



Annual Comprehensive Financial Report

For The Fiscal Year Ended September 30, 2023

105 Port Road • Port Isabel, Texas 78578



**LAGUNA MADRE WATER DISTRICT
Port Isabel, Texas**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2023

PREPARED BY:

The Finance Department of Laguna Madre Water District

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INTRODUCTORY SECTION

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March 27, 2024

Scott D. Friedman, Chairman
Members of the Board of Directors
Laguna Madre Water District
105 Port Road
Port Isabel, TX 78578

We are pleased to present the Annual Comprehensive Financial Report (ACFR) for the Laguna Madre Water District (District) for the fiscal year ended September 30, 2023. The purpose of the report is to provide the Board of Directors, our customers, creditors, investors, and other interested parties with transparent financial information about the District.

The ACFR was prepared by the District's Finance Department following the guidelines set forth by the Government Accounting Standards Board (GASB) and in accordance with Generally Accepted Accounting Principles (GAAP). Responsibility for both the accuracy of the data presented, and the completeness and fairness of the presentation, including all disclosures, rests with District management. We believe the data, as presented, is accurate in all material respects and that it is presented in a manner that provides a fair representation of the financial position and results of operation of the District and includes all disclosures necessary to enable readers to gain the maximum understanding of the District's financial activity.

The District's policy requires that an independent certified public accounting firm, selected by the Board, audit the basic financial statements on an annual basis. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended September 30, 2023, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement, assessing the accounting principles used and significant estimates made by management, as well as evaluating overall financial statements presentation. The independent auditor, Carr, Riggs, and Ingram, LLC. have issued an unmodified ("clean") opinion on the District's financial statements for the fiscal year ended September 30, 2023. The independent auditor's report is presented as the first component of the financial section of this report. Management's Discussion & Analysis (MD&A) immediately follows the independent auditor's report in the Financial Section and provides an overview, summary, and analysis of the basic financial statements.

District Profile

The Laguna Madre Water District, formerly Cameron County Fresh Water Supply District No. 1, was created by order of the Commissioner's Court of Cameron County, Texas, on December 5, 1950, as a Fresh Water Supply District pursuant to the provisions of Chapter 4, Title 128, Vernon's Texas Civil Statutes, as amended (now Chapter 53, Texas Water Code) and the creation thereof was duly and lawfully confirmed at an election held for such purpose as required by law.

The Board of Supervisors of the District, acting pursuant to the authority conferred by Chapter 54, Texas Water Code, duly and lawfully adopted and entered in the minutes of the Board of Supervisors resolution declaring that in its judgments, conversion into a municipal utility district operating under Chapter 54 and under Article XVI, Section 59, of the Texas Constitution, would serve the best interest of the District and would be a benefit to the land and property included in the District. The Commission on October 23, 1973, duly passed an order to convert the District into a Municipal Utility District.

Finally, on November 8, 1995, the Board of Directors of Cameron County Fresh Water Supply District No. 1 changed the name to Laguna Madre Water District. The District is regulated pursuant to provisions of the Texas Commission on Environmental Quality. The District is governed by a five-member Board of Directors (Board), elected at large by the voters of the Laguna Madre Area. This area covers the City of Port Isabel, City of South Padre Island and the Town of Laguna Vista, as well as surrounding areas within the District's boundaries.

The mission of the District is to deliver safe, reliable and high-quality water and sewer services to its customers. The District's sole source of water is surface water pumped from the Rio Grande River approximately 25 miles away through a series of pump stations, pipelines and reservoirs to reach the District's treatment facilities. The District typically diverts approximately 5,800 acre-feet per year from the Rio Grande River to serve its customers.

The District's ordinances, policies, taxes, and rates for service are set by the Board of Directors, who serve staggered four-year terms on its Governing Board. The Board manages the District through an appointed General Manager. The District's leadership team also includes the Director of Operations, the Director of Finance, the District Engineer, the Superintendent of Water and the Superintendent of Sewer. There are currently 90 full-time employees working for the District.

Internal Controls

This report contains management's representations concerning the finances of the Laguna Madre Water District. Therefore, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide for a reasonable basis for making these representations, management has established a comprehensive internal control framework designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed with the objective of providing reasonable, but not absolute, assurance that the financial statements are free of any material misstatements. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluations of costs and benefits require estimates and judgements by management.

To assist with this mission, the District has established and maintains various self-balancing groups of accounts to enhance internal control and to further the attainment of other management objectives. These groups of accounts, which are funds of the reporting entity, are identified in the District's books and records as:

- General Fund
- Emergency Preparation and Recovery Fund
- Debt Service Fund
- Capital Projects Fund
- AMI Meter Project Fund
- Long Island Village Project Fund

The General Fund accounts for all the activities of the general government and funded primarily by water and sewer services. The Emergency Preparations and Recovery Fund is used for preparing for and recovering from disasters or emergencies. The Debt Service Fund is used to accumulate resources necessary for the payment of long-term debt obligations. The Capital Projects Fund accounts for the acquisition or construction of the District's major infrastructure and facilities. The AMI Meter Project Fund accounts for resources restricted for the District's meter replacement project. The Long Island Village Project Fund accounts for resources restricted for the District's construction of the water and sewer infrastructure project in Long Island Village. The appropriated budget is prepared by fund. Annual appropriated budgets are adopted for the general and debt service funds. All annual appropriations lapse at fiscal year-end. Project-length financial plans are adopted for all capital project funds. The legal level of budgetary control is at the total expenditure level.

Local Economy

The Laguna Madre area is a coastal region on the tropical tip of South Texas. The local economy is primarily based on tourism. The local economy has fully recovered from the COVID-19 pandemic, reaching pre-pandemic levels. Unfortunately, water restrictions caused by low reservoir levels in our region have limited consumption of water and sewer services. The hot real estate market we experienced in 2021 encouraged by the warm climate, low taxes and good governance by state and local officials has been cooled by the high interest rate environment and rising home prices. Monthly unemployment has come back down to 5.3% in September 2023, which is 0.5% below pre-pandemic levels in September 2019.

Long-Term Financial Planning

The District has been focused on rebuilding its aging infrastructure for the past few years. In November 2020, the voters passed a \$27.6 million tax bond to finance a group of water infrastructure projects including the upgrade of Water Plant 1 (WP1) to microfiltration. These bonds were sold in April 2022 and construction is currently underway. Unfortunately, the projects experienced cost overruns and an additional \$12.98 million of revenue bonds were issued in November 2023 to continue to the projects.

Low water levels in our regional reservoirs along the Rio Grande River have prompted the District to prioritize plans for an alternative water source. Due to our proximity to the Gulf of Mexico, seawater desalination is our preferred alternative. The District holds a tax bond authorization from the voters, approved for \$15.6 million for a seawater desalination facility, but those bonds have not been issued. We commissioned a desalination intake and discharge modelling study by the Army Corps of Engineers to plan for our future water supply needs.

The study concluded that there are favorable seawater quality conditions for both intake and discharge near our existing WP1 facility, which is also the District's preferred location. Additionally, the study helped us qualify for grant funding of a feasibility study now underway.

We are also working with our largest customer, Long Island Village, in their ongoing conversion from a mobile home park to a subdivision. We created a defined service area for Long Island Village and the residents passed a \$20.8 million tax bond to finance water and sewer improvements to their area that only those property owners will pay for. The project will transition the existing park from a master water meter to over 1,000 individually metered lots to improve water conservation. Private lines with frequent breaks will be replaced with new water mains to be accepted by the District for Operations and Maintenance (O&M). Their private sewer system will be rebuilt to prevent sanitary sewer overflows and acceptance by the District for O&M. The project is currently under design.

Accomplishments

The Water Plant Department maintained our designation as a Superior Public Water System, exceeding all minimum standards for operations and water quality. We also installed a new river pump for our distribution system. This large pump will ensure access to the only source of water we currently have, the Rio Grande River.

Our Wastewater system completed rehabilitation of two lift stations, improving capacity, efficiency and extending their useful lives. The employees of the District successfully rehabilitated these lift stations without the need for outside contractors. By utilizing our internal resources, we not only ensured the high-quality execution of these critical tasks, but also achieved significant cost savings. The Isla Blanca Sewer Treatment Plant also received significant upgrades. We purchased and installed a new generator to ensure resiliency and installed a new roof for the blower room. The blower room received substantial modifications to improve temperature management to prevent high heat from damaging critical electronic equipment. We also purchased a new mobile screw press which will improve the efficiency of the sludge removal process and can be relocated to any sewer treatment plant as needed.

We made significant strides in enhancing our cybersecurity and operational resilience through several key initiatives. We collaborated with the Cybersecurity and Infrastructure Security Agency (CISA) to fortify our network assets against cyber threats, migrated our Enterprise Resource Planning (ERP) software to the cloud to ensure greater resilience in disaster situations, and deployed packet capturing software to detect and analyze anomalous activity on our network. Additionally, we developed a comprehensive incident response plan to maintain operations during cyber attacks and implemented a remote monitoring and management tool to improve control over mobile devices.

The Finance Department won the Certificate of Achievement for Excellence in Financial Reporting for the third time from the Government Finance Officers Association of the United States and Canada (GFOA) for its annual comprehensive financial report for the fiscal year ended September 30, 2022. The award is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.

Acknowledgements

The preparation of this report could not have been accomplished without the contribution of the Finance Department and our independent auditor, Carr, Riggs and Ingram, LLC. We would also like to particularly thank the Board of Directors for their continued dedication supporting the highest level of prudent fiscal management.

Contacting the Finance Department

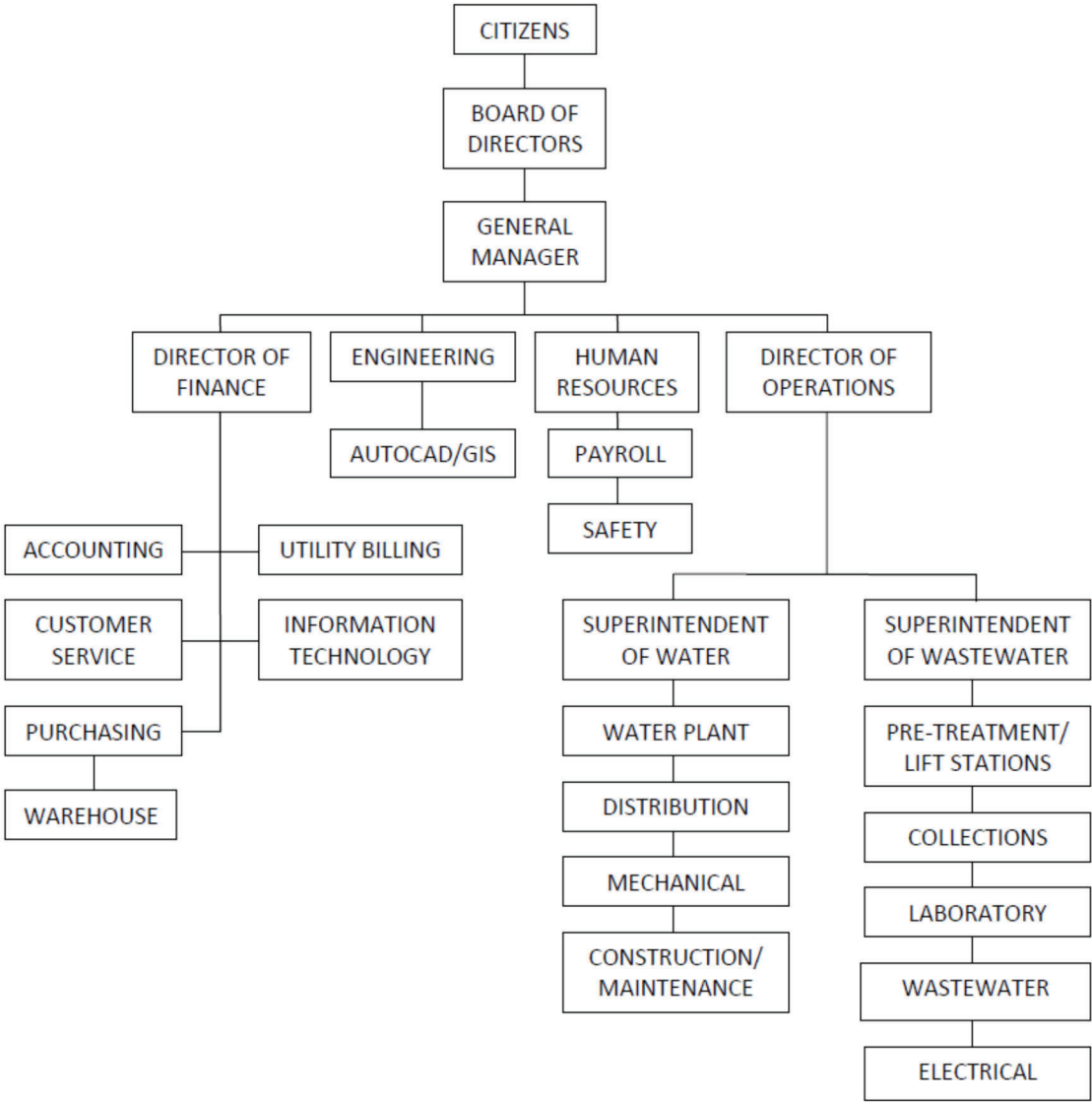
This financial report is designed to provide the Board of Directors, customers, creditors and investors with a general overview of the District's financial condition. Should you have any questions regarding the content of this report, please contact Eduardo Salazar, Director of Finance, at 956-943-2626 or esalazar@lmwd.org.

Respectfully submitted:

A handwritten signature in black ink, appearing to read 'Eduardo Salazar', written in a cursive style.

Eduardo Salazar
Director of Finance
Laguna Madre Water District

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Board Members

Scott D. Friedman
Adam Lalonde
Jason Starkey
Dave Boughter
Bill Donahue

Chairman
Vice Chairman
Secretary
Director
Director

Administration

Carlos J. Galvan, Jr.
Robert Gomez
Eduardo Salazar
Charles Ortiz, P.E.
Noe Cantu Jr.
Santiago Ochoa

General Manager
Director of Operations
Director of Finance
District Engineer
Superintendent of Water
Superintendent of Wastewater



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Laguna Madre Water District
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2022

Christopher P. Morill

Executive Director/CEO

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ANNUAL FILING AFFIDAVIT

THE STATE OF TEXAS)
COUNTY OF CAMERON)

I, Scott Friedman of the
(Name of Duly Authorized District Representative)

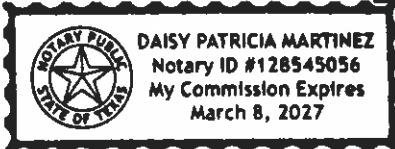
Laguna Madre Water District hereby swear, or affirm, that the District above has reviewed and approved at a meeting of the District's Board of Directors on the March 27, 24 its annual audit report for the fiscal period ended September 30, 2023 and that copies of the annual audit report have been filed in the District's office, located at 105 Port Road, Port Isabel, TX 78578.
(Address of the District's Office)

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

Date: 3/27/2024 By: [Signature]
(Signature of District Representative)

Scott Friedman, Chairman
(Typed Name and Title of District Representative)

Sworn to and subscribed to before me this 27 day of March, 2024.



[Signature]
(Signature of Notary)

My Commission Expires On: March 8, 2027.
Notary Public in the State of Texas.

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FINANCIAL SECTION

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Carr, Riggs & Ingram, LLC

402 East Tyler Avenue
Harlingen, TX 78550-9122

(956) 423-3765

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CRIcpa.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Laguna Madre Water District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Laguna Madre Water District as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Laguna Madre Water 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 Laguna Madre Water District, as of September 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Laguna Madre Water 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 these 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 Laguna Madre Water District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Laguna Madre Water 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 Laguna Madre Water 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, Budgetary Comparison Schedule – General Fund, Schedule of Changes in Net Pension Liability and Related Ratios and Schedule of Employer Contributions on pages 22-35 and 77-80, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Laguna Madre Water District's basic financial statements. The Schedule of Revenues, Expenditures, and Changes in Fund Balance - Debt Service Fund - Budget and Actual, Texas Supplementary Information, and schedule expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Revenues, Expenditures, and Changes in Fund Balance - Debt Service Fund - Budget and Actual, Texas Supplementary Information and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory, other information, and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2024, on our consideration of Laguna Madre Water District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Laguna Madre Water District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Laguna Madre Water District's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

Harlingen, Texas
March 27, 2024

Laguna Madre Water District Management's Discussion & Analysis

MANAGEMENT'S DISCUSSION & ANALYSIS

This section of the Laguna Madre Water District's (District) annual financial report presents our discussion and analysis of the District's financial performance for the fiscal year ended September 30, 2023. The MD&A should be read in conjunction with the District's financial statements which follow this section.

Financial Highlights

- In the Government-Wide Statement of Net Position, total assets and deferred outflows of resources of the District exceeded liabilities and deferred inflows of resources for the fiscal year ended September 30, 2023, by \$70,820,233. Of this amount \$8,050,119 (considered unrestricted) may be used to meet the District's ongoing obligations to citizens and creditors. The net investment in capital assets of the District is \$59,755,053.
- The restricted portion of the Government-Wide net position includes amounts restricted for debt service of \$3,015,061.
- The fund balance in the General Fund decreased by \$317,878. The ending fund balance for the fiscal year ended September 30, 2023, was \$6,390,443.
- For the fiscal year ended September 30, 2023, the District's fund balances reported a combined ending fund balance of \$50,932,157.

Overview of the Financial Statements

This annual report consists of the management's discussion and analysis (this section), the basic financial statements, notes to the basic financial statements, required supplementary information, supplementary information, Texas supplementary information (TSI) section, other information section and statistical section.

The basic financial statements are comprised of three components:

- The *government-wide financial statements* provide both long-term and short-term information about the District's overall financial status. These statements are presented for governmental activities, the only activity of the District. They are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private sector business.
- The *statement of net position* presents information on all of the District's assets and liabilities, and deferred inflows/outflows of resources, with the difference between the two 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 is improving or deteriorating.

Laguna Madre Water District Management's Discussion & Analysis

Overview of the Financial Statements (Continued)

- The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The fund financial statements focus on individual parts of the District, reporting the District's operation in greater detail than the government-wide statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are governmental funds.

- The governmental funds statements show how general government services were financed in the short-term as well as what remains for future spending. The District considers the following funds as major: General Fund, Debt Service Fund, Emergency Preparation and Recovery Fund, Capital Projects Fund and LIV Project Fund.

Additional Information Regarding the District's Fund Financial Statements:

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District adopts an annual appropriated budget for its general fund and debt service fund. Budgetary comparison statements have been provided for the general and debt service fund.

The District's basic financial statements can be found on pages 39-42.

Laguna Madre Water District Management's Discussion & Analysis

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 43-76 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the District's general fund budgetary schedule, schedule of changes in employer's net pension liability and related ratios, as well as the schedule of employer contributions. Required supplementary information can be found on pages 79-83 of this report.

Other Supplementary Information, Texas Supplementary Information (TSI) Section and Other Information Section

The District also provides other supplementary information concerning the District's debt service fund budgetary schedule, Texas Supplementary Information schedules as required by the Texas Commission on Environmental Quality, and other information deemed appropriate. The other supplementary information, the TSI, and other information can be found on pages 86-105 of this report.

Government-wide Overall Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of the District's financial position. At September 30, 2023, total assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$70,820,233. By far, the largest portion of the District's net position, \$59,755,053 (84.4%), reflects its investment in capital assets (e.g., land, infrastructure, buildings, machinery and equipment), less any related outstanding debt that was used to acquire those assets. The District uses these capital assets to provide services to its citizens and therefore these assets are not available for future spending. Although the District's investment in these capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net position, \$3,015,061 (4.3%), represents resources that are subject to external restriction on how they may be used. The remaining balances of unrestricted net position, totaling \$8,050,119 (11.4%), may be used to meet the District's ongoing obligations to its citizens and creditors.

At the end of the current fiscal year, the District is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental activities. The same situation held true for the prior fiscal year.

Laguna Madre Water District Management's Discussion & Analysis

Exhibit 1
Laguna Madre Water District
Governmental Activities – Net Position
September 30,

	2023	2022
Current and other assets	\$ 53,890,947	\$ 41,145,920
Capital assets, net	92,567,680	85,740,416
Total assets	146,458,627	126,886,336
Total deferred outflows of resources	1,507,122	1,268,606
Long-term liabilities outstanding	73,959,943	53,405,531
Other liabilities	3,133,147	2,747,387
Total liabilities	77,093,090	56,152,918
Total deferred inflows of resources	52,426	2,063,497
Net position		
Net Investment in capital assets	59,755,053	58,062,795
Restricted	3,015,061	2,882,134
Unrestricted	8,050,119	8,993,598
Total net position	\$ 70,820,233	\$ 69,938,527

Governmental Activities

During the current fiscal year, net position for governmental activities increased by \$881,706 from current year operations. As indicated in Exhibit 2 charges for services comprised 71.3% and property taxes comprised 16.1% of all revenues. Service operations comprised 61.4% of all expenses; interest on long-term debt, 18.9%; and depreciation expense, 19.5%.

Charges for services increased by \$692,793 or 5.8% compared to the prior year. The increase in charges for services is primarily a result of increases in the water and wastewater service rates. The increase in service rates is being used to finance the increasing cost of service operations. Service operations expenses increased by \$722,892 or 7.4% compared to the prior year.

Laguna Madre Water District Management's Discussion & Analysis

Exhibit 2
Laguna Madre Water District
Governmental Activities – Changes in Net Position
For the Fiscal Year Ended September 30,

	2023	2022
Revenues:		
Program Revenues		
Charges for services	\$ 12,671,228	\$ 11,978,435
General Revenues		
Property taxes	2,870,433	1,364,785
Investment earnings	1,769,548	219,094
Other	463,964	820,317
Total revenue	17,775,173	14,382,631
Expenses		
Service operations	10,434,370	9,711,478
Interest on long-term debt and fiscal expense	3,208,726	1,504,798
Depreciation expense	3,308,924	3,196,162
Total expenses	16,952,020	14,412,438
Other Income/Expenses		
Gain or loss on disposal of assets	58,553	(4,206,086)
Total other income/expenses	58,553	(4,206,086)
Increase (decrease) in net position	881,706	(4,235,893)
Net position, beginning	69,938,527	74,174,420
Net position, ending	\$ 70,820,233	\$ 69,938,527

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Laguna Madre Water District Management's Discussion & Analysis

Governmental Funds

The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party or the District itself.

