2023</u>	Expense Reimbursements for the year ended <u>April 30, 2023</u>	<u>Title</u>
Robert L. Worth, Jr.	11/2020 05/2024 (Elected)	\$ -0-	\$ -0-	President
Paul A. Mueller	11/2020 05/2024 (Elected)	\$ -0-	\$ -0-	Vice President
Lindsey Gillum	11/2020 05/2024 (Elected)	\$ -0-	\$ -0-	Secretary
David Doughtie	05/2022 05/2026 (Elected)	\$ -0-	\$ 17	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, with the District’s developers or with any of the District’s consultants.

Submission date of most recent District Registration Form: March 8, 2023.

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, 2023**

Consultants:	<u>Date Hired</u>	<u>Fees / Compensation for the year ended April 30, 2023</u>	<u>Title</u>
Allen Boone Humphries Robinson LLP	04/09/20	\$ 129,704	General Counsel *
McCall Gibson Swedlund Barfoot PLLC	05/13/21	\$ 7,000	Auditor
Municipal Accounts & Consulting, L.P.	04/09/20	\$ 28,066	Bookkeeper
Pape-Dawson Engineers, Inc.	04/09/20	\$ -0-	Engineer
Post Oak Municipal Advisors, LLC	05/14/20	\$ -0-	Financial Advisor
Mark Burton and Ghia Lewis	04/09/20	\$ -0-	Investment Officers
Guadalupe County Tax Assessor Collector	02/23/21	\$ 239	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.