At September 30, 2023, the District's governmental funds reported combined ending fund balances of \$50,932,157, an increase of \$12,650,465 in comparison with the prior year. Approximately \$5,395,586 of this amount (10.59%) constitutes *unassigned fund balance*, which is available for spending at the District's discretion. The remainder of the fund balance is either *nonspendable, restricted, committed, or assigned* to indicate that it is 1) not in spendable form (\$901,432), 2) restricted for particular purposes (\$42,313,262), 3) committed for particular purposes (\$2,321,877), 4) assigned for particular purposes (\$-0-).

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$5,395,586, while total fund balance decreased to \$6,390,443. The fund balance of the District's general fund decreased by \$317,878 primarily due to transfers to the District's other funds during the year.

As shown in Exhibit 3 below, the District has maintained healthy fund balances in its general fund for several consecutive fiscal years.

Exhibit 3
Fund Balance of the General Fund

Fiscal Year	Revenues	Expenditures Plus Transfers Out	Fund Balance	Percentage of Fund Balance In Relation to Revenues	Percentage of Fund Balance In Relation to Expenditures Plus Transfer Out
April					
2010	\$ 7,443,217	\$ 7,387,754	\$ 4,511,569	60.6%	61.1%
2011	\$ 8,100,426	\$ 7,466,198	\$ 5,087,406	62.8%	68.1%
2012	\$ 8,268,463	\$ 7,151,218	\$ 6,284,270	76.0%	87.9%
2013	\$ 8,738,728	\$ 10,335,855	\$ 4,697,639	53.8%	45.4%
September					
2013*	\$ 3,813,789	\$ 3,137,960	\$ 5,373,468	140.9%	171.2%
2014	\$ 7,459,276	\$ 7,345,323	\$ 5,487,421	73.6%	74.7%
2015	\$ 8,022,892	\$ 7,743,486	\$ 5,771,327	71.9%	74.5%
2016	\$ 9,259,450	\$ 8,864,410	\$ 6,267,812	67.7%	70.7%
2017	\$ 9,738,484	\$ 9,695,592	\$ 6,317,365	64.9%	65.2%
2018	\$ 9,585,386	\$ 8,858,549	\$ 6,840,953	71.4%	77.2%
2019	\$ 10,715,366	\$ 9,801,803	\$ 7,754,516	72.4%	79.1%
2020	\$ 11,206,439	\$ 10,641,826	\$ 8,319,129	74.2%	78.2%
2021	\$ 12,028,449	\$ 11,985,139	\$ 8,362,439	69.5%	69.8%
2022	\$ 12,228,089	\$ 17,320,645	\$ 6,708,321	54.9%	38.7%
2023	\$ 13,132,706	\$ 13,509,407	\$ 6,390,443	48.7%	47.3%

*Results are based on a 5-month period. During 2013 the District changed to a September 30 fiscal year end.

Laguna Madre Water District Management's Discussion & Analysis

Exhibit 4
Laguna Madre Water District
General Fund
Statements of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Year Ended September 30,

	2023	2022
Revenues		
Water services	\$ 6,077,769	\$ 5,802,367
Wastewater services	6,081,173	5,718,248
Other water sales	95,350	68,278
Late fees	81,919	79,653
Tap fees	328,017	309,889
Annexation fees	7,000	-
Intergovernmental	28,989	-
Investment earnings	179,658	22,381
Miscellaneous	252,831	227,273
Total revenues	13,132,706	12,228,089
Expenditures		
Service operation	10,217,976	9,810,276
Financing agreement principal	13,754	13,345
Financing agreement interest	421	829
Capital outlay	839,930	956,025
Total expenditures	11,072,081	10,780,475
Excess (Deficiency) of revenues over (under) expenditures	2,060,625	1,447,614
Other Financing Sources (Uses)		
Gain or loss on disposal of assets	58,553	-
Transfer from other funds	270	3,438,438
Transfer to other funds	(2,437,326)	(6,540,170)
Total other financing sources	(2,378,503)	(3,101,732)
Net change in fund balance	(317,878)	(1,654,118)
Fund balance, beginning	6,708,321	8,362,439
Fund balance, ending	\$ 6,390,443	\$ 6,708,321

**Laguna Madre Water District
Management's Discussion & Analysis**

Exhibit 5
Laguna Madre Water District
Debt Service Fund
Statements of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Year Ended September 30,

	2023	2022
Revenues		
Property taxes and penalties/interest	\$ 2,858,753	\$ 1,367,696
Investment earnings	145,079	16,362
Miscellaneous	12,249	-
Total revenues	3,016,081	1,384,058
Expenditures		
Bond principal	1,855,000	2,085,000
Bond interest and fiscal agent fees	2,706,670	590,639
Bond issuance costs	479,700	210,202
Advance refunding escrow agent	-	-
Contracted services	110,349	52,430
Other	-	12,249
Total expenditures	5,151,719	2,950,520
Excess (Deficiency) of revenues over (under) expenditures	(2,135,638)	(1,566,462)
Other Financing Sources (Uses)		
Refunding bonds issued	-	8,330,000
Payment to refunded bond escrow agent	-	(9,339,722)
Premium on bonds issued	-	1,222,350
Transfer from other funds	2,268,565	4,618,406
Transfer to other funds	-	(3,320,334)
Total other financing sources	2,268,565	1,510,700
Net change in fund balances	132,927	(55,762)
Fund balance, beginning	2,882,134	2,937,896
Fund balance, ending	\$ 3,015,061	\$ 2,882,134

Laguna Madre Water District Management's Discussion & Analysis

As shown in Exhibit 5 above, the debt service fund for the fiscal year ended September 30, 2023, had a fund balance of \$3,015,061; this amount represented an increase of \$132,927 compared to the prior year. The increase in fund balance is due to an increase in taxes collected. The total debt service fund balance is restricted for payment of debt service. The District's ad valorem tax rate during fiscal year 2023 was \$0.069300 per \$100 valuation.

Exhibit 6
Laguna Madre Water District
Capital Projects Fund
Statements of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Year Ended September 30,

	2023	2022
Revenues		
Intergovernmental	\$ -	\$ -
Investment earnings	1,032,323	163,874
Other	-	7,730
Total revenues	1,032,323	171,604
Expenditures		
Other	91,749	110,073
Capital outlay	8,255,583	8,589,666
Bond issuance costs	-	655,260
Total expenditures	8,347,332	9,354,999
Excess (Deficiency) of revenues over (under) expenditures	(7,315,009)	(9,183,395)
Other Financing Sources (Uses)		
Issuance of debt	-	26,335,000
Premiums on bonds issued	-	1,940,260
Transfer from other funds	1,035,000	1,926,045
Transfer to other funds	(250)	-
Total other financing sources	1,034,750	30,201,305
Net Change in Fund Balances	(6,280,259)	21,017,910
Fund balance, beginning	26,552,895	5,534,985
Fund balance, ending	\$ 20,272,636	\$ 26,552,895

As shown in Exhibit 6 above, the capital projects fund for the fiscal year ended September 30, 2023, had a fund balance of \$20,272,636; this amount represented a decrease of \$6,280,259 compared to the prior year.

Laguna Madre Water District Management's Discussion & Analysis

Exhibit 7
Laguna Madre Water District
AMI Meter Project Fund
Statements of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Year Ended September 30,

	2023		2022	
Revenues				
Intergovernmental	\$	-	\$	-
Investment earnings		-		-
Total revenues		-		-
Expenditures				
Other		-		-
Capital outlay		-		-
Bond issuance costs		-		-
Total expenditures		-		-
Excess (Deficiency) of revenues over (under) expenditures		-		-
Other Financing Sources (Uses)				
Issuance of debt		-		-
Transfer to other funds		-		(118,104)
Total other financing sources		-		(118,104)
Net Change in Fund Balances		-		(118,104)
Fund balance, beginning		-		118,104
Fund balance, ending	\$	-	\$	-

The AMI Meter Project is a capital projects fund established by the District to track the proceeds of revenue notes issued for making improvements and extensions to the District's infrastructure. As shown in Exhibit 7 above, the AMI meter project fund for the fiscal year ended September 30, 2023, had a fund balance of \$-0-, as the remaining inventory was transferred to the General Fund and the fund was closed out in the prior year.

Laguna Madre Water District Management's Discussion & Analysis

Exhibit 8
Laguna Madre Water District
Emergency Preparation and Recovery Fund
Statements of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Year Ended September 30,

	2023	2022
Revenues		
Intergovernmental	\$ -	\$ -
Investment earnings	51,198	16,477
Other	34,651	-
Total revenues	85,849	16,477
Expenditures		
Other	-	34,651
Total expenditures	-	34,651
Excess (Deficiency) of revenues over (under) expenditures	85,849	(18,174)
Other Financing Sources (Uses)		
Transfer from other funds	4,281	2,075,005
Transfer to other funds	(20)	(2,079,286)
Total other financing sources	4,261	(4,281)
Net Change in Fund Balances	90,110	(22,455)
Fund balance, beginning	2,138,342	2,160,797
Fund balance, ending	\$ 2,228,452	\$ 2,138,342

As shown in Exhibit 8 above, the Emergency Preparation and Recovery fund for the fiscal year ended September 30, 2023, had a fund balance of \$2,228,452; this amount represented an increase of \$90,110 compared to the prior year.

**Laguna Madre Water District
Management's Discussion & Analysis**

Exhibit 9
Laguna Madre Water District
LIV Project Fund
Statements of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Year Ended September 30,

	2023	2022
Revenues		
Investment earnings	\$ 361,290	\$ -
Total revenues	361,290	-
Expenditures		
Other	50	-
Capital outlay	1,040,675	-
Bond issuance costs	224,480	-
Total expenditures	1,265,205	-
Excess (Deficiency) of revenues over (under) expenditures	(903,915)	-
Other Financing Sources (Uses)		
Issuance of debt	20,800,000	-
Transfer to other funds	(870,520)	-
Total other financing sources	19,929,480	-
Net Change in Fund Balances	19,025,565	-
Fund balance, beginning	-	-
Fund balance, ending	\$ 19,025,565	\$ -

As shown in Exhibit 9 above, the LIV Project fund for the fiscal year ended September 30, 2023, had a fund balance of \$19,025,565; this amount represented an increase of \$19,025,565 compared to the prior year.

Laguna Madre Water District Management's Discussion & Analysis

General Fund Budgetary Highlights

For the fiscal year ended September 30, 2023, total actual revenues were under budget by \$(31,854). Total actual expenditures were over budget by \$247,247. Variances between budgeted and actual amounts are not expected to have a significant effect on future services or liquidity of the District. The budget remains in effect the entire year and is revised only if necessary through a budget amendment.

Capital Asset and Debt Administration

As shown in Exhibit 10, the District's investment in capital assets for its governmental activities as of September 30, 2023, amounts to \$59,755,053. The net increase in capital assets for the fiscal year ended September 30, 2023 was \$6,827,264.

Depreciation expense for the year ended September 30, 2023 totaled \$3,308,924.

Exhibit 10
Laguna Madre Water District
Capital Assets
(Net of depreciation)
For the Fiscal Year Ended September 30,

	2023	2022
Land	\$ 1,462,527	\$ 1,462,527
Water rights	4,477,175	4,477,175
Construction in progress	15,846,283	9,386,030
Buildings and improvements	2,657,132	2,785,093
Improvements other than buildings	6,540,910	6,892,194
Machinery and equipment	2,138,112	1,806,291
Infrastructure	59,445,541	58,931,106
Total	\$ 92,567,680	\$ 85,740,416

Additional information on the District's capital assets can be found in Note 6 on page 61 of this report.

Long-Term Debt

At September 30, 2023, the District's total bonded debt, including unamortized premiums, was \$70,466,714. Of this amount, \$56,255,000 is considered to be tax supported debt and \$11,320,000 is considered revenue supported debt. The District also has revenue notes outstanding totaling \$1,575,000.

Laguna Madre Water District Management's Discussion & Analysis

Bond Ratings

The District maintains the following general obligation and revenue bond credit ratings:

	Moody's Investors Service	Standard & Poor's
General obligation bonds	Aa2	AA-
Revenue bonds	A1	N/A

Exhibit 11 shows the District's outstanding long-term debt as of September 30, 2023.

Exhibit 11
Laguna Madre Water District
Long-Term Liabilities
For the Fiscal Year Ended September 30,

	2023	2022
Revenue notes payable	\$ 1,575,000	\$ 1,860,000
General obligation tax bonds	56,255,000	36,135,000
Revenue bonds	11,320,000	12,210,000
Plus: Unamortized premium	2,891,714	3,078,624
Total bonds payable	70,466,714	51,423,624
Compensated absences	122,399	108,154
Financing agreement payable	-	13,753
Net pension liability	1,795,830	-
Total long-term liabilities	\$ 73,959,943	\$ 53,405,531

Additional information on the District's long-term debt can be found in Note 7 on pages 62-65 of this report.

Laguna Madre Water District Management's Discussion & Analysis

Economic Factors and Next Year's Budgets and Rates

The following economic factors currently affect the Laguna Madre Water District and were considered in developing the 2023-2024 fiscal year budget.

- Water restrictions caused by low reservoir levels in our region have limited consumption of water and sewer services. Consumption of water and sewer services in the current year is expected to be limited approximately 5%.
- A 6.95% increase in water and wastewater rates along with a reduction in tiered consumption beginning November 2023 anticipates current expenditure increases in operating costs due to inflation and investments in capital projects.
- A property tax rate decrease of 1.29 cents per hundred or 18.64% is due to property values increasing. The taxes will be used to finance water infrastructure projects, including the renovation of Water Plant Number 1.
- A new property tax rate of 56.31 cents per hundred will be used to finance Long Island Village infrastructure project located in the Long Island Village Defined Area.
- Interest rates are expected to remain elevated, as the Federal Reserve Bank continues to monitor inflation.
- On the expenditure side, a cost-of-living adjustment of 2% will be given to all employees to help alleviate the effects of inflation.
- A Seawater Desalination Feasibility study for \$940,000 will be funded including \$450,000 from a Federal grant for a possible future seawater desalination project. This project could give the District the vital alternative water source it currently does not have.
- Local funds for \$214,000 in addition to revenue bonds from 2019 and 2023 tax bonds are being used to finance ongoing water and sewer rehabilitation projects.
- Over \$170,000 in purchases of heavy equipment, machinery and equipment.

Laguna Madre Water District Management's Discussion & Analysis

Request for Information

This financial report is to provide the District directors, citizens, taxpayers, customers, bondholders, creditors, and other governmental sectors with a general overview of the District's financial condition and to demonstrate the District's accountability for the funds it receives.

If you have any questions regarding this report or need additional information, please contact:

Laguna Madre Water District
Eduardo Salazar, Director of Finance
105 Port Road
Port Isabel, Texas 78578

Phone Number: 956.943.2626
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E-mail: esalazar@lmwd.org
Web Page: lmwd.org

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BASIC FINANCIAL STATEMENTS

Laguna Madre Water District Statement of Net Position and Governmental Funds Balance Sheet

September 30, 2023	General Fund	Emergency Preparation and Recovery Fund	Debt Service Fund	Capital Projects Fund	LIV Project Fund	Total	Adjustments (Note 2)	Statement of Net Position
Assets								
Cash and cash equivalents	\$ 2,297,742	\$ -	\$ -	\$ -	-	\$ 2,297,742	\$ -	\$ 2,297,742
Certificates of deposit (short term)	314,284	-	-	-	-	314,284	-	314,284
Investments	1,514,769	-	-	-	-	1,514,769	-	1,514,769
Receivables, (net):								
Taxes	-	-	75,615	-	-	75,615	-	75,615
Accounts	992,930	-	-	-	-	992,930	-	992,930
Miscellaneous	50,764	-	-	-	-	50,764	-	50,764
Accrued interest	-	-	-	-	150,638	150,638	-	150,638
Internal receivables	132,669	-	-	-	-	132,669	(132,669)	-
Inventories	734,255	-	-	-	-	734,255	-	734,255
Prepaid expenses	167,177	-	-	-	-	167,177	-	167,177
Restricted assets:								
Cash and cash equivalents	692,630	278	32,450	6,134,051	596,056	7,455,465	-	7,455,465
Certificates of deposit (short term)	-	-	813,483	1,003,013	4,594,457	6,410,953	-	6,410,953
Investments (restricted)	423,594	2,228,174	2,155,876	15,219,414	13,699,297	33,726,355	-	33,726,355
Capital assets not being depreciated:								
Non-depreciable	-	-	-	-	-	-	21,785,985	21,785,985
Depreciable, net	-	-	-	-	-	-	70,781,695	70,781,695
Total Assets	7,320,814	2,228,452	3,077,424	22,356,478	19,040,448	54,023,616	92,435,011	146,458,627
Deferred Outflows of Resources								
Deferred outflows related to pension	-	-	-	-	-	-	1,507,122	1,507,122
Total Deferred Outflows of Resources	-	-	-	-	-	-	1,507,122	1,507,122
Liabilities								
Accounts payable	254,808	-	-	1,155,909	14,883	1,425,600	-	1,425,600
Accrued payroll	53,556	-	-	-	-	53,556	-	53,556
Accrued expenses	41,969	-	-	-	-	41,969	-	41,969
Accrued interest	-	-	-	-	-	-	236,720	236,720
Retainage payable	-	-	-	795,264	-	795,264	-	795,264
Internal payables	-	-	-	132,669	-	132,669	(132,669)	-
Customer deposits	580,038	-	-	-	-	580,038	-	580,038
Non-current liabilities:								
Due within one year								
Notes payable	-	-	-	-	-	-	295,000	295,000
Bonds payable	-	-	-	-	-	-	2,195,000	2,195,000
Compensated absences	-	-	-	-	-	-	25,000	25,000
Due in more than one year								
Notes payable	-	-	-	-	-	-	1,280,000	1,280,000
Bonds payable	-	-	-	-	-	-	68,271,714	68,271,714
Compensated absences	-	-	-	-	-	-	97,399	97,399
Net pension liability	-	-	-	-	-	-	1,795,830	1,795,830
Total Liabilities	930,371	-	-	2,083,842	14,883	3,029,096	74,063,994	77,093,090
Deferred Inflows of Resources								
Unavailable tax revenue	-	-	62,363	-	-	62,363	(62,363)	-
Deferred charge on refunding	-	-	-	-	-	-	51,145	51,145
Deferred inflows related to pension	-	-	-	-	-	-	1,281	1,281
Total Deferred Inflows of Resources	-	-	62,363	-	-	62,363	(9,937)	52,426
FUND BALANCES/NET POSITION								
Fund balances:								
Non-spendable:								
Prepaid items	167,177	-	-	-	-	167,177	(167,177)	-
Inventories	734,255	-	-	-	-	734,255	(734,255)	-
Restricted:								
Meter deposits	-	-	-	-	-	-	-	-
Debt service	-	-	3,015,061	-	-	3,015,061	(3,015,061)	-
Capital projects	-	-	-	20,272,636	19,025,565	39,298,201	(39,298,201)	-
Committed:								
Annexation	-	-	-	-	-	-	-	-
Sale of land	-	-	-	-	-	-	-	-
Emergency reserve	-	2,228,452	-	-	-	2,228,452	(2,228,452)	-
Assigned:								
Unassigned	5,395,586	-	-	-	-	5,395,586	(5,395,586)	-
Total fund balances	6,390,443	2,228,452	3,015,061	20,272,636	19,025,565	50,932,157	(50,932,157)	-
Net Position (Government-wide):								
Net investment in capital assets							59,755,053	59,755,053
Restricted for:								
Debt service							3,015,061	3,015,061
Unrestricted							8,050,119	8,050,119
Total net position							\$ 70,820,233	\$ 70,820,233

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

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Laguna Madre Water District

Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances

<i>For the Fiscal Year Ended September 30, 2023</i>	General Fund	Emergency Preparation and Recovery Fund	Debt Service Fund	Capital Projects Fund	LIV Project Fund	Total	Adjustments (Note 2)	Statement of Activities
Expenditures/expenses:								
Water/Wastewater Service operations:								
Administration	412,345	-	-	-	-	412,345	-	412,345
Contracted services	254,149	-	110,349	-	-	364,498	-	364,498
Insurance	340,626	-	-	-	-	340,626	-	340,626
Professional fees	181,408	-	-	-	-	181,408	-	181,408
Payroll and benefits	5,980,177	-	-	-	-	5,980,177	14,246	5,994,423
Utilities	842,050	-	-	-	-	842,050	-	842,050
Materials and supplies	1,783,127	-	-	-	-	1,783,127	-	1,783,127
Repairs and maintenance	345,055	-	-	-	-	345,055	-	345,055
Depreciation	-	-	-	-	-	-	3,308,924	3,308,924
Other	79,039	-	-	91,749	50	170,838	-	170,838
Capital outlay	839,930	-	-	8,255,583	1,040,675	10,136,188	(10,136,188)	-
Debt service:								
Principal	-	-	1,855,000	-	-	1,855,000	(1,855,000)	-
Financing agreement principal	13,754	-	-	-	-	13,754	(13,754)	-
Interest and fiscal charges	421	-	2,706,670	-	-	2,707,091	(202,545)	2,504,546
Bond issuance costs	-	-	479,700	-	224,480	704,180	-	704,180
Total expenditures/expenses	11,072,081	-	5,151,719	8,347,332	1,265,205	25,836,337	(8,884,317)	16,952,020
Program Revenues:								
Charges for services:								
Water services	\$ 6,077,769	\$ -	\$ -	\$ -	\$ -	\$ 6,077,769	\$ -	\$ 6,077,769
Wastewater services	6,081,173	-	-	-	-	6,081,173	-	6,081,173
Other water sales	95,350	-	-	-	-	95,350	-	95,350
Late fees	81,919	-	-	-	-	81,919	-	81,919
Tap fees	328,017	-	-	-	-	328,017	-	328,017
Annexation fees	7,000	-	-	-	-	7,000	-	7,000
Operating grants and contributions:								
Intergovernmental	28,989	-	-	-	-	28,989	-	28,989
Total program revenues	12,700,217	-	-	-	-	12,700,217	-	12,700,217
Net program expense								4,251,803
General Revenues:								
Property taxes	-	-	2,828,704	-	-	2,828,704	11,680	2,840,384
Penalties and interest	-	-	30,049	-	-	30,049	-	30,049
Investment earnings	179,658	51,198	145,079	1,032,323	361,290	1,769,548	-	1,769,548
Net pension income	-	-	-	-	-	-	135,244	135,244
Miscellaneous	252,831	34,651	12,249	-	-	299,731	-	299,731
Total general revenues	432,489	85,849	3,016,081	1,032,323	361,290	4,928,032	146,924	5,074,956
Excess (deficiency) of revenues over (under) expenditures								
	2,060,625	85,849	(2,135,638)	(7,315,009)	(903,915)	(8,208,088)	9,031,241	823,153
Other financing sources (uses)								
Issuance of debt	-	-	-	-	20,800,000	20,800,000	(20,800,000)	-
Gain or loss on disposal of assets	58,553	-	-	-	-	58,553	-	58,553
Transfers In	270	4,281	2,268,565	1,035,000	-	3,308,116	(3,308,116)	-
Transfers Out	(2,437,326)	(20)	-	(250)	(870,520)	(3,308,116)	3,308,116	-
Total other financing sources (uses)	(2,378,503)	4,261	2,268,565	1,034,750	19,929,480	20,858,553	(20,800,000)	58,553
Net change in fund balances								
	(317,878)	90,110	132,927	(6,280,259)	19,025,565	12,650,465	(12,650,465)	-
Change in net position								881,706
Fund balances/net position:								
Beginning of the year	6,708,321	2,138,342	2,882,134	26,552,895	-	38,281,692	31,656,835	69,938,527
End of the year	\$ 6,390,443	\$ 2,228,452	\$ 3,015,061	\$ 20,272,636	\$ 19,025,565	\$ 50,932,157	\$ 19,888,076	\$ 70,820,233

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

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Laguna Madre Water District (the “District”) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Government Accounting Standards Board (“GASB”) is the accepted standard-setting body for established governmental accounting and financial reporting principles. The most significant of the District’s accounting policies are described below.

Reporting Entity

The Laguna Madre Water District was organized on October 10, 1973 to create a municipal utility district, and is governed by a five-member Board of Directors. The District is governed pursuant to provisions of the Texas Commission on Environmental Quality. Service areas include Port Isabel, South Padre Island and Laguna Vista, Texas, and surrounding areas. The District was established for the purpose of providing water and wastewater services to its residents and taxpayers.

The District follows GASB accounting pronouncements, which provide guidance for determining which governmental activities, organizations, and functions should be included within the financial reporting entity. In evaluating the District as a reporting entity, management has considered all potential component units in accordance with Section 2100: *Defining the Financial Reporting Entity* of the Governmental Accounting Standards Board (GASB) Codification. The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

Basis of Presentation - Government-wide and Fund Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the District. As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

The fund financial statements provide information about the District’s funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts which are segregated for the purpose of accounting for specific activities. The District uses funds to report results of operations and financial position, and demonstrate compliance with legal, contractual and regulatory requirements.

The District reports the following major governmental funds:

- The *general fund* is the District’s primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation - Government-wide and Fund Financial Statements (Continued)

- The *emergency preparation and recovery fund* is used for preparing for and recovering from man-made or natural disasters or emergencies.
- The *debt service fund* is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.
- The *capital projects fund* accounts for the acquisition or construction of the District's major capital facilities.
- The *LIV project fund* accounts for resources restricted for the District's Long Island Village renovations project.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

Governmental fund financial statements are reported using the *current financial resources measurements focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payments are due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under financing agreements are reported as other financing sources.

Property taxes associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

Budgetary Information

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general and debt service funds. All annual appropriations lapse at fiscal year-end. Project-length financial plans are adopted for all capital projects funds.

The appropriated budget is prepared by fund and department. The District's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the General Manager. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is at the total expenditure level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances represent commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget. See Note 15 for significant outstanding encumbrances for each fund.

Laguna Madre Water District Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

The District's investing activity is governed by Texas Government Code Chapter 2256, The Public Funds Investment Act (the "Act"). The Act authorizes the District to invest in obligations of the United States or its agencies and instrumentalities, certificates of deposit, money market mutual funds, and State and local government investment pools. The Act requires the District to adopt and implement an investment policy on an annual basis that addresses (1) safety of principal and liquidity and (2) investment diversification, yield, and maturity and the quality and capability of investment management. The District's management believes it has substantially complied with the requirements of the Act and the District's investment policy.

Inventories and Prepaid Items

Inventories are valued at cost using the average cost method and consist of materials, meters and expendable supplies. The cost of such inventories is recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures when consumed rather than when purchased.

Accounts Receivable

Unbilled receivables – An amount for unbilled revenue is recorded for services rendered, but not yet billed as of the end of the fiscal year. The receivable is derived from the cycle billings generated subsequent to fiscal year end.

Allowance for doubtful accounts – Accounts receivable have been reported net of the allowance for doubtful accounts. Accounts receivable in excess of 120 days are subject to being considered as uncollectible.

Property Taxes

Property taxes are levied each October 1st on the basis of assessed values and are due upon receipt of the tax bill. Taxes become delinquent February 1st of the following year at which time penalties and interest are applicable. Discounts of 3%, 2%, and 1% are granted for payments received in October, November, and December, respectively. Liens for unpaid taxes go into effect on July 1st of the year taxes become delinquent.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Assets

Certain assets of the District are classified as restricted assets on the statement of net position because their use is limited by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors, grantors, contributors or laws or regulations of other governments. Special restricted asset accounts have been established to account for the sources and uses of these limited use assets as follows:

Customer deposit accounts – Used to account for customer deposits which are refunded upon termination of service with the District and satisfaction of all obligations due.

Bond proceed and debt service accounts – Includes certain proceeds from issuance of general obligation and revenue bonds, as well as certain resources set aside for the repayment of general obligation and revenue bonds.

Capital Assets

Capital assets, which include property, plant, equipment, water rights, and infrastructure assets (e.g., sidewalks and similar items) are reported in the applicable governmental activities columns in the governmental-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical costs or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donations.

Land, water rights, and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated using the straight line method over the following estimated useful lives.

Asset Class	Estimated Useful Lives
Buildings	40
Improvements other than buildings	20
Furniture and fixtures	10
Equipment	10
Motor vehicles	8
Water and wastewater plant in service	50
Infrastructure	50

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds and is recorded as an adjustment to interest expense. Bonds payable are reported net of the applicable bond premium or discount. In accordance with GASB Codification Section 130: *Interest Costs – Imputation*, bond issuance costs are expensed in the period incurred except for prepaid insurance costs.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas County & District Retirement System (TCDRS) and additions to/deductions from TCERS' Fiduciary Net Position have been determined on the same basis as they are reported by TCERS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in the accordance with the benefit terms. Investments are reported at fair value.

Compensated Absences

The District's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. Accumulated sick leave lapses when employees leave the employ of the District and, upon separation from service, no monetary obligation exists.

Deferred Compensation Plan

The District offers a separate deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all District employees permits them to defer a portion of their salary, until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Amendments to the laws governing Section 457 Deferred Compensation Plans substantially became effective January 1, 1997. The District approved plan amendments such that plan assets are held in trust, with Nationwide Retirement Solutions and ING Aetna Life Insurance and Annuity Company as trustees, for the exclusive benefit of the plan participants and their beneficiaries. The assets will not be diverted to any other purpose.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Compensation Plan (Continued)

The District does not have legal access to the resources of the deferred compensation plan; as such the plan is not reported in the District's financial statements.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has one item that qualifies for reporting in this category. Deferred outflows related to pension reported in the government-wide statement of net position rise from amounts permitted to be recognized as part of pension expense over a period of years. These expenses are related to differences between expected and actual plan experience, changes in assumptions, differences between projected and actual investments earnings, and employer contributions made subsequent to the measurement date through the District's year end. The deferred outflow of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. Deferred outflows of resources related to pensions resulting from differences between projected and actual investments earnings are recognized in pension expense over a period of five years. Other pension related deferred outflows are recognized in pension expense over the remaining service life for all active, inactive, and retired members.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statements element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. One item is a deferred inflow related to a deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Another item, *unavailable tax revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. This amount is recognized as an inflow of resources in the period that the amount becomes available. Deferred inflows related to pensions reported in the government-wide statement of net position result from differences between expected and actual plan experience. The deferred inflows of resources related to pension are recognized in pension expense over the average remaining service life for all active, inactive, and retired members.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Balance Flow Assumption

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

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The nonspendable fund balance classification includes amount that cannot be spent because they are either in nonspendable form or they are legally required to be maintained intact. Examples of nonspendable fund balances include inventory and prepaid items.

The restricted fund balance includes resources that can be spent only for specific purposes stipulated by constitution, external resource providers (creditors, grantors, contributors, etc.), laws and regulations of other governments, or through enabling legislation.

The committed fund balance classification includes amounts that can be used only for the specific purpose determined by a formal action of the District’s highest level of decision-making authority. The Board of Directors is the highest level of decision-making authority for the District that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Laguna Madre Water District Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Policies (Continued)

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board of Directors has by resolution authorized the General Manager and Director of Finance to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned fund balance is the residual classification for the General Fund.

Use of Estimates

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

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, March 27, 2024. See Note 16 for relevant disclosures. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Recently Issued and Implemented Accounting Pronouncements

In the fiscal year 2023 the District implemented the following pronouncements:

GASB Statement No. 96, *Subscriptions-Based Information Technology Arrangements*, provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset an intangible asset-and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. There were no significant impacts of implementing this Statement.

Laguna Madre Water District Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (Continued)

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These Statements are as follows:

GASB Statement No. 100, *Accounting Changes and Error Corrections*, This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 101, *Compensated Absences*, The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

The District is evaluating the requirements of the above statements and the impact on reporting.

**Laguna Madre Water District
Notes to Financial Statements**

NOTE 2: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Total fund balances - governmental funds (pages 39-40)	\$	50,932,157
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		92,567,680
Deferred outflows of resources related to pension earnings are not recognized in governmental funds; however, they are recorded in the statement of net position under full accrual accounting.		1,507,122
Deferred inflows of resources related to pension earnings are not recognized in governmental funds; however, they are recorded in the statement of net position under full accrual accounting.		(1,281)
Unavailable tax revenue is not available to pay for current period expenditures and therefore is reported as unavailable revenue in the funds.		62,363
Long-term liabilities, including net pension liability and bonds payable, are not due and payable in the current period and, therefore are not reported in the funds.		(74,247,808)
<u>Net position of governmental activities (pages 39-40)</u>	<u>\$</u>	<u>70,820,233</u>

One element of that reconciliation explains that “capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.” The details of this \$92,567,680 are as follows:

Land	\$	1,462,527
Water Rights		4,477,175
Construction in progress		15,846,283
Buildings and improvements, net		2,657,132
Improvements other than buildings, net		6,540,910
Machinery and equipment, net		2,138,112
Infrastructure, net		59,445,541
<u>Net adjustments to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i></u>	<u>\$</u>	<u>92,567,680</u>

**Laguna Madre Water District
Notes to Financial Statements**

NOTE 2: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

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

Another element of that reconciliation explains that “long-term liabilities, including net pension liability and compensated absences, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$(74,247,808) difference are as follows:

Revenue notes payable	\$ (1,575,000)
General obligation bonds payable	(56,255,000)
Revenue bonds payable	(11,320,000)
Deferred charge on refunding (to be amortized as interest expense)	(51,145)
Issuance premiums (to be amortized as interest expense)	(2,891,714)
Net pension liability	(1,795,830)
Accrued interest payable	(236,720)
Compensated absences	(122,399)
<hr/>	
Net adjustment to increase <i>fund balance - total governmental funds</i>	
to arrive at <i>net position - governmental activities</i>	\$ (74,247,808)
<hr/>	

**Laguna Madre Water District
Notes to Financial Statements**

NOTE 2: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statements of activities

Net change in fund balances – total governmental funds (pages 41-42) \$ 12,650,465

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period. 6,827,264

The calculated pension income on the statement of activities was greater than the cash pension contributions reported in the funds and therefore increases net position. 135,244

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 11,680

Compensated absences are reported in the statement of activities when earned. As they do not require the use of current financial resources, they are not reported as expenditures on governmental funds until they have matured. This is the amount of compensated absences reported in the statement of activities in the prior year that has matured in the current year. (14,246)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental fund, while the repayment of the principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effects on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (18,931,246)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. 202,545

Change in net position of governmental activities (page 41-42) \$ 881,706

**Laguna Madre Water District
Notes to Financial Statements**

NOTE 2: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statements of activities (Continued)

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances-total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$6,827,264 difference are as follows:

Capital outlay	\$	10,136,188
Depreciation expense		(3,308,924)
<hr/>		
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities	\$	6,827,264
<hr/>		

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statements of activities. This amount \$18,931,246 is the net effect of these differences in the treatment of long-term debt and related items. The details of the \$18,931,246 difference are as follows:

Debt issued:		
Revenue bonds	\$	20,800,000
Principal repayments:		
Revenue bonds		(890,000)
General obligation bonds		(680,000)
Revenue notes		(285,000)
Financing agreements		(13,754)
<hr/>		
Net adjustment to increase <i>changes in fund balance-total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$	18,931,246
<hr/>		

**Laguna Madre Water District
Notes to Financial Statements**

NOTE 2: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statements of activities (Continued)

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$(202,545) difference are as follows:

Accrued interest	\$	(7,920)
Amortization of deferred charge on refunding		(7,715)
Amortization of bond premiums		(186,910)
<hr/>		
Net adjustment to decrease changes in <i>fund balance-total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$	(202,545)
<hr/>		

NOTE 3: LEGAL COMPLIANCE

Budget

1. As required by the Texas Water Code, the General Manager submits to the Board of Directors the proposed executive budgets for the fiscal year prior to the beginning of such fiscal year.
2. Budget Workshops are conducted to obtain rate payers comments.
3. The original amount of appropriated budgets and any revisions of such budgets that affect the overall fund total expenditures are made through appropriate budget resolutions by the Board of Directors. The original annual appropriated budgets are adopted by resolution by the Board of Directors prior to the beginning of the fiscal year as required by state law. The final annual amended appropriated budgets are shown in this report. The overall fund total of actual expenditures cannot exceed the overall fund total of appropriated expenditures for such funds.
4. The General Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the overall total of appropriated expenditures of any fund must be approved by the Board of Directors.
5. Appropriations lapse at the end of each fiscal year.
6. Actual expenditures exceeded budgeted amounts in the General Fund by \$247,247. This was largely due to increases in capital outlay beyond initially budgeted amounts.

A Budget is not prepared for the Capital Projects fund since funds are budgeted over the life of the respective project and not on an annual basis.

Laguna Madre Water District Notes to Financial Statements

NOTE 4: DEPOSITS AND INVESTMENTS

Deposits and investments as of September 30, 2023 are classified in the accompanying financial statements as follows:

Unrestricted - cash and cash equivalents	\$ 2,297,742
Unrestricted - investments (certificates of deposit 0-3 months)	314,284
Unrestricted - investments (certificates of deposit 3+ months)	1,514,769
Total	\$ 4,126,795

Restricted deposits and investments as of September 30, 2023 consist of the following:

Restricted - cash and cash equivalents	\$ 7,455,465
Restricted - investments (certificates of deposit 0-3 months)	6,410,953
Restricted - investments (certificates of deposit 3+ months)	33,726,355
Total	\$ 47,592,773

Investments Authorized by District Investment Policy – The table below identifies the investment types that are authorized for the District by its investment policy. The table also identifies certain provision of the District’s investment policy that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Of Portfolio	Maximum Investment In One Issuer
U.S. Treasury and Agency Obligations	2 years	None	None
Local Government Investment Pools	2 years	None	None
Money Market Funds	2 years	None	None
Time Certificates of Deposit	2 years	None	None

Interest Rate Risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The investment policy of the District states that, to the extent possible, investments shall be matched with anticipated cash flow requirements and known future liabilities. Unless matched to a specific cash flow requirement, the District will not invest in securities maturing more than two years from the date of purchase. In addition, the District will invest operating funds primarily in financial institution deposits, shorter-term securities, money market mutual funds, or local government investment pools functioning as money market mutual funds. The District will also diversify maturities and stagger maturity dates to minimize the impact of market movements over time.

NOTE 4: DEPOSITS AND INVESTMENTS (Continued)

Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. U.S. Treasury securities are not considered to have credit risk exposure.

Concentration of Credit Risk – The investment policy of the District contains no limitations on the amount that can be invested in any one issuer.

Custodial Credit Risk – Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District would not be able to recover its deposits or would not be able to recover collateral securities that are in the possession of an outside party. Bank balances are covered by Federal Depository Insurance Corporation (FDIC) insurance of \$250,000. Bank accounts and certificates of deposit in excess of FDIC insurance are covered with collateralized securities or letters of credit held by financial institutions in the District’s name. As of September 30, 2023, the District’s fair value of pledged securities was \$53,021,752 and the bank deposits requiring collateral were \$45,017,776. The bank balances as of September 30, 2023 were fully insured by FDIC coverage and collateral pledged by financial institutions.

Fair Value – GASB Codification Section 3100: *Fair Value Measurements* establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under the codification are described as follows:

- Level 1 (L1): Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the District has the ability to access.
- Level 2 (L2): Inputs to the valuation methodology include:
- quoted prices for similar assets or liabilities in active markets;
 - quoted prices for identical or similar assets or liabilities in inactive markets;
 - inputs other than quoted prices that are observable for the asset or liability;
 - inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 (L3): Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Laguna Madre Water District Notes to Financial Statements

NOTE 4: DEPOSITS AND INVESTMENTS (Continued)

The following table sets forth by level, within the fair value hierarchy, the District's assets at fair value as of September 30, 2023:

Investments by Fair Value Level	Fair Value	Maturities			Level
		Less than 1	1 - 5 years	More than 5	
Money market accounts	\$ 4,588,883	\$ 4,588,883	\$ -	\$ -	L1
Money market mutual funds	122,013	122,013	-	-	L1
Certificates of deposit (0-3 months)	6,725,237	6,725,237	-	-	L1
Certificates of deposit (3+ months)	35,241,124	31,839,356	3,401,768	-	L1
Total Investments measured by fair value level	\$ 46,677,257	\$ 43,275,489	\$ 3,401,768	\$ -	

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2023.

Mutual Funds – Mutual funds classified in Level 1 of the fair value hierarchy are valued using quoted market prices for those investments. Mutual funds classified in Level 2 of the fair value hierarchy, while underlying securities have observable Level 1 pricing inputs or observable Level 2 significant other pricing inputs, are not publicly quoted and are based on market-corroborated data.

NOTE 5: RECEIVABLES

Receivables at September 30, 2023, including the applicable allowance for uncollectible accounts are as follows:

	General	Debt Service	LIV Project	Total
Taxes	\$ -	\$ 78,897	-	\$ 78,897
Accounts	1,001,294	-	-	1,001,294
Miscellaneous	50,764	-	-	50,764
Accrued interest	-	-	150,638	150,638
Gross receivables	1,052,058	78,897	150,638	1,281,593
Less: Allowance for uncollectible	(8,364)	(3,282)	-	(11,646)
Net total receivables	\$ 1,043,694	\$ 75,615	\$ 150,638	\$ 1,269,947

Laguna Madre Water District Notes to Financial Statements

NOTE 6: CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2023 was as follows:

Governmental activities:	Balance 9/30/2022	Additions	Retirements	Reclassifications	Balance 9/30/2023
<i>Capital assets not being depreciated:</i>					
Land and easements	\$ 1,462,527	\$ -	\$ -	\$ -	\$ 1,462,527
Water rights	4,477,175	-	-	-	4,477,175
Construction in progress	9,386,030	9,296,260	-	(2,836,007)	15,846,283
Total capital assets, not being depreciated	15,325,732	9,296,260	-	(2,836,007)	21,785,985
<i>Capital assets being depreciated:</i>					
Buildings & improvements	4,562,855	-	-	-	4,562,855
Improvements other than buildings	10,681,811	182,860	-	-	10,864,671
Machinery and equipment	3,934,978	657,068	(375,249)	-	4,216,797
Infrastructure	111,605,218	-	-	2,836,007	114,441,225
Total capital assets being depreciated	130,784,862	839,928	(375,249)	2,836,007	134,085,548
<i>Less Accumulated Depreciation for:</i>					
Buildings & improvements	(1,777,762)	(127,961)	-	-	(1,905,723)
Improvements other than buildings	(3,789,617)	(534,144)	-	-	(4,323,761)
Machinery and equipment	(2,128,687)	(325,247)	375,249	-	(2,078,685)
Infrastructure	(52,674,112)	(2,321,572)	-	-	(54,995,684)
Total accumulated depreciation	(60,370,178)	(3,308,924)	375,249	-	(63,303,853)
Total capital assets being depreciated, net	70,414,684	(2,468,996)	-	2,836,007	70,781,695
Governmental activities capital assets, net	\$ 85,740,416	\$ 6,827,264	\$ -	\$ -	\$ 92,567,680

Depreciation expense for water/wastewater services for the fiscal year was \$3,308,924.

NOTE 7: LONG-TERM DEBT AND LIABILITIES

Bonds Payable

General Obligation Bonds

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The general obligation bonds are direct obligations and pledge the full faith and credit of the District. The bonds are collateralized by and payable from the levy of a continuing direct annual ad valorem tax, without limit as to the rate or amount, upon all taxable property within the District. These bonds generally are issued as 25-year serial bonds with equal amounts of principal maturing each year. The District currently has two general obligation tax bond issues outstanding.

NOTE 7: LONG-TERM DEBT AND LIABILITIES (Continued)

Bonds Payable (Continued)

On May 15, 2012, the District issued \$21,170,000 Unlimited Tax Bonds, Series 2012 for the purpose of water distribution improvements, wastewater collection improvements, wastewater effluent reuse improvements, Cuates pump station and pipeline improvements, and improvements to Water Plant No. 2. As of September 30, 2023, this bond was refunded in the Unlimited Tax Refunding Bonds, Series 2022A.

On March 2, 2016, the District issued \$2,580,000 Unlimited Tax Bonds, Series 2016 for the purpose of water distribution improvements, wastewater collection improvements, wastewater effluent reuse improvements, Cuates pump station and pipeline improvements, and improvements to Water Plant No. 2.

On April 19, 2022, the District issued \$26,335,000 for the purpose of Water Plant No. 1 Modifications to upgrade existing water treatment plant located in Port Isabel to improve water quality and restore 5 MGD treatment capacity, a new 600,000 Elevated Storage Tank, and water distribution system improvements.

On April 19, 2022, the District issued \$8,330,000 Unlimited Tax Refunding Bonds, Series 2022A for the purpose of water distribution improvements, wastewater collection improvements, wastewater effluent reuse improvements, Cuates pump station and pipeline improvements, and improvements to Water Plant No. 2. The proceeds were used to advance refund \$9,300,000 of outstanding Unlimited Tax Bonds, Series 2012. The refunding was undertaken to reduce total debt service payments over the next 10 years by \$584,629 to obtain an economic gain (difference between the present value of the debt service payment of the refunded and refunding bonds) of \$511,673.

On April 27, 2023, the District issued \$20,800,000 Unlimited Tax Bonds, Series 2023 for the purpose of water distribution improvements, wastewater collection improvements, wastewater effluent reuse improvements, Cuates pump station and pipeline improvements, and improvements to Water Plant No. 2.

Waterworks and Sewer System Revenue Bonds

The District issues revenue bonds to provide funds for the acquisition and construction of major capital facilities. Principal and interest on the revenue bonds are payable from the net revenues derived from the operation of the District's water and wastewater system. The District currently has three general obligation tax bond issues outstanding.

On April 1, 2015, the District issued \$6,345,000 Waterworks and Sewer System Revenue Refunding Bonds, Series 2015. The proceeds were used to advance refund \$6,070,000 of outstanding 2007 Series Waterworks and Sewer System revenue bonds. The refunding was undertaken to reduce total debt service payments over the next 13 years by \$589,787 to obtain an economic gain (difference between the present value of the debt service payment of the refunded and refunding bonds) of \$378,940.

Laguna Madre Water District Notes to Financial Statements

NOTE 7: LONG-TERM DEBT AND LIABILITIES (Continued)

Bonds Payable (Continued)

On October 16, 2016, the District issued \$5,815,000 Waterworks and Sewer System Revenue Bonds, Series 2016 for the purpose of making improvements to its existing Port Isabel Wastewater Treatment Plant, including installing a new blower, new return activated sludge/waste activated sludge (RAS/WAS) pump station and new headworks on the existing plant site. Improvements also include replacing the plant's aeration basin, digester diffusers, air piping, electrical system and controls.

On June 26, 2019, the District issued \$5,425,000 Waterworks and Sewer System Revenue Bonds, Series 2019. The notes are issued to provide for the payment of costs associated with the issuance and for making improvements and extensions to the District's Waterworks and Sewer system.

Advance Refunding

In prior years, the District defeased certain outstanding bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the respective trust account assets and related liabilities for the defeased bonds are not included in the District's financial statements. At September 30, 2023, the following outstanding bonds are considered defeased:

Series	Ending Balance
2007	\$3,910,000
2012	\$9,300,000

The following is a schedule of bonds outstanding at September 30, 2023:

Bond Issue	Interest Rate	Balance at September 30, 2023
\$2,580,000 Unlimited Tax Bonds, Series 2016. Issued March 2, 2016. Maturity date June 1, 2032.	2.29%	\$ 1,300,000
\$26,335,000 Unlimited Tax Bonds, Series 2022. Issued April 19, 2022. Maturity date March 1, 2052.	4% - 5%	26,335,000
\$8,330,000 Unlimited Tax Refunding Bonds, Series 2022A. Issued April 19, 2022. Maturity date March 1, 2032.	5%	7,820,000
\$20,800,000 Unlimited Tax Bonds, Series 2023 Issued April 27, 2023. Maturity date March 1, 2053.	5%	20,800,000
Total General Obligation Tax Bonds		56,255,000
\$6,345,000 Waterworks and Sewer System Revenue Refunding Bonds, Series 2015. Issued April 1, 2015. Maturity date March 1, 2027.	2.64%	2,310,000
\$5,815,000 Waterworks and Sewer System Revenue Bonds, Series 2016. Issued October 16, 2016. Maturity date March 1, 2036	0.010% - 1.37%	3,855,000
\$5,425,000 Waterworks and Sewer System Revenue Bonds, Series 2019. Issued June 26, 2019. Maturity date March 1, 2034.	0.010% - 0.820%	5,155,000
Total Waterworks and Sewer System Revenue Bonds		\$ 11,320,000

Laguna Madre Water District Notes to Financial Statements

NOTE 7: LONG-TERM DEBT AND LIABILITIES (Continued)

Notes Payable

On November 28, 2018, the District issued \$2,875,000 Waterworks and Sewer System Revenue Notes, Series 2018. The notes are issued to provide for the payment of costs associated with the issuance, for making improvements to the District's Waterworks and Sewer System and to deposit funds in the debt reserve account.

Principal and interest on the revenue notes are payable from the net revenues derived from the operation of the District's water and wastewater system.

The following is a schedule of notes outstanding at September 30, 2023:

Note Issue	Interest Rate	Balance at September 30, 2023
\$2,875,000 Waterworks and Sewer System Revenue Notes, Series 2018. Issued November 28, 2018. Maturity date March 1, 2028.	3.25%	\$ 1,575,000

Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation and personal leave benefits. All leave is accrued when earned in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they are due, for example, because of employee resignations and retirements. As of September 30, 2023 the amount of compensated absences due within one year was \$25,000.

Changes in long-term liabilities

Changes in the District's long-term liabilities for the year ended September 30, 2023 are as follows:

	September 30, 2022	Additions	Reductions	September 30, 2023	Due Within One Year
Notes payable					
Revenue Notes, Series 2018	\$ 1,860,000	\$ -	\$ (285,000)	\$ 1,575,000	\$ 295,000
Total notes from direct borrowings	1,860,000	-	(285,000)	1,575,000	295,000
Bonds payable					
General Obligation Tax Bonds	36,135,000	20,800,000	(680,000)	56,255,000	1,290,000
Revenue Bonds	12,210,000	-	(890,000)	11,320,000	905,000
Plus: Unamortized Premium	3,078,624	-	(186,910)	2,891,714	-
Total bonds payable	51,423,624	20,800,000	(1,756,910)	70,466,714	2,195,000
Net pension liability (asset)	(310,798)	2,974,876	(868,248)	1,795,830	-
Financing Agreement Payable	13,754	-	(13,754)	-	-
Compensated Absences	108,154	216,818	(202,572)	122,400	25,000
Total long-term liabilities	\$ 53,094,734	\$ 23,991,694	\$ (3,126,484)	\$ 73,959,944	\$ 2,515,000

**Laguna Madre Water District
Notes to Financial Statements**

NOTE 7: LONG-TERM DEBT AND LIABILITIES (Continued)

The debt service fund makes the payments on the bonds and revenue notes payable. The net pension liability and the compensated absences are expected to be liquidated by the general fund.

The debt service requirements for the District's notes and bonds payable are as follows:

Year Ending September 30,	Revenue Notes		Revenue Bonds		General Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 295,000	\$ 46,394	\$ 905,000	\$ 122,085	\$ 1,290,000	\$ 2,644,985
2025	305,000	36,644	925,000	105,434	1,345,000	2,583,853
2026	315,000	26,569	945,000	88,060	1,415,000	2,519,720
2027	325,000	16,169	965,000	69,927	1,825,000	2,442,950
2028	335,000	5,444	970,000	58,008	1,910,000	2,353,132
2029-2033	-	-	5,025,000	186,783	9,820,000	10,249,288
2034-2038	-	-	1,585,000	21,931	6,825,000	8,287,124
2039-2043	-	-	-	-	8,625,000	6,509,405
2044-2048	-	-	-	-	10,930,000	4,250,425
2049-2053	-	-	-	-	12,270,000	1,400,695
	\$ 1,575,000	\$ 131,220	\$ 11,320,000	\$ 652,228	\$ 56,255,000	\$ 43,241,577

NOTE 8: EMERGENCY PREPARATION AND RECOVERY FUND

In lieu of a written minimum fund balance policy, the District created an Emergency Preparation and Recovery Fund to minimize the effects of natural or man-made emergencies that may arise and affect the District's operations. This policy, adopted by the Board, states that monies to be placed in this fund shall be in an amount to constitute no less than twenty percent of the District's operating budget. Prior to the use of these monies, the Board must first declare an emergency exists and approve the use of the funds.

NOTE 9: EMPLOYEE RETIREMENT SYSTEM

A. General Information about the Pension Plan

Plan description

The District provides retirement, disability, and death benefits for all of its nontemporary full-time and part-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The TCDRS is an agent multiple-employer, statewide public employee pension plan established by the Texas Legislature in 1967 and administered by a nine member Board of Trustees. The retirement system consists of 602 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a annual comprehensive financial report (ACFR) on a calendar year basis. The ACFR is available upon written request from the TCDRS Board of Trustees at P. O. Box 2034, Austin, Texas 78768-2034.

**Laguna Madre Water District
Notes to Financial Statements**

NOTE 9: EMPLOYEE RETIREMENT SYSTEM (Continued)

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 20 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employees contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer’s commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee’s accumulated deposits and the employer-finance monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Funding Policy

The employer has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members.

Under the TCDRS Act, the contributions rate of the employer is actuarially determined annually and approved by the TCDRS Board of Trustees. The actuarially determined contribution rate is 14.07% and 13.63% for 2023 and 2022, respectively. The District elected to contribute at a rate of 15% and 15% for 2023 and 2022, respectively. The contribution rate payable by the employee members for the calendar years 2023 and 2022 is the rate of 7% as adopted by the governing body of the employer. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

Employees covered by benefit terms

At December 31, 2022, the following employees were covered by the benefit terms:

	Number of Employees
Inactive employees or beneficiaries currently receiving benefits	57
Inactive employees entitled to but not yet receiving benefits	37
Active employees	85
Total	179

**Laguna Madre Water District
Notes to Financial Statements**

NOTE 9: EMPLOYEE RETIREMENT SYSTEM (Continued)

Actuarial assumptions

The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	4.7%, average over career, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

Mortality rates were based on the following:

Depositing members	135% of Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Service retirees, beneficiaries and non-depositing members	135% of Pub-2010 General Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Disabled retirees	160% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

Discount Rate

	Dec 31, 2021	Dec 31, 2022
Discount rate (*2)	7.60%	7.60%
Long-term expected rate of return, net of investment expense (*2)	7.60%	7.60%
Municipal bond rate(*3)	Does not apply	Does not apply

(*2) This rate reflects the long-term rate of return funding valuation assumption of 7.50%, plus 0.10% adjustment to be gross of administrative expenses as required by GASB 68.

(*3) The plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active, inactive, and retired members. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return, and the municipal bond rate does not apply.

NOTE 9: EMPLOYEE RETIREMENT SYSTEM (Continued)

Depletion of Plan Assets/GASB Discount Rates

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

1. The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension plan's fiduciary net position is projected to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term rate of return, calculated using the long-term expected rate of return on pension plan investments.
2. The actuarial present value of projected benefit payments not included in (1), calculated using the municipal bond rate.

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

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

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

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

NOTE 9: EMPLOYEE RETIREMENT SYSTEM (Continued)

4. Any increased cost due to the adoption of a COLA is required to be funded over a period of 15 years, if applicable.

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

Since the projected fiduciary net position is expected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the employer is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses for GASB 68 purposes. Therefore, a discount rate of 7.60% is used. This rate reflects the long-term assumed rate the long-term assumed rate of return on assets for purposes of 7.50%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

Long-term expected rate of return

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2023 information for a 10-year time horizon.

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

Laguna Madre Water District Notes to Financial Statements

NOTE 9: EMPLOYEE RETIREMENT SYSTEM (Continued)

Asset Class	Benchmark	Target Allocation (*1)	Geometric Real Rate of Return (Expected minus inflation) (*2)
US Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.95%
Global Equities	MSCI World (net) Index	2.50%	4.95%
International Equities – Developed Markets	MSCI World Ex USA (net) Index	5.00%	4.95%
International Equities – Emerging Markets	MSCI Emerging Markets (net) Index	6.00%	4.95%
Investment –Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	2.40%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.00%	3.39%
Direct Lending	S&P/LSTA Leveraged Loan Index	16.00%	6.95%
Distressed Debt	Cambridge Associates Distressed Securities Index (*4)	4.00%	7.60%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.15%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	5.30%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index (*5)	6.00%	5.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index(*\$)	25.00%	7.95%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	2.90%
Cash Equivalents	90-Day U.S. Treasury	2.00%	0.20%

(*1) Target asset allocation adopted at the March 2023 TCDRS Board meeting.

(*2) Geometric real rates of return equal the expected return minus the assumed inflation rate of 2.3%, per Cliffwater's 2023 capital market assumptions.

(*3) Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

(*4) Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

(*5) Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

Changes in the Net Pension Liability

The District's net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

Laguna Madre Water District Notes to Financial Statements

NOTE 9: EMPLOYEE RETIREMENT SYSTEM (Continued)

The District's changes in net pension liability were as follows:

	Total Pension Liability (Asset) (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances as of December 31, 2021	\$ 17,483,229	\$ 17,794,027	\$ (310,798)
Changes for the year:			
Service cost	508,804	-	508,804
Interest on total pension liability (*1)	1,335,498	-	1,335,498
Effect of plan changes (*2)	-	-	-
Effect of economic/demographic gains or losses	77,769	-	77,769
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(57,953)	(57,953)	-
Benefit payments	(797,114)	(797,114)	-
Administrative expenses	-	(9,818)	9,818
Member contributions	-	271,596	(271,596)
Net investment income	-	(1,042,987)	1,042,987
Employer contributions	-	581,990	(581,990)
Other (*3)	-	14,662	(14,662)
Balances as of December 31, 2022	\$ 18,550,233	\$ 16,754,403	\$ 1,795,830

(*1) Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

(*2) No plan changes valued.

(*3) Relates to allocation of system-wide items.

Sensitivity Analysis

The following presents the net pension liability/(asset) of the District, calculated using the discount rate of 7.60%, as well as what the District's net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.60%) or 1 percentage point higher (8.60%) than the current rate:

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Total pension liability	\$ 21,066,044	\$ 18,550,233	\$ 16,435,192
Fiduciary net position	16,754,403	16,754,403	16,754,403
Net pension liability (asset)	\$ 4,311,641	\$ 1,795,830	\$ (319,211)

**Laguna Madre Water District
Notes to Financial Statements**

NOTE 9: EMPLOYEE RETIREMENT SYSTEM (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued TCDRS ACFR.

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

For the year ended September 30, 2023, the District recognized pension expense of \$480,866. The District reported deferred inflows and outflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 1,281	\$ 167,106
Changes in assumptions	-	509,289
Net difference between projected and actual earnings	-	350,743
Contributions made subsequent to measurement date (*1)	-	479,984
Total deferred inflows/outflows of resources related to pensions	\$ 1,281	\$ 1,507,122

(*1) Reflects employer contributions made subsequent to the measurement date through the employer’s fiscal year end. This amount will be recognized as a reduction in Net Pension liability for the year ending September 30, 2024.

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

Year ended December 31	
2023	\$ 32,024
2024	222,402
2025	276,788
2026	494,643
2027	-
Thereafter (*1)	-
Total	\$ 1,025,857

(*1) Total remaining balance to be recognized in future years. Note that additional future deferred inflows and outflows of resources may impact these numbers

**Laguna Madre Water District
Notes to Financial Statements**

NOTE 10: RISK MANAGEMENT

The District is exposed to various risk of loss related to torts, theft or damage to, and destruction of assets, error and omissions, injuries to employees, and natural disasters. Significant losses are covered by commercial insurance for all major programs. There have been no significant reductions in insurance coverage.

During the year ended September 30, 2023, employees of the District were covered by a health, dental, and life insurance plan (the “Plan”). The District pays 100% of the premiums for District employees insured through the Plan and 50% of the premiums for employee dependents insured through the Plan. All premiums were paid to a licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement. The contract between the District and the licensed insurer is renewable annually, and terms of coverage and premium costs are included in the contractual provisions. The latest financial statements for United Healthcare are filed with the Texas State Board of Insurance, Austin, Texas and are public records.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund(s). The amount of any expenditures from current or prior years which may be disallowed by grantors cannot be determined at this time although the District expects such amounts not recorded, if any, to be immaterial.

NOTE 11: INTERFUND BALANCES AND TRANSFERS

The composition of interfund balances as of September 30, 2023 were as follows:

Fund	Due From Other Funds	Due To Other Funds	Net
General Fund	\$ 132,669	\$ -	\$ 132,669
Capital Projects Fund	-	132,669	(132,669)
Total	\$ 132,669	\$ 132,669	\$ -

The balances primarily result from the time lag between the dates the 1) transactions are recorded in the accounting system and 2) payments between funds are made.

**Laguna Madre Water District
Notes to Financial Statements**

NOTE 11: INTERFUND BALANCES AND TRANSFERS (Continued)

Interfund transfers for the year ended September 30, 2023 were as follows:

Fund	Transfers In	Transfers Out	Net
General Fund	\$ 270	\$ 2,437,326	\$ (2,437,056)
Debt Service Fund	2,268,565	-	2,268,565
Capital Projects Fund	1,035,000	250	1,034,750
Emergency Fund	4,281	20	4,261
LIV Project Fund	-	870,520	(870,520)
Total	\$ 3,308,116	\$ 3,308,116	\$ -

During the year, transfers were used to (1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due and (2) to transfer note proceeds to the capital projects fund for expenses paid in the prior year that are financed by the revenue notes proceeds.

NOTE 12: AUTHORIZED, ISSUED AND OUTSTANDING DEBT

On May 14, 2011, voters in the Laguna Madre Water District approved two propositions for issuing new bonds. As of September 30, 2023, only a portion of that debt had been issued. The projects are as follows:

	Authorized	Issued May 15, 2012	Issued February 12, 2016	Issued April 27, 2023	Remaining Authorization
System improvements	\$ 23,750,000	\$ 21,170,000	\$ 2,580,000	\$ -	\$ -
Seawater desalination plant	15,655,000	-	-	-	15,655,000
Long Island Village improvements	20,800,000	-	-	20,800,000	-
	\$ 60,205,000	\$ 21,170,000	\$ 2,580,000	\$ 20,800,000	\$ 15,655,000

*Election held on May 7, 2022

On November 3, 2020 voters approved Proposition A authorizing the issuance of bonds, in one or more series, up to an aggregate principal amount of \$27,620,000 to expand and improve the District’s waterworks system and to levy taxes sufficient to pay the principal and interest of bonds subsequently issued. These bonds were issued on April 19, 2022 as the Unlimited Tax Bonds, Series 2022 and the Unlimited Tax Refunding Bonds, Series 2022A.

**Laguna Madre Water District
Notes to Financial Statements**

NOTE 13: MAJOR COMMITMENTS

As of September 30, 2023, the District has committed certain funds for major construction projects and capital acquisitions. The construction projects and capital acquisitions are as follows:

Projects/Capital Acquisitions	Amount committed
Water Plant 1 Improvements	\$ 19,923,233
Elevated Storage Tank Improvements	3,534,165
Water Distribution System Improvements	3,477,602
Non-Construction Cost	685,000
LIV Engineering Services	2,765,000
LIV Construction Contracts	15,540,000
LIV Special Contingency Fund	1,400,000
Total	\$ 47,325,000

NOTE 14: NET INVESTMENT IN CAPITAL ASSETS

The District's net investment in capital assets is as follows:

	Governmental Activities
Net investment in capital assets:	
Capital assets, net of accumulated depreciation	\$ 92,567,680
Less outstanding long-term debt related to capital assets	(69,150,000)
Less capital related accounts and retainage payable	(1,966,056)
Less unamortized bond premium	(2,891,714)
Less deferred charges on refunding	(51,145)
Plus unexpended bond proceeds	41,246,288
Net investment in capital assets	\$ 59,755,053

**Laguna Madre Water District
Notes to Financial Statements**

NOTE 15: ENCUMBRANCES

The District’s significant encumbrances are as follows:

Fund	Amount
Capital Projects Fund	\$ 2,355,947
LIV Project Fund	2,242,993
Total Encumbrances	\$ 4,598,940

No significant encumbrances were outstanding in the general fund or other funds not listed above.

NOTE 16: SUBSEQUENT EVENTS

Management evaluated all events or transactions that occurred after September 30, 2023 through March 27, 2024, the date the current year’s financial statements were available to be issued. The following events occurred:

- a. The District issued 2023 TWDB Revenue Bonds of \$12,980,000 on October 11, 2023.
- b. The District adopted new service rates and a reduction on the structure in tiered consumption.
- c. The Bureau of Reclamation presented a funding opportunity for WaterSmart: Water Recycling and Desalination Planning in the amount of \$490,000. This would require a contribution of \$450,000 from the District. This process is ongoing as of the date of issuance.

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**REQUIRED SUPPLEMENTARY
INFORMATION SECTION**

Laguna Madre Water District
Schedule of Revenues, Expenditures, and Changes in Fund Balance
General Fund – Budget and Actual
For the Fiscal Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Revenues:				
Water services	\$ 6,287,885	\$ 6,287,885	\$ 6,077,769	\$ (210,116)
Wastewater services	6,229,725	6,229,725	6,081,173	(148,552)
Other water sales	52,000	52,000	95,350	43,350
Late fees	64,000	64,000	81,919	17,919
Intergovernmental	-	-	28,989	28,989
Tap fees	225,000	225,000	328,017	103,017
Annexation fees	-	-	7,000	7,000
Investment earnings	128,450	128,450	179,658	51,208
Miscellaneous	177,500	177,500	252,831	75,331
Total revenues	13,164,560	13,164,560	13,132,706	(31,854)
Expenditures:				
Service operations:				
Administration	438,272	411,441	412,345	(904)
Contracted services	293,685	259,448	254,149	5,299
Insurance	358,431	340,627	340,626	1
Professional fees	179,127	181,409	181,408	1
Payroll and benefits	6,078,463	5,979,890	5,980,177	(287)
Utilities	755,120	842,150	842,050	100
Materials and supplies	1,625,340	1,763,305	1,783,127	(19,822)
Repairs and maintenance	670,851	593,666	345,055	248,611
Other	82,223	78,918	79,039	(121)
Capital outlay				
Capital outlay	354,221	359,805	839,930	(480,125)
Financing agreement principal	13,754	13,754	13,754	-
Interest and fiscal charges	421	421	421	-
Total expenditures	10,849,908	10,824,834	11,072,081	(247,247)
Excess (deficiency) of revenues over (under) expenditures	2,314,652	2,339,726	2,060,625	(279,101)
Other financing sources/uses:				
Gain on sale of assets	3,000	3,000	58,553	55,553
Transfers-internal activities	(2,355,952)	(2,429,177)	(2,437,056)	(7,879)
Net other financing sources/uses	(2,352,952)	(2,426,177)	(2,378,503)	47,674
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ (38,300)	\$ (86,451)	\$ (317,878)	\$ (231,427)
Fund balance:				
Beginning of the year			6,708,321	
End of the year			\$ 6,390,443	

Laguna Madre Water District

Notes to Schedule of Revenues, Expenditures, and Changes in Fund Balance
General Fund – Budget and Actual

1. As required by the Texas Water Code, the General Manager submits to the Board of Directors the proposed executive budgets for the fiscal year prior to the beginning of such fiscal year.
2. Budget Workshops are conducted to obtain rate payers comments.
3. The original amount of appropriated budgets and any revisions of such budgets that affect the overall fund total expenditures are made through appropriate budget resolutions by the Board of Directors. The original annual appropriated budgets are adopted by resolution by the Board of Directors prior to the beginning of the fiscal year as required by state law. The final annual amended appropriated budgets are shown in this report. The overall fund total of actual expenditures cannot exceed the overall fund total of appropriated expenditures for such funds.
4. The General Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the overall total of appropriated expenditures of any fund must be approved by the Board of Directors.
5. Appropriations lapse at the end of each fiscal year.
6. Total actual expenditures were over budget by \$247,247. Variances between budgeted and actual amounts are not expected to have a significant effect on future services or liquidity of the District. The budget remains in effect the entire year and is revised only if necessary through a budget amendment.

Laguna Madre Water District Schedule of Changes in Net Pension Liability and Related Ratios

	Year Ended December 31,								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability									
Service cost	\$ 508,804	\$ 482,583	\$ 424,235	\$ 389,487	\$ 341,103	\$ 355,712	\$ 351,190	\$ 369,415	\$ 349,544
Interest on total pension liability	1,335,498	1,250,782	1,177,285	1,105,393	1,045,191	994,321	934,915	909,356	857,968
Effect of plan changes	-	-	-	-	-	-	-	(86,128)	-
Effect of assumption changes or inputs	-	51,612	956,644	-	-	13,650	-	79,690	-
Effect of economic/demographic (gains) or losses	77,769	123,193	43,249	28,059	(7,702)	(6,355)	(63,218)	(252,109)	94,417
Benefit payments/refunds of contributions	(855,067)	(785,630)	(688,331)	(652,635)	(713,652)	(715,704)	(631,962)	(763,280)	(588,331)
Net change in total pension liability	1,067,004	1,122,540	1,913,082	870,304	664,940	641,624	590,925	256,944	713,598
Total pension liability, beginning	17,483,229	16,360,689	14,447,607	13,577,303	12,912,363	12,270,739	11,679,814	11,422,870	10,709,272
Total pension liability, ending (a)	\$ 18,550,233	\$ 17,483,229	\$ 16,360,689	\$ 14,447,607	\$ 13,577,303	\$ 12,912,363	\$ 12,270,739	\$ 11,679,814	\$ 11,422,870
Fiduciary Net Position									
Employer contributions	\$ 581,990	\$ 527,727	\$ 475,427	\$ 448,650	\$ 398,232	\$ 365,000	\$ 346,147	\$ 350,544	\$ 369,552
Member contributions	271,596	246,272	221,866	218,246	224,015	182,504	177,303	177,449	187,581
Investment income net of investment expenses	(1,042,987)	3,206,651	1,367,545	1,866,302	(218,720)	1,508,763	725,930	(25,081)	643,747
Benefit payments/refunds of contributions	(855,067)	(785,630)	(688,331)	(652,635)	(713,652)	(715,704)	(631,962)	(763,280)	(588,331)
Administrative expenses	(9,818)	(9,627)	(10,687)	(10,088)	(9,128)	(7,771)	(7,894)	(7,167)	(7,549)
Other	14,662	3,693	1,577	2,332	(1,550)	(2,244)	(73,059)	(25,499)	15,773
Net change in in fiduciary net position	(1,039,624)	3,189,086	1,367,397	1,872,807	(320,803)	1,330,548	536,465	(293,034)	620,773
Fiduciary net position, beginning	17,794,027	14,604,941	13,237,544	11,364,737	11,685,540	10,354,992	9,818,527	10,111,561	9,490,788
Fiduciary net position, ending (b)	\$ 16,754,403	\$ 17,794,027	\$ 14,604,941	\$ 13,237,544	\$ 11,364,737	\$ 11,685,540	\$ 10,354,992	\$ 9,818,527	\$ 10,111,561
Net pension liability / (asset), ending = (a) - (b)	\$ 1,795,830	\$ (310,798)	\$ 1,755,748	\$ 1,210,063	\$ 2,212,566	\$ 1,226,823	\$ 1,915,747	\$ 1,861,287	\$ 1,311,309
Fiduciary net position as a % of total pension liability	90.32%	101.78%	89.27%	91.62%	83.70%	90.50%	84.39%	84.06%	88.52%
Pensionable covered payroll	\$ 3,879,944	\$ 3,518,174	\$ 3,169,508	\$ 3,117,803	\$ 2,790,690	\$ 2,607,198	\$ 2,532,895	\$ 2,534,988	\$ 2,679,726
Net pension liability (asset) as a % of covered payroll	46.28%	-8.83%	55.39%	38.81%	79.28%	47.06%	75.63%	73.42%	48.93%

This schedule will ultimately present information for the past ten years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 68, should not be shown here.

Laguna Madre Water District Schedule of Employer Contributions

Year Ending September 30,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2015	352,564	352,564	-	2,551,846	13.8%
2016	344,556	344,556	-	2,518,460	13.7%
2017	360,462	360,462	-	2,590,525	13.9%
2018	399,387	399,387	-	2,707,139	14.8%
2019	435,873	435,873	-	3,035,711	14.4%
2020	472,568	472,568	-	3,187,944	14.8%
2021	473,951	510,075	(36,124)	3,440,194	14.8%
2022	552,731	593,895	(41,164)	3,959,300	15.0%
2023	573,917	616,109	(42,192)	4,107,395	15.0%

Laguna Madre Water District Schedule of Employer Contributions

Notes to Schedule

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method:	Entry Age (level percentage of pay)
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization period:	11.8 years (based on contribution rate calculated in 12/31/2022 valuation)
Asset Valuation Method:	5-year smoothed market
Inflation:	2.50%
Salary Increases:	Varies by age and service. 4.7% average over career including inflation.
Investment Rate of Return:	7.50%, net of administrative and investment expenses, including inflation.
Retirement Age:	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality :	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions:	2015: New inflations, mortality and other assumptions reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions were reflected. 2022: New investment return and inflation assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions:	2015: No changes in plan provisions were reflected in the Schedule. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected in the Schedule. 2019: No changes in plan provisions were reflected in the Schedule. 2020: No changes in plan provisions were reflected in the Schedule. 2021: No changes in plan provisions were reflected in the Schedule. 2022: No changes in plan provisions were reflected in the Schedule.

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OTHER SUPPLEMENTARY INFORMATION

Laguna Madre Water District
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Debt Service Fund – Budget and Actual
For the Fiscal Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Revenues:				
Property taxes	\$ 2,818,912	\$ 2,818,912	\$ 2,828,704	\$ 9,792
Penalties and interest	37,600	37,600	30,049	(7,551)
Investment earnings	122,500	122,500	145,079	22,579
Miscellaneous	-	-	12,249	12,249
Total revenues	2,979,012	2,979,012	3,016,081	37,069
Expenditures:				
Contracted service	107,616	107,616	110,349	(2,733)
Debt service:				
Principal	1,855,000	1,855,000	1,855,000	-
Interest	2,317,350	2,317,350	2,706,670	(389,320)
Bond issuance costs	-	-	479,700	(479,700)
Total expenditures	4,279,966	4,279,966	5,151,719	(871,753)
Excess (deficiency) of revenues over (under) expenditures	(1,300,954)	(1,300,954)	(2,135,638)	(834,684)
Other financing sources/(uses):				
Transfers-internal activities	1,300,952	1,300,952	2,268,565	967,613
Net other financing sources/uses	1,300,952	1,300,952	2,268,565	967,613
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ (2)	\$ (2)	132,927	\$ 132,929
Fund balance:				
Beginning of the year			2,882,134	
End of the year			\$ 3,015,061	

**TEXAS SUPPLEMENTARY
INFORMATION (TSI) SECTION**

Laguna Madre Water District

Notes Required by the Water District Accounting Manual

CREATION OF DISTRICT

History

Laguna Madre Water District (the "District") is a governmental entity created by an election held on November 14, 1950, pursuant to Article XVI, Section 59, of the Texas Constitution and Article 7881, Revised Civil Statutes of Texas. The District Board held its first meeting on December 11, 1950, and issued its first bonds on July 16, 1951. Originally created as a Fresh Water Supply District, the District was converted into a Municipal Utility District by an order of the Texas Water Rights Commission on November 20, 1973. Effective February 16, 1996, the Texas Natural Resources Conservation Commission officially authorized the District to change its name to the Laguna Madre Water District. The District is under the authority of the Texas Commission on Environmental Quality and is operated under and governed by Chapter 54 of the Texas Water Code.

The District's principal function is to provide treated water and wastewater services to the City of Port Isabel, Texas and various other communities which are adjacent to Port Isabel, Texas.

The District obtains water from the Rio Grande under rights granted by the State of Texas permitting the use of up to 7,513.4 acre-feet annually. This water is pumped via the District's raw water transmission line from the Rio Grande River to Water Plant No. 2 in Laguna Vista.

Tax Revenues

There is no maximum applicable tax rate for the District and the extent of the taxable property is \$4,478,372,237.

The following notes which are required by the Water District Accounting Manual are fully disclosed in the Basic Financial Statement.

Pledge of Revenues is disclosed in Note 7, Long Term Debt.

Compliance with Debt Service Requirements is disclosed in Note 1, Restricted Assets.

Redemption of Bonds is disclosed in Note 7, Long Term Debt

Pension Coverage for District Employee is disclosed in Note 9, Employee Retirement System.

**Laguna Madre Water District
TSI – 1. Services and Rates**

1. Services Provided by the District during the Fiscal Year:

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

2. Retail Service Providers

a. Retail rates for a 5/8" meter

		Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons over minimum	Usage levels
WATER	\$	14.74	4,000	N	\$ 2.97	4,001 to 10,000
					\$ 4.68	10,001 to 20,000
					\$ 6.67	20,001 plus
WASTEWATER *	\$	23.34	3,000		\$ 4.73	3,001 to 4,500
					\$ 7.33	4,501 to 7,500
					\$ 10.40	7,501 plus

Surcharge: \$ 0.005 -

District employs winter averaging for wastewater usage? Yes No

Total charges per 10,000 gallons usage: Water: \$32.72 Wastewater: \$44.85

Laguna Madre Water District TSI – 1. Services and Rates (Continued)

For the year ended September 30, 2023

b. Water and Wastewater retail connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active Factor
5/8"	5,590	5,544	-	-
1"	1,298	1,287	-	-
2"	368	317	-	-
4"	75	74	-	-
6"	41	35	-	-
8"	3	1	-	-
10"	3	0	-	-
16"	1	0	-	-
<hr/>				
Total Water:	7,379	7,258	-	-
Total Wastewater:	6,229	6,108	-	-

3. Total water consumption during the fiscal year:

Gallons pumped into system: 1,330,864,000

Gallons billed to customers: 1,136,384,900

Water accountability ratio (gallons billed/gallons pumped); 85.39%

4. Location of the District:

County in which District is located: Cameron
 Is the District located entirely within one county? Yes
 Is the District located within a city? Yes
 Cities in which the District is located: Port Isabel, South Padre Island, Town of Laguna Vista
 Is the District located within a city's extra territorial jurisdiction (ETJ)? Yes - Partly
 ETJ's in which the District is located: Port Isabel, South Padre Island, Town of Laguna Vista
 Are board members appointed by an office outside the District? No
 If yes, by whom? N/A

**Laguna Madre Water District
TSI – 2. General Fund Expenditures**

For the year ended September 30, 2023

Personnel (Including Benefits)	\$ 6,027,239
Professional Fees:	
Legal	34,286
Engineering	33,423
Financial and Audit	113,699
Contracted Services	54,746
Utilities	842,050
Repairs and Maintenance	345,055
Administrative Expenditures	
Office Supplies	55,459
Insurance	340,626
Other Administrative Expenditures	354,790
Capital Outlay:	
Capitalized Assets	839,930
Expenditures not Capitalized	-
Solid Waste Disposal	21,336
Materials and Supplies	1,914,133
Other Expenditures	95,310
Total Expenditures	\$ 11,072,082

Number of persons employed by the District: 90 Full-Time

Laguna Madre Water District TSI – 3. Temporary Investments

For the year ended September 30, 2023

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year
General Fund				
Certificate of Deposit	01-72232269	4.62%	11/20/2023	314,284
Certificate of Deposit	**5409	5.50%	8/19/2024	1,004,671
Certificate of Deposit	01-72123313	5.14%	2/12/2024	510,098
Certificate of Deposit	**5410	5.55%	11/18/2024	423,594
Total General Fund				2,252,647
Debt Service Fund				
Certificate of Deposit	01-72164138	4.62%	11/20/2023	271,161
Certificate of Deposit	01-72616887	4.62%	11/20/2023	542,322
Certificate of Deposit	01-72116141	5.29%	2/20/2024	567,675
Certificate of Deposit	01-72037059	5.09%	2/26/2024	470,559
Certificate of Deposit	**5459	5.50%	12/12/2024	750,000
Certificate of Deposit	01-72324085	5.29%	2/20/2024	367,642
Total Debt Service Fund				2,969,359
Capital Projects Fund				
Certificate of Deposit	*****3805	4.94%	3/31/2024	8,201,298
Certificate of Deposit	1027786134	5.55%	9/12/2024	7,018,116
Certificate of Deposit	01-72882823	5.78%	12/12/2023	1,003,013
Total Capital Projects Fund				16,222,427
Emergency Fund				
Certificate of Deposit	**5460	5.50%	12/12/2024	2,228,174
Total Emergency Fund				2,228,174
LIV Project Fund				
Certificate of Deposit	**5406	5.50%	8/15/2024	1,004,671
Certificate of Deposit	01-72604712	5.60%	5/14/2024	1,021,918
Certificate of Deposit	01-72707892	5.34%	11/13/2023	4,594,457
Certificate of Deposit	01-72009434	5.14%	2/12/2024	3,672,708
Certificate of Deposit	1027222745	5.01%	5/16/2024	8,000,000
Total LIV Project Fund				18,293,754
Total - All Funds				\$ 41,966,361

Laguna Madre Water District TSI – 4. Taxes Levied and Receivable

For the year ended September 30, 2023	Debt Service Taxes
Taxes Receivable Beginning of Year	\$ 60,665
2022 Original Tax Levy	2,854,127
Tax Roll Adjustments	(10,292)
Total to be accounted for	2,904,500
Tax Collections:	
Current Year	2,808,644
Prior Year	16,959
Total Collections	2,825,603
Taxes Receivable, End of Year	\$ 78,897

Taxes Receivable, By Years	
2012 and prior	\$ 18,304
2013	2,749
2014	1,331
2015	1,537
2016	1,259
2017	1,378
2018	1,508
2019	1,847
2020	2,988
2021	6,686
Current Year - 2022	39,310
Taxes Receivable, End of Year	\$ 78,897

September 30,	2022	2021	2020	2019
Property Valuations:				
Land	\$ 1,493,255,489	\$ 1,315,263,747	\$ 1,259,839,943	\$ 1,299,286,617
Improvements	2,842,240,666	2,365,178,339	2,223,446,961	2,268,595,373
Personal Property	122,352,294	93,469,285	120,491,346	144,959,021
Total Property Valuations	\$ 4,457,848,449	\$ 3,773,911,371	\$ 3,603,778,250	\$ 3,712,841,011
Tax Rates Per \$100 Valuation:				
Debt Service Tax Rate	\$ 0.069300	\$ 0.038201	\$ 0.039918	\$ 0.038821
Original Tax Levy:	\$ 2,854,127	\$ 1,365,200	\$ 1,339,712	\$ 1,350,542
Percent of Taxes Collected				
To Taxes Levied	98.41%	98.03%	103.49%	97.54%

Laguna Madre Water District
TSI – 5. Long Term Debt Requirements by Years

Unlimited Tax Bonds, Series 2016

Due During Fiscal Year	Principal Due	Interest Due	
<u>Ending</u>	<u>June 1,</u>	<u>June 1 & Dec 1</u>	<u>Total</u>
2024	\$ 175,000	\$ 29,770	\$ 204,770
2025	175,000	25,763	200,763
2026	180,000	21,755	201,755
2027	185,000	17,633	202,633
2028	190,000	13,397	203,397
2029	195,000	9,046	204,046
2030	200,000	4,581	204,581
	<u>\$ 1,300,000</u>	<u>\$ 121,945</u>	<u>\$ 1,421,945</u>

Waterworks and Sewer System Revenue Refunding Bonds, Series 2015

Due During Fiscal Year	Principal Due	Interest Due	
<u>Ending</u>	<u>March 1,</u>	<u>March 1 & Sept 1</u>	<u>Total</u>
2024	\$ 555,000	\$ 53,658	\$ 608,658
2025	570,000	38,808	608,808
2026	585,000	23,562	608,562
2027	600,000	7,913	607,913
	<u>\$ 2,310,000</u>	<u>\$ 123,941</u>	<u>\$ 2,433,941</u>

Laguna Madre Water District
TSI – 5. Long Term Debt Requirements by Years (Continued)

Waterworks and Sewer System Revenue Bonds, Series 2016

Due During Fiscal Year	Principal Due	Interest Due	
<u>Ending</u>	<u>March 1,</u>	<u>Mar 1 & Sept 1</u>	<u>Total</u>
2024	\$ 280,000	\$ 39,550	\$ 319,550
2025	280,000	37,912	317,912
2026	285,000	35,975	320,975
2027	285,000	33,710	318,710
2028	290,000	31,092	321,092
2029	290,000	28,207	318,207
2030	295,000	25,105	320,105
2031	300,000	21,773	321,773
2032	300,000	18,248	318,248
2033	305,000	14,541	319,541
2034	310,000	10,620	320,620
2035	315,000	6,495	321,495
2036	320,000	2,192	322,192
	<u>\$ 3,855,000</u>	<u>\$ 305,420</u>	<u>\$ 4,160,420</u>

Waterworks and Sewer System Revenue Notes, Series 2018

Due During Fiscal Year	Principal Due	Interest Due	
<u>Ending</u>	<u>March 1,</u>	<u>Mar 1 & Sept 1</u>	<u>Total</u>
2024	\$ 295,000	\$ 46,394	\$ 341,394
2025	305,000	36,644	341,644
2026	315,000	26,569	341,569
2027	325,000	16,169	341,169
2028	335,000	5,443	340,443
	<u>\$ 1,575,000</u>	<u>\$ 131,219</u>	<u>\$ 1,706,219</u>

Laguna Madre Water District
TSI – 5. Long Term Debt Requirements by Years (Continued)

Waterworks and Sewer System Revenue Bonds, Series 2019

Due During Fiscal Year	Principal Due	Interest Due	
<u>Ending</u>	<u>March 1,</u>	<u>Mar 1 & Sept 1</u>	<u>Total</u>
2024	\$ 70,000	\$ 28,878	\$ 98,878
2025	75,000	28,714	103,714
2026	75,000	28,523	103,523
2027	80,000	28,298	108,298
2028	680,000	26,916	706,916
2029	1,020,000	23,414	1,043,414
2030	625,000	19,576	644,576
2031	625,000	16,138	641,138
2032	630,000	12,153	642,153
2033	635,000	7,629	642,629
2034	640,000	2,624	642,624
	<u>\$ 5,155,000</u>	<u>\$ 222,863</u>	<u>\$ 5,377,863</u>

Laguna Madre Water District
TSI – 5. Long Term Debt Requirements by Years (Continued)

Unlimited Tax Bonds, Series 2022

Due During Fiscal Year	Principal Due	Interest Due	
<u>Ending</u>	<u>March 1,</u>	<u>Mar 1 & Sept 1</u>	<u>Total</u>
2024	\$ 450,000	\$ 1,106,200	\$ 1,556,200
2025	470,000	1,083,200	1,553,200
2026	495,000	1,059,075	1,554,075
2027	520,000	1,033,700	1,553,700
2028	545,000	1,007,075	1,552,075
2029	575,000	979,075	1,554,075
2030	605,000	949,575	1,554,575
2031	635,000	918,575	1,553,575
2032	670,000	885,950	1,555,950
2033	700,000	851,700	1,551,700
2034	740,000	815,700	1,555,700
2035	770,000	781,800	1,551,800
2036	805,000	750,300	1,555,300
2037	835,000	717,500	1,552,500
2038	870,000	683,400	1,553,400
2039	905,000	647,900	1,552,900
2040	940,000	611,000	1,551,000
2041	980,000	572,600	1,552,600
2042	1,020,000	532,600	1,552,600
2043	1,060,000	491,000	1,551,000
2044	1,105,000	447,700	1,552,700
2045	1,150,000	402,600	1,552,600
2046	1,200,000	355,600	1,555,600
2047	1,245,000	306,700	1,551,700
2048	1,300,000	255,800	1,555,800
2049	1,350,000	202,800	1,552,800
2050	1,405,000	147,700	1,552,700
2051	1,465,000	90,300	1,555,300
2052	1,525,000	30,500	1,555,500
	<u>\$ 26,335,000</u>	<u>\$ 18,717,625</u>	<u>\$ 45,052,625</u>

Laguna Madre Water District
TSI – 5. Long Term Debt Requirements by Years (Continued)

Unlimited Tax Refunding Bonds, Series 2022A

Due During Fiscal Year	Principal Due	Interest Due	
<u>Ending</u>	<u>March 1,</u>	<u>Mar 1 & Sept 1</u>	<u>Total</u>
2024	\$ 665,000	\$ 374,375	\$ 1,039,375
2025	700,000	340,250	1,040,250
2026	740,000	304,250	1,044,250
2027	780,000	266,250	1,046,250
2028	820,000	226,250	1,046,250
2029	855,000	184,375	1,039,375
2030	900,000	140,500	1,040,500
2031	1,155,000	89,125	1,244,125
2032	1,205,000	30,125	1,235,125
	<u>\$ 7,820,000</u>	<u>\$ 1,955,500</u>	<u>\$ 9,775,500</u>

Laguna Madre Water District
TSI – 5. Long Term Debt Requirements by Years (Continued)

Unlimited Tax Bonds, Series 2023

Due During Fiscal Year	Principal Due	Interest Due	
Ending	March 1,	Mar 1 & Sept 1	Total
2024	\$ -	\$ 1,134,640	\$ 1,134,640
2025	-	1,134,640	1,134,640
2026	-	1,134,640	1,134,640
2027	340,000	1,125,367	1,465,367
2028	355,000	1,106,410	1,461,410
2029	380,000	1,086,363	1,466,363
2030	400,000	1,065,089	1,465,089
2031	425,000	1,042,587	1,467,587
2032	445,000	1,018,858	1,463,858
2033	475,000	993,765	1,468,765
2034	500,000	967,172	1,467,172
2035	530,000	939,078	1,469,078
2036	560,000	909,349	1,469,349
2037	590,000	877,982	1,467,982
2038	625,000	844,843	1,469,843
2039	665,000	809,658	1,474,658
2040	700,000	772,428	1,472,428
2041	740,000	733,152	1,473,152
2042	785,000	691,558	1,476,558
2043	830,000	647,509	1,477,509
2044	880,000	600,868	1,480,868
2045	930,000	551,501	1,481,501
2046	980,000	499,405	1,479,405
2047	1,040,000	444,310	1,484,310
2048	1,100,000	385,941	1,485,941
2049	1,165,000	324,163	1,489,163
2050	1,230,000	258,840	1,488,840
2051	1,300,000	189,834	1,489,834
2052	1,375,000	116,873	1,491,873
2053	1,455,000	39,685	1,494,685
	<u>\$ 20,800,000</u>	<u>\$ 22,446,508</u>	<u>\$ 43,246,508</u>

Laguna Madre Water District TSI – 5. Long Term Debt Requirements by Years (Continued)

Annual Requirements for All Series

Due During Fiscal Year	Principal Due	Interest Due	Principal Due	Interest Due	Total
<u>Ending</u>	<u>June 1,</u>	<u>June 1 & Dec 1</u>	<u>March 1,</u>	<u>Mar 1 & Sept 1</u>	
2024	\$ 175,000	\$ 29,770	\$ 2,315,000	\$ 2,783,695	\$ 5,303,465
2025	175,000	25,763	2,400,000	2,700,168	5,300,931
2026	180,000	21,755	2,495,000	2,612,594	5,309,349
2027	185,000	17,633	2,930,000	2,511,407	5,644,040
2028	190,000	13,397	3,025,000	2,403,186	5,631,583
2029	195,000	9,046	3,120,000	2,301,434	5,625,480
2030	200,000	4,581	2,825,000	2,199,845	5,229,426
2031	-	-	3,140,000	2,088,198	5,228,198
2032	-	-	3,250,000	1,965,334	5,215,334
2033	-	-	2,115,000	1,867,635	3,982,635
2034	-	-	2,190,000	1,796,116	3,986,116
2035	-	-	1,615,000	1,727,373	3,342,373
2036	-	-	1,685,000	1,661,841	3,346,841
2037	-	-	1,425,000	1,595,482	3,020,482
2038	-	-	1,495,000	1,528,243	3,023,243
2039	-	-	1,570,000	1,457,558	3,027,558
2040	-	-	1,640,000	1,383,428	3,023,428
2041	-	-	1,720,000	1,305,752	3,025,752
2042	-	-	1,805,000	1,224,158	3,029,158
2043	-	-	1,890,000	1,138,509	3,028,509
2044	-	-	1,985,000	1,048,568	3,033,568
2045	-	-	2,080,000	954,101	3,034,101
2046	-	-	2,180,000	855,005	3,035,005
2047	-	-	2,285,000	751,010	3,036,010
2048	-	-	2,400,000	641,741	3,041,741
2049	-	-	2,515,000	526,963	3,041,963
2050	-	-	2,635,000	406,540	3,041,540
2051	-	-	2,765,000	280,134	3,045,134
2052	-	-	2,900,000	147,373	3,047,373
2053	-	-	1,455,000	39,685	1,494,685
	<u>\$ 1,300,000</u>	<u>\$ 121,945</u>	<u>\$ 67,850,000</u>	<u>\$ 43,903,076</u>	<u>\$ 113,175,021</u>

Laguna Madre Water District TSI – 6. Changes in Long-Term Bonded Debt

For the year ended September 30, 2023

	Bond Issues								
	Series 2015 Revenue	Series 2016 Tax	Series 2016 Revenue	Series 2018 Revenue	Series 2019 Revenue	Series 2022 Tax	Series 2022A Tax	Series 2023 Tax	Series Total
Interest rates	2.64%	2.29%	.01 - 1.37%	3.25%	.00 - 1.00%	4% - 5%	5%	5%	
Dates Interest Payable	3/1, 9/1	6/1, 12/1	3/1, 9/1	3/1, 9/1	3/1, 9/1	3/1, 9/1	3/1, 9/1	3/1, 9/1	
Maturity dates	9/1/2015 to 3/1/2027	6/1/2016 to 6/1/2030	3/1/2017 to 3/1/2036	3/1/2019 to 3/1/2028	3/1/2019 to 3/1/2034	3/1/2023 to 3/1/2052	3/1/2023 to 3/1/2032	3/1/2024 to 3/1/2053	
Bonds outstanding at beginning of current year	\$ 2,850,000	\$ 1,470,000	\$ 4,135,000	\$ 1,860,000	\$ 5,225,000	\$ 26,335,000	\$ 8,330,000	\$ -	\$ 50,205,000
Bonds sold during Current Year	-	-	-	-	-	-	-	20,800,000	20,800,000
Bonds refunded	-	-	-	-	-	-	-	-	-
Bonds retired	540,000	170,000	280,000	285,000	70,000	-	510,000.00	-	1,855,000
Bonds outstanding at end of current year	\$ 2,310,000	\$ 1,300,000	\$ 3,855,000	\$ 1,575,000	\$ 5,155,000	\$ 26,335,000	\$ 7,820,000	\$ 20,800,000	\$ 69,150,000
Interest paid during the Fiscal Year	\$ 68,112	\$ 33,663	\$ 40,796	\$ 55,819	\$ 29,011	\$ 1,527,182	\$ 556,467	\$ 390,820	\$ 2,701,870

Paying agent Name & City

Series 2015: Regions Capital Advantage, Inc., Birmingham, Alabama
 Series 2016 Tax: BOKF, NA Dallas, Texas
 Series 2016 Revenue: Bank of New York Mellon, Corporate Trust, New York, New York
 Series 2018 Revenue: Zions Bancorporation, NA Houston Texas
 Series 2019 Revenue: Bank of New York Mellon, Corporate Trust, New York, New York
 Series 2022 Tax: Bank of New York Mellon, Corporate Trust, New York, New York
 Series 2022A Tax: Bank of New York Mellon, Corporate Trust, New York, New York
 Series 2023 Tax: Bank of New York Mellon, Corporate Trust, New York, New York

Bond Authority:	Tax Bonds	Revenue Bonds
Amount Authorized	\$60,205,000	\$17,585,000
Amount Issued	44,550,000	17,585,000
Remaining to be Issued	\$15,655,000	\$0

Debt Service Fund Cash and Temporary Investments balances as of September 30, 2023:

\$3,001,809

Average annual Debt Service payment (principal & interest) for remaining term of all debt:

\$2,357,813

Laguna Madre Water District TSI – 7. Comparative Schedule of Revenues and Expenditures General Fund and Debt Service Fund

For the year ended September 30,	2023	%	2022	%	2021	%	2020	%	2019	%
GENERAL FUND:										
REVENUE:										
Water Service	6,077,769	50.5%	5,802,367	48.2%	5,703,408	47.4%	5,511,444	49.2%	5,524,968	51.6%
Wastewater Service	6,081,173	50.6%	5,718,248	47.5%	5,483,671	45.6%	5,019,441	44.8%	4,359,557	40.7%
Other Water sales	95,350	0.8%	68,278	0.6%	116,136	1.0%	161,896	1.4%	160,970	1.5%
Late fees	81,919	0.7%	79,653	0.7%	49,804	0.4%	24,887	0.2%	76,454	0.7%
Tap Connection fees	328,017	2.7%	309,889	2.6%	342,725	2.8%	224,969	2.0%	185,998	1.7%
Interest on investments	179,658	1.5%	22,381	0.2%	39,182	0.3%	105,440	0.9%	133,279	1.2%
Miscellaneous	252,831	2.1%	227,273	1.9%	293,523	2.4%	158,362	1.4%	274,140	2.6%
TOTAL REVENUES	13,096,717	108.9%	12,228,089	101.7%	12,028,449	100.0%	11,206,439	100.0%	10,715,366	100.0%
EXPENDITURES:										
Professional fees	181,408	1.5%	262,519	2.2%	154,703	1.3%	309,808	2.8%	380,732	3.6%
Payroll and benefits	5,980,178	49.7%	5,655,671	47.0%	5,185,789	43.1%	4,753,518	42.4%	4,448,060	41.5%
Utilities	842,050	7.0%	818,721	6.8%	692,632	5.8%	670,332	6.0%	779,470	7.3%
Materials and supplies	1,783,127	14.8%	1,316,393	10.9%	1,252,773	10.4%	1,080,391	9.6%	1,182,774	11.0%
Repairs and Maintenance	345,055	2.9%	798,498	6.6%	602,646	5.0%	315,278	2.8%	376,224	3.5%
Other expenditures	1,086,159	9.0%	958,474	8.0%	928,551	7.7%	948,701	8.5%	802,432	7.5%
Capital outlay	839,930	7.0%	956,025	7.9%	580,869	4.8%	585,444	5.2%	543,467	5.1%
Financing agreement principal	13,754	0.1%	13,345	0.1%	12,565	0.1%	12,565	0.1%	12,192	0.1%
Interest and fiscal charges	421	0.0%	829	0.0%	1,609	0.0%	1,609	0.0%	1,981	0.0%
TOTAL EXPENDITURES	11,072,082	92.0%	10,780,475	89.5%	9,412,137	78.2%	8,677,646	77.4%	8,527,332	79.6%
EXCESS REVENUES OVER (UNDER)										
EXPENDITURES	2,024,635	16.9%	1,447,614	12.2%	2,616,312	21.8%	2,528,793	22.6%	2,188,034	20.4%

Laguna Madre Water District
TSI – 7. Comparative Schedule of Revenues and Expenditures General Fund
and Debt Service Fund (Continued)

For the year ended September 30,	2023	%	2022	%	2021	%	2020	%	2019
DEBT SERVICE FUND:									
REVENUES:									
Property taxes	2,828,703	193.9%	1,349,965	92.5%	1,412,588	96.8%	1,347,408	94.6%	1,352,436
Penalty and Interest	30,049	2.1%	17,731	1.2%	25,002	1.7%	29,268	2.1%	28,176
Interest on investments	145,079	9.9%	16,362	1.1%	21,585	1.5%	48,013	3.4%	84,308
Miscellaneous	-	0.0%	-	0.0%	27	0.0%	0	0.0%	6
TOTAL REVENUES	3,003,831	205.9%	1,384,058	94.9%	1,459,202	100.0%	1,424,689	100.0%	1,464,926
EXPENDITURES:									
Tax collection expense	72,945	5.0%	35,282	2.5%	35,289	2.4%	35,212	2.5%	33,307
Appraisal charge	37,405	2.6%	17,148	1.2%	17,193	1.2%	16,922	1.2%	16,447
Debt service, interest and fees	4,561,670	312.6%	2,675,639	193.3%	2,709,306	185.7%	2,716,603	190.7%	2,574,095
Bond issue costs	479,700	32.9%	210,202	15.2%	-	0.0%	-	0.0%	-
Other	12,249	0.8%	12,249	0.9%	-	0.0%	-	0.0%	-
TOTAL EXPENDITURES	5,163,969	353.9%	2,950,520	213.2%	2,761,788	189.3%	2,768,737	194.3%	2,623,849
EXCESS REVENUES OVER (UNDER)									
EXPENDITURES	(2,160,138)	(148.0%)	(1,566,462)	(118.3%)	(1,302,586)	(89.3%)	(1,344,048)	(94.3%)	(1,158,923)
TOTAL ACTIVE RETAIL WATER									
CONNECTIONS	7,258		7,086		6,878		6,712		6,573
TOTAL ACTIVE RETAIL WASTE WATER									
CONNECTIONS	6,108		5,964		5,801		5,726		5,649

Laguna Madre Water District

TSI – 8. Board Members, Key Personnel and Consultants

For the year ended September 30, 2023

Complete District Mailing Address: 105 Port Road
 Port Isabel, TX 78578
 District Business Telephone (956) 943-2626

Submission Date of the most recent District Registration Form (TWC Sections 36.054 and 49.054): January 31, 2022

Limit on Fees of Office that a Director may receive during a fiscal year
 (Set by Board Resolution - TWC 49.0060): \$ - 0 - .

Name and Address	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid 9/30/2023	Expense Reimbursement 9/30/2023	Title at Year End
BOARD MEMBERS				
Scott D. Friedman PO Box 3897 South Padre Island, TX 78597	11/22 - 11/26	\$ -	\$ 2,459.58	Chairman
Adam Lalonde 26 Whooping Crane Dr Laguna Vista, TX 78578	11/22 - 11/26	\$ -	\$ -	Vice-Chairman
Jason Starkey 4 Laguna Madre Dr. Laguna Vista, TX 78578	11/22 - 11/26	\$ -	\$ -	Secretary
William Donahue PO Box 3669 South Padre Island, TX 78597	11/20 - 11/24	\$ -	\$ -	Director
David Boughter PO Box 3026 South Padre Island, TX 78597	11/20-11/24	\$ -	\$ -	Director

Laguna Madre Water District
TSI – 8. Board Members, Key Personnel and Consultants (Continued)

For the year ended September 30, 2023

Name and Address	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid 9/30/2023	Expense Reimbursement 9/30/2023	Title at Year End
KEY ADMINISTRATIVE PERSONNEL				
Carlos J. Galvan, Jr. 1636 Oklahoma Street Port Isabel, TX 78578	2001	\$ -	\$ 3,117.00	General Manager
Charles Ortiz 5587 Garden Breeze Ct. Brownsville, TX 78526	2013	\$ -	\$ 2,334.60	District Engineer
Eduardo Salazar 33097 Washington Ave. Port Isabel, TX 78578	2018	\$ -	\$ 608.28	Director of Finance
Robert Gomez 1425 Catherine Cir. Brownsville, TX 78520	2017	\$ -	\$ 3,796.53	Director of Operations
Noe Cantu Jr 112 East 10th Street Los Fresnos, TX 78566	2022	\$ -	\$ 1,620.34	Superintendent of Water
Santiago Ochoa 1219 Palo Blanco Drive Laguna Vista, TX 78578	2022	\$ -	\$ -	Superintendent of Wastewater
CONSULTANTS				
Fryer & Hansen 1352 West Pecan Blvd. McAllen, TX 78501	2019	\$ 37,888.07	\$ -	Attorney
BLX Group LLC 2711 North Haskell Ave, Ste 2600 Dallas, TX 75204	2019	\$ 2,000.00	\$ -	Arbitrage Consultant
Valley Risk Consulting, Inc. 1200 Fresno, Ste C McAllen, TX 78501	2020	\$ 5,000.00	\$ -	Insurance Consultant

Laguna Madre Water District
TSI – 8. Board Members, Key Personnel and Consultants (Continued)

For the year ended September 30, 2023

Name and Address	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid 9/30/2023	Expense Reimbursement 9/30/2023	Title at Year End
CONSULTANTS				
Estrada Hinojosa & Co., Inc. 1717 Main Street Dallas, TX 75201	1999	\$ 10,000.00	\$ -	Financial Advisor
Valley View Consulting 2428 Carters Mill Road Huddleston, VA 24104	2017	\$ 29,152.90	\$ -	Investment Advisor

OTHER INFORMATION

**Laguna Madre Water District
Top Ten Taxpayers**

For the year ended September 30, 2023

Owner ID	Taxpayer Name	Market Value	Taxable Value
706160	HOSP SOUTX MARG LLC	\$ 29,808,184	\$ 29,808,184
324942	AEP TEXAS INC-07C	\$ 28,867,750	\$ 28,867,750
609730	MODERN RESORT LODGING LLC	\$ 26,819,903	\$ 26,819,903
100731	S P I MANAGEMENT CO	\$ 22,892,677	\$ 22,892,677
553568	AFFILIATED HOSPITALITY LLC	\$ 22,000,000	\$ 22,000,000
100556	SPI OLEANDER LTD	\$ 16,666,849	\$ 16,666,849
100746	SPI LA COPA LTD	\$ 15,746,575	\$ 15,746,575
684655	INNJOY HOSPITALITY LLC	\$ 14,600,000	\$ 14,600,000
728110	WALMART INC,	\$ 14,598,254	\$ 14,598,254
336660	PENINSULA ISLAND RESORT & SPA LLC	\$ 12,912,876	\$ 12,912,876

**Laguna Madre Water District
Top Ten Utility Rate Payers**

For the year ended September 30, 2023

Account Names	Address	City	Amount
LONG ISLAND VILLAGE	900 SOUTH GARCIA	PORT ISABEL	\$ 494,522
CAMERON COUNTY PARKS SYSTEM	1 PADRE BOULEVARD	SOUTH PADRE ISLAND	\$ 259,028
SAPPHIRE CONDOS	310-A PADRE BOULEVARD	SOUTH PADRE ISLAND	\$ 140,565
SAIDA TOWERS II	400 PADRE BOULEVARD	SOUTH PADRE ISLAND	\$ 128,106
BRIDGEPOINT CONDOS	334 PADRE BOULEVARD	SOUTH PADRE ISLAND	\$ 122,323
HOSP SOUTX MARG, LLC	310 PADRE BOULEVARD	SOUTH PADRE ISLAND	\$ 114,670
TEXAS PACK INC	508 PORT ROAD	PORT ISABEL	\$ 103,259
INJOY HOSIPTALITY, LLC	6700 PADRE BOULEVARD	SOUTH PADRE ISLAND	\$ 100,151
MODERN RESORT LODGING, LLC	6700 PADRE BOULEVARD	SOUTH PADRE ISLAND	\$ 94,434
BEACON BAY OTM HARMONY LP	306 BEACON BAY DRIVE	PORT ISABEL	\$ 92,510

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STATISTICAL SECTION

This part of the District’s annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government’s overall financial health.

Contents	Pages
Financial Trends <i>These schedules contain trend information to help the reader understand how the District’s financial performance and well-being have changed over time.</i>	111-114
Revenue Capacity <i>These schedules contain information to help the reader assess the District’s most significant local revenue source.</i>	115-122
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the District’s current level of outstanding debt and the District’s ability to issue additional debt in the future.</i>	123-127
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the District’s financial activities take place.</i>	128
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the District’s financial report relates to the services the government provide and the activities it performs.</i>	129-131

LAGUNA MADRE WATER DISTRICT
 Net Position by Component
 Last Ten Fiscal Years
 (accrual basis of accounting)

	September									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Net Position:										
Net investment in capital assets	\$ 59,755,053	\$ 58,062,795	\$ 55,971,387	\$ 56,270,841	\$ 55,075,512	\$ 55,806,128	\$ 56,218,039	\$ 56,700,141	\$ 57,274,656	\$ 57,671,298
Restricted	3,015,061	2,882,134	2,942,194	2,484,301	3,598,587	3,200,219	3,084,681	2,896,569	2,225,351	2,603,311
Unrestricted	8,050,119	8,993,598	11,336,450	10,523,890	9,804,225	9,492,416	8,791,545	7,775,770	7,146,538	7,322,983
Total Net Position	<u>\$ 70,820,233</u>	<u>\$ 69,938,527</u>	<u>\$ 70,250,031</u>	<u>\$ 69,279,032</u>	<u>\$ 68,478,324</u>	<u>\$ 68,498,763</u>	<u>\$ 68,094,265</u>	<u>\$ 67,372,480</u>	<u>\$ 66,646,545</u>	<u>\$ 67,597,592</u>

LAGUNA MADRE WATER DISTRICT

Changes In Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	September									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues:										
Water services	\$ 6,077,769	\$ 5,802,367	\$ 5,703,408	\$ 5,511,444	\$ 5,524,968	\$ 5,321,051	\$ 5,481,245	\$ 5,060,601	\$ 4,596,999	\$ 4,331,211
Wastewater services	6,081,173	5,718,248	5,483,671	5,019,441	4,359,557	3,650,725	3,713,416	3,496,971	3,063,040	2,828,501
Other water sales	95,350	68,278	116,136	161,896	160,970	119,597	134,503	124,459	-	-
Late fees	81,919	79,653	49,804	24,887	76,454	62,631	58,683	76,976	63,063	57,194
Tap fees	328,017	309,889	342,725	224,969	185,998	237,154	162,892	134,898	167,919	111,151
Annexation fees	7,000	-	-	-	-	-	-	-	-	-
Property taxes	2,840,384	1,347,054	1,366,090	1,340,118	1,347,756	1,450,485	1,455,660	1,445,866	1,215,960	2,675,600
Penalties and interest	30,049	17,731	25,002	29,268	28,176	25,284	30,409	35,959	51,639	62,146
Intergovernmental	28,989	-	-	-	-	-	-	-	-	-
Investment earnings	1,769,548	219,094	75,084	234,039	307,300	213,196	132,361	51,789	18,778	32,024
Net pension income	135,244	585,314	-	-	-	-	-	-	-	-
Other	299,731	235,003	293,550	158,362	274,146	104,843	154,452	363,972	237,347	125,229
Total revenues	17,775,173	14,382,631	13,455,470	12,704,424	12,265,325	11,184,966	11,323,621	10,791,491	9,414,745	10,223,056
Expenditures:										
Service operations:										
Administration	412,345	392,591	350,968	422,305	300,634	282,962	215,018	-	-	-
Contracted services	364,498	305,572	313,095	272,440	258,395	240,125	285,614	-	-	-
Insurance	340,626	243,004	240,746	236,942	224,854	200,962	161,757	-	-	-
Professional fees	181,408	262,519	154,703	309,808	380,732	206,570	337,497	388,806	346,321	322,314
Payroll and benefits	5,994,423	5,663,495	4,655,862	4,313,407	4,042,832	3,505,859	3,303,534	3,350,031	3,078,640	4,030,354
Net pension expense	-	-	309,543	432,880	510,526	394,957	585,269	413,754	278,380	-
Utilities	842,050	818,721	692,632	670,332	779,470	690,553	738,882	815,276	804,031	769,218
Materials and supplies	1,783,127	1,316,393	1,252,773	1,080,391	1,182,774	936,154	955,147	1,162,026	986,917	846,303
Repairs and maintenance	345,055	482,473	416,713	315,278	376,224	292,266	275,616	341,278	280,086	255,350
Other	170,838	226,710	75,839	69,149	68,338	75,808	95,396	196,849	385,014	173,606
Capital outlay	-	-	-	31,217	15,942	363,570	17,293	8,340	88,644	379,575
Debt service:										
Interest and fiscal charges	2,504,546	639,336	673,757	721,054	729,493	684,673	717,242	683,693	669,070	674,365
Bond issuance costs	704,180	865,462	-	-	339,479	-	228,145	68,668	140,385	-
Contracted services	-	-	-	-	-	54,014	54,432	58,239	62,178	101,873
Depreciation	3,308,924	3,196,162	3,247,091	3,028,514	2,872,819	2,705,723	2,630,994	2,578,596	2,305,309	1,935,896
Total expenses	16,952,020	14,412,438	12,383,722	11,903,717	12,082,512	10,634,196	10,601,836	10,065,556	9,424,975	9,488,854
Operating Income (Loss)	823,153	(29,807)	1,071,748	800,707	182,813	550,770	721,785	725,935	(10,230)	734,202
Other financing sources/(uses):										
Gain (loss) on sale/disposal of assets	58,553	(4,206,086)	-	-	-	(146,274)	-	-	4,500	-
Net other financing sources/(uses)	58,553	(4,206,086)	-	-	-	(146,274)	-	-	4,500	-
Change in net position	881,706	(4,235,893)	1,071,748	800,707	182,813	404,496	721,785	725,935	(5,730)	734,202
Fund balance / net position:										
Beginning of the year	69,938,527	70,250,031	69,279,031	68,478,324	68,498,763	68,094,267	67,372,480	66,646,545	67,597,592	67,251,800
Prior period adjustment	-	3,924,389	(100,748)	-	(203,252)	-	-	-	(945,317)	(388,410)
End of the year	\$ 70,820,233	\$ 69,938,527	\$ 70,250,031	\$ 69,279,031	\$ 68,478,324	\$ 68,498,763	\$ 68,094,265	\$ 67,372,480	\$ 66,646,545	\$ 67,597,592

LAGUNA MADRE WATER DISTRICT
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	September									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Fund										
Unassigned	\$ 5,395,586	\$ 5,551,101	\$ 7,459,902	\$ 7,549,114	\$ 6,622,817	\$ 5,599,329	\$ 5,000,420	\$ 4,346,708	\$ 3,469,216	\$ 3,097,572
Nonspendable	901,432	811,442	639,886	594,364	769,226	593,554	577,957	481,524	1,017,867	891,659
Restricted	-	-	-	-	9,199,436	4,138,220	9,699,404	8,595,985	8,443,099	11,001,517
Committed	93,425	345,778	262,651	175,651	2,236,664	2,138,543	2,341,101	3,098,310	3,291,352	3,097,421
Assigned	-	-	-	-	866,104	906,027	1,335,432	1,447,051	350,861	405,672
Total general fund	<u>6,390,443</u>	<u>6,708,321</u>	<u>8,362,439</u>	<u>8,319,129</u>	<u>19,694,247</u>	<u>13,375,673</u>	<u>18,954,314</u>	<u>17,969,578</u>	<u>16,572,395</u>	<u>18,493,841</u>
Other Governmental Funds:										
Unassigned	-	-	-	-	-	-	-	-	-	-
Nonspendable	-	-	118,104	240,806	-	-	-	-	-	-
Restricted	42,313,262	28,404,541	6,481,466	8,716,551	3,684,342	9,270,048	8,240,928	8,443,099	11,001,517	16,961,285
Committed	2,228,452	2,138,342	2,160,797	2,116,270	2,066,588	2,031,469	2,013,787	2,007,108	2,004,903	2,002,306
Assigned	-	1,030,488	1,991,415	866,104	580,538	1,335,432	1,447,051	350,861	-	-
Total other governmental funds	<u>44,541,714</u>	<u>31,573,371</u>	<u>10,751,782</u>	<u>11,939,731</u>	<u>6,331,468</u>	<u>12,636,949</u>	<u>11,701,766</u>	<u>10,801,068</u>	<u>13,006,420</u>	<u>18,963,591</u>
Total Fund Balances	<u>\$ 50,932,157</u>	<u>\$ 38,281,692</u>	<u>\$ 19,114,221</u>	<u>\$ 20,258,860</u>	<u>\$ 26,025,715</u>	<u>\$ 26,012,622</u>	<u>\$ 30,656,080</u>	<u>\$ 28,770,646</u>	<u>\$ 29,578,815</u>	<u>\$ 37,457,432</u>

LAGUNA MADRE WATER DISTRICT
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	September									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues:										
Water services	\$6,077,769	\$5,802,367	\$5,703,408	\$5,511,444	\$5,524,968	\$5,321,051	\$5,481,245	\$5,060,601	\$4,596,999	\$4,331,211
Wastewater services	6,081,173	5,718,248	5,483,671	5,019,441	4,359,557	3,650,725	3,713,416	3,496,971	3,063,040	2,828,501
Other water sales	95,350	68,278	116,136	161,896	160,970	119,597	134,503	124,459	-	-
Late fees	81,919	79,653	49,804	24,887	76,454	62,631	58,683	76,976	63,063	-
Tap fees	328,017	309,889	342,725	224,969	185,998	237,154	162,892	134,898	167,919	111,151
Annexation fees	7,000	-	-	-	-	-	-	-	-	-
Property taxes	2,828,704	1,349,965	1,412,588	1,347,408	1,352,436	1,454,793	1,473,558	1,480,550	1,348,644	2,668,060
Penalties and interest	30,049	17,731	25,002	29,268	28,176	25,284	30,409	35,959	51,639	119,340
Intergovernmental	28,989	-	-	-	-	-	-	-	-	-
Investment earnings	1,769,548	219,094	75,084	234,039	307,300	213,196	132,361	51,789	18,778	32,024
Other	299,731	235,003	293,550	158,362	274,146	104,843	154,452	363,972	237,347	125,229
Total revenues	17,628,249	13,800,228	13,501,968	12,711,714	12,270,005	11,189,274	11,341,519	10,826,175	9,547,429	10,215,516
Expenditures:										
Service operations:										
Administration	412,345	392,591	350,968	422,304	300,634	282,962	215,018	-	-	-
Contracted services	364,498	305,572	313,095	272,440	258,395	240,125	285,614	-	-	-
Insurance	340,626	243,004	240,746	236,942	224,854	200,962	161,757	-	-	-
Professional fees	181,408	262,519	154,703	309,808	380,732	206,570	337,497	388,806	346,321	322,314
Payroll and benefits	5,980,177	5,655,671	5,185,789	4,753,518	4,448,060	3,908,057	3,657,751	3,687,855	3,668,463	3,810,930
Net pension expense	-	-	-	-	-	-	-	-	-	-
Utilities	842,050	818,721	692,632	670,332	779,470	690,553	738,882	815,276	804,031	769,218
Materials and supplies	1,783,127	1,316,393	1,252,773	1,080,391	1,182,774	936,154	955,147	1,162,026	986,917	846,303
Repairs and maintenance	345,055	482,473	602,646	315,278	376,224	292,266	275,616	341,278	280,086	255,350
Other	170,838	226,710	75,839	69,149	68,338	75,808	59,745	196,849	381,609	173,606
Capital outlay	10,136,188	9,861,716	1,745,131	2,551,031	3,100,951	7,588,006	6,908,421	3,438,162	2,432,339	6,574,794
Debt service:										
Principal	1,855,000	2,085,000	2,030,000	1,990,000	1,850,000	1,590,000	1,565,000	1,280,000	1,660,000	2,330,000
Financing agreement principal	13,754	13,345	12,950	12,565	12,192	11,831	11,480	13,329	-	-
Interest and fiscal charges	2,707,091	591,468	680,915	728,212	726,076	690,609	717,242	659,949	727,230	874,346
Bond issuance costs	704,180	865,462	-	-	339,479	-	228,145	68,668	140,385	-
Contracted services	-	-	-	-	-	54,014	54,432	58,239	62,178	101,873
Advance refunding escrow	-	-	-	-	-	-	-	-	117,701	-
Depreciation	-	-	-	-	-	-	-	-	-	-
Total expenditures	25,836,337	23,120,645	13,338,187	13,411,970	14,048,179	16,767,917	16,171,747	12,110,437	11,607,260	16,058,734
Excess (Deficiency) of Revenues over expenditures	(8,208,088)	(9,320,417)	163,781	(700,256)	(1,778,174)	(5,578,643)	(4,830,228)	(1,284,262)	(2,059,831)	(5,843,218)
Other financing sources/(uses):										
Refunding bonds issues	-	8,330,000	-	-	-	-	-	-	6,345,000	-
Payment to refunded bond escrow	-	(9,339,722)	-	-	-	-	-	-	(6,211,115)	-
Gain (loss) on sale/disposal of assets	58,553	-	-	-	-	-	-	-	4,500	-
Proceeds from insurance	-	-	-	-	-	-	-	-	-	-
Issuance of debt	20,800,000	26,335,000	-	-	8,300,000	-	5,815,000	2,580,000	-	-
Premium on bonds issued	-	3,162,610	-	-	-	-	-	-	-	-
Financing agreement proceeds	-	-	-	-	-	-	-	101,445	-	-
Other financing (uses)	-	-	-	-	-	-	-	-	-	-
Transfers in	3,308,116	12,057,894	3,117,205	1,964,180	1,559,344	1,871,276	2,794,664	1,840,889	1,083,565	664,676
Transfers out	(3,308,116)	(12,057,894)	(3,117,205)	(1,964,180)	(1,559,344)	(1,871,276)	(2,794,664)	(1,840,889)	(1,083,565)	(664,676)
Net other financing sources/(uses)	20,858,553	28,487,888	-	-	8,300,000	-	5,815,000	2,681,445	138,385	-
Net change in fund balances	\$ 12,650,465	\$ 19,167,471	\$ 163,781	\$ (700,256)	\$ 6,521,826	\$ (5,578,643)	\$ 984,772	\$ 1,397,183	\$ (1,921,446)	\$ (5,843,218)
Debt Service as a Percentage of Non-Capital Expenditures	24.07%	16.35%	18.35%	19.66%	18.73%	19.29%	19.28%	17.36%	20.79%	28.06%

LAGUNA MADRE WATER DISTRICT
Average Monthly Revenue per Customer
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Water</u>	<u>Wastewater</u>
2014	57.55	44.11
2015	61.44	47.76
2016	65.06	53.84
2017	63.11	47.28
2018	68.79	54.75
2019	70.05	64.31
2020	68.43	73.05
2021	69.11	83.95
2022	68.24	79.90
2023	69.79	82.97

LAGUNA MADRE WATER DISTRICT
WATER, WASTEWATER, & RAW WATER RATES
 Last Ten Fiscal Years

	9/30/2014		9/30/2015		9/30/2016		9/30/2017		9/30/2018	
	Water	Sewer*	Water	Sewer*	Water	Sewer*	Water	Sewer*	Water	Sewer*
5/8" Meters										
Base Charge up to 4,000 gallons	\$ 11.90	\$ 12.35	\$ 11.90	\$ 12.35	\$ 12.26	\$ 13.46	\$ 12.26	\$ 13.46	\$ 12.26	\$ 13.46
4,001 to 10,000 gallons**	2.40	2.50	2.40	2.50	2.47	2.73	2.47	2.73	2.47	2.73
10,001 to 20,000 gallons**	3.78	3.88	3.78	3.88	3.89	4.23	3.89	4.23	3.89	4.23
20,001+ gallons**	5.39	5.50	5.39	5.50	5.55	6.00	5.55	6.00	5.55	6.00
1" Meters										
Base Charge up to 6,000 gallons	\$ 16.48	\$ 15.59	\$ 16.48	\$ 15.59	\$ 23.07	\$ 21.83	\$ 23.07	\$ 21.83	\$ 23.07	\$ 21.83
6,001 to 20,000 gallons**	2.52	2.73	2.52	2.73	2.52	2.73	2.52	2.73	2.52	2.73
20,001 to 40,000 gallons**	3.78	4.10	3.78	4.10	3.78	4.10	3.78	4.10	3.78	4.10
40,001+ gallons**	5.32	6.12	5.32	6.12	5.32	6.12	5.32	6.12	5.32	6.12
2" Meters										
Base Charge up to 26,000 gallons	\$ 79.33	\$ 106.04	\$ 79.33	\$ 106.04	\$ 111.06	\$ 148.46	\$ 111.06	\$ 148.46	\$ 111.06	\$ 148.46
26,001 to 100,000 gallons**	2.63	2.97	2.63	2.97	2.63	2.97	2.63	2.97	2.63	2.97
100,001 to 200,000 gallons**	3.95	4.46	3.95	4.46	3.95	4.46	3.95	4.46	3.95	4.46
200,001+ gallons**	5.90	6.18	5.90	6.18	5.90	6.18	5.90	6.18	5.90	6.18
4" Meters										
Base Charge up to 101,000	\$ 299.03	\$ 243.26	\$ 299.03	\$ 243.26	\$ 418.64	\$ 340.56	\$ 418.64	\$ 340.56	\$ 418.64	\$ 340.56
101,001 to 500,000 gallons**	2.76	3.09	2.76	3.09	2.76	3.09	2.76	3.09	2.76	3.09
500,001 to 1,000,000 gallons**	4.14	4.63	4.14	4.63	4.14	4.63	4.14	4.63	4.14	4.63
100,000,001+ gallons**	5.69	6.30	5.69	6.30	5.69	6.30	5.69	6.30	5.69	6.30
6" Meters										
Base Charge up to 101,000	\$ 560.00	\$ 400.00	\$ 560.00	\$ 400.00	\$ 784.00	\$ 560.00	\$ 784.00	\$ 560.00	\$ 784.00	\$ 560.00
101,001 to 500,000 gallons**	2.60	2.70	2.60	2.70	2.60	2.70	2.60	2.70	2.60	2.70
500,001 to 1,000,000 gallons**	3.90	4.05	3.90	4.05	3.90	4.05	3.90	4.05	3.90	4.05
100,000,001+ gallons**	5.25	5.40	5.25	5.40	5.25	5.40	5.25	5.40	5.25	5.40
8" & 10" Meters										
Base Charge up to 50,000					\$ 840.00	\$ 896.00	\$ 840.00	\$ 896.00	\$ 840.00	\$ 896.00
50,001 to 500,000 gallons**					2.84	2.93	2.84	2.93	2.84	2.93
500,001 to 1,000,000 gallons**					4.20	4.42	4.20	4.42	4.20	4.42
100,000,001+ gallons**					5.69	5.89	5.69	5.89	5.69	5.89

* 75% of water consumption

** Charge per 1,000 gallons

	9/30/2019		9/30/2020		9/30/2021		9/30/2022		9/30/2023	
	Water	Sewer*	Water	Sewer*	Water	Sewer*	Water	Sewer*	Water	Sewer*
5/8" Meters										
Base Charge up to 4,000 gallons	\$ 13.12	\$ 16.15	\$ 13.38	\$ 19.06	\$ 13.65	\$ 20.58	\$ 13.65	\$ 21.61	\$ 14.74	\$ 23.34
4,001 to 10,000 gallons**	2.64	3.28	2.70	3.87	2.75	4.17	2.75	4.38	2.97	4.73
10,001 to 20,000 gallons**	4.16	5.08	4.25	5.99	4.33	6.47	4.33	6.79	4.68	7.33
20,001+ gallons**	5.94	7.20	6.06	8.50	6.18	9.18	6.18	9.63	6.67	10.40
1" Meters										
Base Charge up to 4,000 gallons	\$ 24.68	\$ 26.20	\$ 25.18	\$ 30.91	\$ 25.68	\$ 33.38	\$ 25.68	\$ 35.05	\$ 27.73	\$ 37.85
4,001 to 20,000 gallons**	2.70	3.28	2.75	3.87	2.81	4.17	2.81	4.38	3.03	4.73
20,001 to 40,000 gallons**	4.04	4.92	4.13	5.81	4.21	6.27	4.21	6.58	4.55	7.11
40,001+ gallons**	5.69	7.34	5.81	8.67	5.92	9.36	5.92	9.83	6.39	10.62
2" Meters										
Base Charge up to 15,000 gallons	\$ 118.83	\$ 178.15	\$ 121.21	\$ 210.22	\$ 123.64	\$ 227.04	\$ 123.64	\$ 238.39	\$ 133.53	\$ 257.46
15,001 to 100,000 gallons**	2.81	3.56	2.87	4.21	2.93	4.54	2.93	4.77	3.16	5.15
100,001 to 200,000 gallons**	4.23	5.35	4.31	6.32	4.40	6.82	4.40	7.16	4.75	7.74
200,001+ gallons**	6.31	7.42	6.44	8.75	6.57	9.45	6.57	9.92	7.10	10.71
4" Meters										
Base Charge up to 50,000	\$ 447.94	\$ 408.67	\$ 456.90	\$ 482.23	\$ 466.04	\$ 520.81	\$ 466.04	\$ 546.85	\$ 503.32	\$ 590.60
50,001 to 500,000 gallons**	2.95	3.71	3.01	4.38	3.07	4.73	3.07	4.96	3.32	5.36
500,001 to 1,000,000 gallons**	4.43	5.56	4.52	6.56	4.61	7.08	4.61	7.43	4.98	8.02
100,000,001+ gallons**	6.09	7.56	6.21	8.92	6.33	9.63	6.33	10.12	6.84	10.93
6" Meters										
Base Charge up to 50,000	\$ 838.88	\$ 672.00	\$ 855.66	\$ 792.96	\$ 872.77	\$ 856.40	\$ 872.77	\$ 899.22	\$ 942.59	\$ 971.16
50,001 to 500,000 gallons**	2.78	3.24	2.84	3.82	2.89	4.13	2.89	4.34	3.12	4.69
500,001 to 1,000,000 gallons**	4.17	4.86	4.26	5.73	4.34	6.19	4.34	6.50	4.69	7.02
100,000,001+ gallons**	5.62	6.48	5.73	7.65	5.84	8.26	5.84	8.67	6.31	9.36
8" & 10" Meters										
Base Charge up to 50,000	\$ 898.80	\$ 1,075.20	\$ 916.78	\$ 1,268.74	\$ 935.11	\$ 1,370.23	\$ 935.11	\$ 1,438.75	\$ 1,009.92	\$ 1,553.85
50,001 to 500,000 gallons**	3.04	3.52	3.10	4.15	3.16	4.48	3.16	4.70	3.41	5.08
500,001 to 1,000,000 gallons**	4.49	5.30	4.58	6.26	4.68	6.76	4.68	7.10	5.05	7.67
100,000,001+ gallons**	6.09	7.07	6.21	8.34	6.33	9.01	6.33	9.46	6.84	10.22

* 75% of water consumption

** Charge per 1,000 gallons

LAGUNA MADRE WATER DISTRICT
Top Ten Utility Rate Payers
Last Ten Years

FISCAL YEAR 2014			
<u>Customer</u>	<u>Address</u>	<u>City</u>	<u>Amount</u>
SSPIBR, LTD dba Pearl South Padre	310 Padre Boulevard	South Padre Island	\$ 156,377
Long Island Village	900 South Garcia	Port Isabel	141,662
Cameron County Parks System	Park Road 100	South Padre Island	137,234
Texas Pack, Inc.	508 Port Road	Port Isabel	130,310
Schlitterbahn South Padre	Isla Blanca Park	South Padre Island	122,342
Schlitterbahn South Padre	200 Padre Boulevard	South Padre Island	117,716
Saida Towers II	400 Padre Boulevard	South Padre Island	100,190
Sapphire Condos	310 Padre Boulevard	South Padre Island	98,612
Long Island Village Golf Course	950 South Garcia	Port Isabel	59,434
Bridgepoint Condos	334 Padre Boulevard	South Padre Island	58,977

FISCAL YEAR 2015			
<u>Customer</u>	<u>Address</u>	<u>City</u>	<u>Amount</u>
Long Island Village	900 South Garcia	Port Isabel	\$ 331,387
Texas Pack, Inc.	508 Port Road	Port Isabel	232,306
Schlitterbahn South Padre	200 Padre Boulevard	South Padre Island	197,447
SSPIBR, LTD dba Pearl South Padre	310 Padre Boulevard	South Padre Island	166,132
Cameron County Parks System	33174 State Park Road 100	South Padre Island	138,373
Saida Royale	400 Padre Boulevard	South Padre Island	124,642
Bridgepoint Condos	334 Padre Boulevard	South Padre Island	63,760
Affiliated Hospitality LLC	7010 Padre Boulevard	South Padre Island	50,744
Springlodge LP	6200 Padre boulevard	South Padre Island	45,798
SPI Management Co	500 Padre Boulevard	South Padre Island	43,860

FISCAL YEAR 2016			
<u>Customer</u>	<u>Address</u>	<u>City</u>	<u>Amount</u>
Long Island Village	900 South Garcia	Port Isabel	\$ 395,771
SSPIBR, LTD dba Pearl South Padre	310 Padre Boulevard	South Padre Island	360,031
Schlitterbahn South Padre	200 Padre Boulevard	South Padre Island	341,889
Texas Pack, Inc.	508 Port Road	Port Isabel	254,921
Cameron County Parks System	33174 State Park Road 100	South Padre Island	166,237
Sapphire Condos	310 Padre Boulevard	South Padre Island	85,636
Touchstone Golf	1 Golf House	Laguna Vista	75,587
Long Island Village	33772 S Garcia	Port Isabel	75,083
Bridgepoint Condos	334 Padre Boulevard	South Padre Island	71,731
Affiliated Hospitality LLC	7010 Padre Boulevard	South Padre Island	59,621

LAGUNA MADRE WATER DISTRICT
Top Ten Utility Rate Payers (continued)
Last Ten Years

FISCAL YEAR 2017			
<u>Customer</u>	<u>Address</u>	<u>City</u>	<u>Amount</u>
Long Island Village	900 South Garcia	Port Isabel	\$ 224,478
Cameron County Parks System	33174 State Park Road 100	South Padre Island	180,091
Texas Pack, Inc.	508 Port Road	Port Isabel	172,611
Schlitterbahn South Padre	200 Padre Boulevard	South Padre Island	167,242
Long Island Village	900 South Garcia	Port Isabel	152,772
Long Island Village	900 South Garcia	Port Isabel	137,228
SSPIBR, LTD dba Pearl South Padre	310 Padre Boulevard	South Padre Island	136,777
Schlitterbahn South Padre	Isla Blanca Park Irr	South Padre Island	108,935
Saida Towers II	400 Padre Boulevard	South Padre Island	88,036
Bridgepoint Condos	334 Padre Boulevard	South Padre Island	81,537
FISCAL YEAR 2018			
<u>Customer</u>	<u>Address</u>	<u>City</u>	<u>Amount</u>
Long Island Village	900 South Garcia	Port Isabel	328,025
Schlitterbahn South Padre	200 Padre Boulevard	South Padre Island	310,846
Texas Pack, Inc.	508 Port Road	Port Isabel	218,225
Cameron County Parks System	1 Padre Boulevard	South Padre Island	169,748
SSPIBR, LTD dba Pearl South Padre	310 Padre Boulevard	South Padre Island	155,163
Walmart Stores	1401 Highway 100	Port Isabel	85,235
Sapphire Condos	310-A Padre Boulevard	South Padre Island	77,596
Saida Towers II	400 Padre Boulevard	South Padre Island	76,658
Bridgepoint Condos	334 Padre Boulevard	South Padre Island	76,444
South Padre Island Golf Course	1 Golf House	Laguna Vista	68,085
FISCAL YEAR 2019			
<u>Customer</u>	<u>Address</u>	<u>City</u>	<u>Amount</u>
Long Island Village	900 South Garcia	Port Isabel	470,621
Texas Pack, Inc.	508 Port Road	Port Isabel	259,752
Cameron County Parks System	1 Padre Boulevard	South Padre Island	182,212
SSPIBR, LTD dba Pearl South Padre	310 Padre Boulevard	South Padre Island	176,177
Schlitterbahn South Padre	200 Padre Boulevard	South Padre Island	173,129
South Padre Island Golf Course	1 Golf House	Laguna Vista	120,979
Sapphire Condos	310-A Padre Boulevard	South Padre Island	93,340
Saida Royale	400 Padre Boulevard	South Padre Island	78,549
Bridgepoint Condos	334 Padre Boulevard	South Padre Island	72,618
Saida Towers II	400 Padre Boulevard	South Padre Island	70,427

LAGUNA MADRE WATER DISTRICT
Top Ten Utility Rate Payers (continued)
Last Ten Years

FISCAL YEAR 2020			
<u>Customer</u>	<u>Address</u>	<u>City</u>	<u>Amount</u>
Long Island Village	900 South Garcia	Port Isabel	420,827
Cameron County Parks System	1 Padre Boulevard	South Padre Island	285,617
Texas Pack, Inc.	508 Port Road	Port Isabel	240,825
SSPIBR, LTD dba Pearl South Padre	310 Padre Boulevard	South Padre Island	161,138
South Padre Island Golf Course	1 Golf House	Laguna Vista	125,629
Sapphire Condos	310-A Padre Boulevard	South Padre Island	113,351
Bridgepoint Condos	334 Padre Boulevard	South Padre Island	101,939
Saida Royale	400 Padre Boulevard	South Padre Island	78,549
Saida Towers II	400 Padre Boulevard	South Padre Island	74,241
Beacon Bay Townhomes	306 Beacon Bay Drive	Port Isabel	72,904
FISCAL YEAR 2021			
<u>Customer</u>	<u>Address</u>	<u>City</u>	<u>Amount</u>
Long Island Village	900 South Garcia	Port Isabel	416,054
Cameron County Parks System	1 Padre Boulevard	South Padre Island	287,884
Sapphire Condos	310-A Padre Boulevard	South Padre Island	174,522
Texas Pack, Inc.	508 Port Road	Port Isabel	158,186
Modern Resort Lodging LLC	6700 Padre Boulevard	South Padre Island	126,680
Innjoy Hospitality LLC	6700 Padre Boulevard	South Padre Island	113,754
Bridgepoint Condos	334 Padre Boulevard	South Padre Island	97,208
Saida Towers II	400 Padre Boulevard	South Padre Island	96,394
Saida Royale	400 Padre Boulevard	South Padre Island	86,384
La Copa Inn	350 Padre Boulevard	South Padre Island	76,716
FISCAL YEAR 2022			
<u>Customer</u>	<u>Address</u>	<u>City</u>	<u>Amount</u>
Long Island Village	900 South Garcia	Port Isabel	445,099
Cameron County Parks System	1 Padre Boulevard	South Padre Island	281,540
Sapphire Condos	310-A Padre Boulevard	South Padre Island	152,144
Texas Pack, Inc.	508 Port Road	Port Isabel	138,281
Hosp Soutx Marg, LLC	310 Padre Boulevard	South Padre Island	137,824
Innjoy Hospitality LLC	6700 Padre Boulevard	South Padre Island	130,325
Bridgepoint Condos	334 Padre Boulevard	South Padre Island	108,828
Modern Resort Lodging LLC	6700 Padre Boulevard	South Padre Island	98,976
Saida Towers II	400 Padre Boulevard	South Padre Island	96,615
Saida Royale	400 Padre Boulevard	South Padre Island	87,883

LAGUNA MADRE WATER DISTRICT
 Top Ten Utility Rate Payers (continued)
 Last Ten Years

FISCAL YEAR 2023			
<u>Customer</u>	<u>Address</u>	<u>City</u>	<u>Amount</u>
Long Island Village	900 South Garcia	Port Isabel	494,522
Cameron County Parks System	1 Padre Boulevard	South Padre Island	259,028
Sapphire Condos	310-A Padre Boulevard	South Padre Island	140,565
Saida Towers II	400 Padre Boulevard	South Padre Island	128,106
Bridgepoint Condos	334 Padre Boulevard	South Padre Island	122,323
Hosp Soutx Marg, LLC	310 Padre Boulevard	South Padre Island	114,670
Texas Pack, Inc.	508 Port Road	Port Isabel	103,259
Innjoy Hospitality LLC	6700 Padre Boulevard	South Padre Island	100,151
Modern Resort Lodging LLC	6700 Padre Boulevard	South Padre Island	94,434
Beacon Bay OTM Harmony LP	306 Beacon Bay Drive	Port Isabel	92,510

LAGUNA MADRE WATER DISTRICT
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended	Market Value	Taxable Value	Approximate Tax Levy	Adopted Tax Rate	Property Tax Levy	Collected within the Fiscal Year of the Levy	Percentage of Levy Collected
2014	\$3,522,032,606	\$3,306,764,269	\$2,672,527	0.080820	\$2,672,528	\$2,565,140	96.0%
2015	\$3,443,890,797	\$3,236,134,537	\$2,615,444	0.039260	\$1,271,531	\$1,251,219	98.4%
2016	\$3,425,727,657	\$3,211,199,238	\$1,260,717	0.044643	\$1,445,200	\$1,424,719	98.6%
2017	\$3,438,658,773	\$3,224,088,223	\$1,439,330	0.045020	\$1,451,488	\$1,437,588	99.0%
2018	\$3,523,806,359	\$3,312,253,813	\$1,491,177	0.043860	\$1,452,755	\$1,428,212	98.3%
2019	\$3,578,561,747	\$3,355,564,865	\$1,471,751	0.040101	\$1,345,615	\$1,319,261	98.0%
2020	\$3,712,841,011	\$3,478,891,242	\$1,395,070	0.038821	\$1,350,542	\$1,317,351	97.5%
2021	\$3,603,778,250	\$3,536,814,096	\$1,302,894	0.039918	\$1,411,825	\$1,370,214	97.1%
2022	\$3,773,911,371	\$3,517,424,459	\$1,404,086	0.038201	\$1,365,200	\$1,346,440	98.6%
2023	\$4,457,848,449	\$4,097,983,089	\$2,844,377	0.069300	\$2,854,127	\$2,749,989	96.4%

Source: Cameron County Tax Assessor's Office
<http://www.cameroncad.org/certified-totals.html>

LAGUNA MADRE WATER DISTRICT

Ratios of Outstanding Debt

Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Revenue Bonds	Revenue Notes	Financing Agreements	Premium	Total Outstanding Debt	Population (3)	Debt Per Capita	Debt as a Percentage of Personal Income
2014	15,465,000	6,455,000	-	-	299,583	22,219,583	11,116	1,999	7.38%
2015	14,255,000	6,280,000	-	-	282,940	20,817,940	11,132	1,870	7.29%
2016	16,010,000	5,825,000	-	88,116	266,296	22,189,412	11,098	1,999	6.87%
2017	15,190,000	10,895,000	-	76,636	249,653	26,411,289	11,094	2,381	7.77%
2018	14,355,000	10,140,000	-	64,805	233,009	24,792,814	11,067	2,240	7.51%
2019	13,495,000	14,795,000	2,655,000	52,613	216,366	31,213,979	12,267	2,545	8.35%
2020	12,610,000	13,945,000	2,400,000	40,048	199,722	29,194,770	13,467	2,168	6.98%
2021*	11,705,000	13,085,000	2,135,000	27,098	183,079	27,135,177	13,467 *	2,015	0.00%
2022	36,135,000	12,210,000	1,860,000	13,753	3,078,627	53,297,380	12,373	4,308	14.89%
2023	56,255,000	11,320,000	1,575,000	-	2,891,714	72,041,714	12,560	5,736	16.30%

(3) Source: U.S. Census Bureau

* - Data for the 2021 year not available

LAGUNA MADRE WATER DISTRICT
 General Bonded Debt Ratio
 Last Ten Fiscal Years

Fiscal Year	General Obligation		Premium	Total Bonded Debt	Restricted for		Population (3)	Debt Per Capita (4)	Percentage of Estimated Actual Taxable Value of Property (5)
	Bonds	Revenue Bonds			Debt Service	Net Bonded Debt			
2014	\$15,465,000	\$6,455,000	\$ 299,583	\$ 22,219,583	\$ 2,603,311	\$ 19,616,272	11,116	\$1,765	0.59%
2015	\$14,255,000	\$6,280,000	\$ 282,940	\$ 20,817,940	\$ 2,225,351	\$ 18,592,589	11,132	\$1,670	0.57%
2016	\$16,010,000	\$5,825,000	\$ 266,296	\$ 22,101,296	\$ 2,896,569	\$ 19,204,727	11,098	\$1,730	0.60%
2017	\$15,190,000	\$10,895,000	\$ 249,653	\$ 26,334,653	\$ 3,084,681	\$ 23,249,972	11,094	\$2,096	0.72%
2018	\$14,355,000	\$10,140,000	\$ 233,009	\$ 24,728,009	\$ 3,200,219	\$ 21,527,790	11,067	\$1,945	0.65%
2019	\$13,495,000	\$14,795,000	\$ 216,366	\$ 28,506,366	\$ 3,598,587	\$ 24,907,779	12,267	\$2,030	0.74%
2020	\$12,610,000	\$13,945,000	\$ 199,722	\$ 26,754,722	\$ 2,484,301	\$ 24,270,421	13,467	\$1,802	0.70%
2021*	\$11,705,000	\$13,085,000	\$ 183,079	\$ 24,973,079	\$ 2,942,194	\$ 22,030,885	13,467 *	\$1,636	0.62%
2022	\$36,135,000	\$12,210,000	\$ 3,078,627	\$ 51,423,627	\$ 2,882,134	\$ 48,541,493	12,373	\$3,923	1.38%
2023	\$56,255,000	\$11,320,000	\$ 2,891,714	\$ 70,466,714	\$ 3,015,061	\$ 67,451,653	12,560	\$5,370	1.65%

LAGUNA MADRE WATER DISTRICT

Direct and Overlapping Debt
as of September 30, 2023

	<u>Debt Amount</u>	<u>% Overlapping</u>	<u>Overlapping Amount</u>
Taxing Body:			
Brownsville Navigation District	\$0	0.00%	\$0
Brownsville, City of	\$190,902,000	0.06%	\$114,541
Cameron County	\$200,945,000	15.88%	\$31,910,066
Laguna Vista, Town of	\$740,000	99.75%	\$738,150
Los Fresnos CISD	\$71,130,000	0.35%	\$248,955
Point Isabel ISD	\$41,975,000	82.60%	\$34,671,350
Port Isabel, City of	\$5,545,000	99.73%	\$5,530,029
South Padre Island, City of	\$10,800,000	98.46%	\$10,633,680
Texas Southmost College	\$22,425,000	23.61%	\$5,294,543
Total Overlapping Debt			<u>\$89,141,314</u>
Laguna Madre Water District			\$72,041,714
Total Direct and Overlapping Debt			<u>\$161,183,028</u>
Total Direct and Overlapping Debt % of A.V.:			3.93%
Total Direct and Overlapping Debt per Capita:			\$12,833

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using assessed property values. Applicable percentages were estimated by determining the portion of another government unit's assessed value that is within the District's boundaries and dividing by each unit's total assessed value.

LAGUNA MADRE WATER DISTRICT
 Total Indebtness per Customer
 Last Ten Fiscal Years

<u>Fiscal Year</u> <u>Ended</u>	<u>Tax</u> <u>Bonds</u> <u>Payable</u>	<u>Revenue</u> <u>Bonds</u> <u>Payable</u>	<u>Revenue</u> <u>Notes</u> <u>Payable</u>	<u>Financing</u> <u>Agreement</u> <u>Payable</u>	<u>Compensated</u> <u>Absences</u>	<u>Net Pension</u> <u>Liabilities</u>	<u>Unamortized</u> <u>Premium</u>	<u>Total</u> <u>Indebtedness</u>	<u>Total</u> <u>Water</u> <u>Connections</u>	<u>Debt Per</u> <u>Customer</u>
2014	15,465,000	6,455,000	-	-	299,578	-	299,583	22,519,161	6,272	3,590
2015	14,255,000	6,280,000	-	-	62,319	1,311,309	282,940	22,191,568	6,235	3,559
2016	16,010,000	5,825,000	-	88,116	69,051	1,861,286	266,296	24,119,749	6,482	3,721
2017	15,190,000	10,895,000	-	76,636	74,915	1,915,746	249,653	28,401,950	7,238	3,924
2018	14,355,000	10,140,000	-	64,805	72,104	1,226,822	233,009	26,091,740	6,446	4,048
2019	13,495,000	14,795,000	2,655,000	52,613	87,724	2,212,566	216,366	33,514,269	6,573	5,099
2020	12,610,000	13,945,000	2,400,000	40,048	120,181	1,210,063	199,722	30,525,014	6,712	4,548
2021	11,705,000	13,085,000	2,135,000	27,098	100,330	1,755,748	183,079	28,991,255	6,878	4,215
2022	36,135,000	12,210,000	1,860,000	13,753	108,154	-	3,078,627	53,405,534	7,240	7,376
2023	56,255,000	11,320,000	1,575,000	-	122,399	1,795,830	2,891,714	73,959,943	7,258	10,190

LAGUNA MADRE WATER DISTRICT

Revenue Bond Coverage

Last Ten Fiscal Years

Fiscal Year Ended	Total Revenues	Total Expenses (3)	Net Revenues Available for Debt Service	Revenue Bond Debt Service Requirements for Subsequent Year	Coverage
2014	10,223,056	7,552,958	2,670,098	409,013	6.53
2015	9,414,745	7,119,666	2,295,079	614,786	3.73
2016	10,791,491	7,486,960	3,304,531	612,642	5.39
2017	11,323,621	7,970,842	3,352,779	932,150	3.60
2018	11,184,966	7,928,473	3,256,493	934,412	3.49
2019	12,265,325	9,209,693	3,055,632	1,367,672	2.23
2020	12,704,424	8,875,202	3,829,222	1,365,787	2.80
2021	13,455,470	9,136,631	4,318,839	1,367,854	3.16
2022	14,382,631	11,216,276	3,166,355	1,368,737	2.31
2023	17,576,090	13,512,459	4,063,631	1,368,479	2.97

(3) - Depreciation not included

LAGUNA MADRE WATER DISTRICT
Demographic and Economic Statistics
Last Ten Fiscal Years

<u>Fiscal Year</u> <u>Ended</u>	<u>Estimated</u> <u>Population</u> <u>Laguna Vista</u>	<u>Median Household</u> <u>Income</u> <u>Laguna Vista</u>	<u>Personal Income</u> <u>Laguna Vista</u>	<u>Per Capita Income</u> <u>Laguna Vista</u>	<u>Unemployment Rate</u> <u>Laguna Vista</u>
2014	3,197	61,250	108,064,994	33,802	6.6%
2015	3,211	54,531	98,767,149	30,759	7.5%
2016	3,195	56,311	99,342,135	31,093	8.8%
2017	3,189	59,091	96,444,927	30,243	5.4%
2018	3,171	58,438	92,317,323	29,113	4.1%
2019	3,157	52,813	95,193,021	30,153	3.9%
2020	3,143	47,188	98,039,599	31,193	3.7%
2021*	-	-	-	-	0.0%
2022	3,506	51,823	117,093,388	33,398	2.5%
2023	3,555	60,833	156,483,990	44,018	2.0%

<u>Fiscal Year</u> <u>Ended</u>	<u>Estimated</u> <u>Population</u> <u>Port Isabel</u>	<u>Median Household</u> <u>Income</u> <u>Port Isabel</u>	<u>Personal Income</u> <u>Port Isabel</u>	<u>Per Capita Income</u> <u>Port Isabel</u>	<u>Unemployment Rate</u> <u>Port Isabel</u>
2014	5,033	32,415	85,007,370	16,890	7.1%
2015	5,033	31,765	90,996,640	18,080	6.1%
2016	5,015	32,566	100,485,555	20,037	4.6%
2017	5,049	34,389	103,484,304	20,496	4.7%
2018	5,057	30,313	90,034,828	17,804	3.4%
2019	6,292	32,598	114,476,648	18,194	1.0%
2020	7,527	34,883	139,881,768	18,584	-1.4%
2021*	-	-	-	-	0.0%
2022	6,729	36,649	129,129,510	19,190	1.8%
2023	6,619	42,601	159,517,900	24,100	2.0%

<u>Fiscal Year</u> <u>Ended</u>	<u>Estimated</u> <u>Population</u> <u>South Padre Island</u>	<u>Median Household</u> <u>Income</u> <u>South Padre Island</u>	<u>Personal Income</u> <u>South Padre Island</u>	<u>Per Capita Income</u> <u>South Padre Island</u>	<u>Unemployment Rate</u> <u>South Padre Island</u>
2014	2,886	41,714	107,979,690	37,415	1.5%
2015	2,888	39,301	95,647,672	33,119	2.0%
2016	2,888	42,825	123,303,160	42,695	1.8%
2017	2,856	45,060	140,098,224	49,054	0.0%
2018	2,839	41,894	147,764,272	52,048	0.0%
2019	2,818	45,221	164,106,230	58,235	1.1%
2020	2,797	48,548	180,188,334	64,422	2.2%
2021*	-	-	-	-	0.0%
2022	2,138	60,688	111,763,950	52,275	3.5%
2023	2,386	62,557	125,849,570	52,745	3.4%

Source: U.S. Census Bureau

* - Data for the 2021 year not available

LAGUNA MADRE WATER DISTRICT
 Full-Time Employees By Department
 Last Ten Fiscal Years

<u>DEPARTMENT</u>	<u>September</u>									
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Water Plant	14	14	14	10	13	13	10	11	11	12
Lift Stations	5	4	4	3	0	0	0	0	0	0
Distribution	9	7	8	7	9	9	9	9	9	10
Collections	6	6	7	6	6	6	5	7	7	7
Maintenance	3	3	3	3	3	3	3	3	3	4
Lab	4	3	3	3	4	4	4	4	4	4
Administration	11	11	9	9	7	7	7	7	6	5
Wastewater	12	12	11	11	14	13	13	14	15	16
Finance	15	15	15	15	13	13	12	10	11	11
Electrical	4	4	4	3	4	3	2	3	2	4
Construction	7	5	7	5	7	6	7	6	5	4
Total	90	84	85	75	80	77	72	74	73	77

Source: LMWD Human Resources Department

LAGUNA MADRE WATER DISTRICT
 Total Active Connections
 Last Ten Fiscal Years

Meter Size	September									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
5/8"	5,544	5,418	5,239	5,096	4,979	4,871	4,792	4,731	4,697	4,666
1"	1,287	1,258	1,229	1,208	1,186	1,165	1,153	1,116	1,097	1,090
2"	317	301	300	299	298	302	282	281	294	341
4"	74	73	74	73	74	73	83	82	113	83
6"	35	35	35	33	34	33	49	66	32	87
8"	1	1	1	1	1	1	9	1	1	3
10"	-	-	-	1	-	-	-	-	-	1
16"	-	-	-	1	1	1	-	-	-	-
18"	-	-	-	-	-	-	1	1	1	1
Total water connections	<u>7,258</u>	<u>7,086</u>	<u>6,878</u>	<u>6,712</u>	<u>6,573</u>	<u>6,446</u>	<u>6,369</u>	<u>6,278</u>	<u>6,235</u>	<u>6,272</u>
Total wastewater connections	<u>6,108</u>	<u>5,984</u>	<u>5,801</u>	<u>5,726</u>	<u>5,649</u>	<u>5,557</u>	<u>5,519</u>	<u>5,466</u>	<u>5,344</u>	<u>5,344</u>
Gallons pumped into system:	1,330,864,000	1,326,022,000	1,296,284,000	1,277,156,000	1,286,386,000	1,443,198,000	1,441,755,000	1,312,625,000	1,202,924,000	1,482,005,000
Gallons billed to customers:	1,136,384,900	1,163,766,800	1,175,694,207	1,144,586,579	1,270,283,287	1,329,802,462	1,348,053,900	1,234,821,500	1,157,087,500	1,188,958,200
Water accountability ratio:	85.39%	87.76%	90.70%	89.62%	98.75%	92.14%	93.50%	94.07%	96.19%	80.23%

LAGUNA MADRE WATER DISTRICT

Capital Assets Statistics

Last Ten Fiscal Years

	September									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
WATER										
Vehicles	4	4	4	4	4	4	4	4	4	3
Water Treatment Plants	1	1	1	1	1	1	1	1	2	1
Miles of water mains	142	140	140	140	140	140	140	140	140	140
Meters	7,258	7,240	6,878	6,712	6,573	6,446	7,238	6,482	6,235	6,272
Water Towers	4	4	5	5	5	5	5	5	5	5
Ground Storage	2	2	1	1	1	1	1	1	3	2
Booster Stations	0	0	0	0	0	0	0	0	0	0
WASTEWATER										
Vehicles	3	3	3	4	4	4	4	4	4	4
Wastewater Treatment Plants	4	4	4	4	4	4	4	4	4	4
Lift Stations	33	33	33	32	32	32	32	32	33	33
Miles of wastewater main	110	105	105	105	105	105	105	105	105	105
ADMINISTRATION										
Vehicles	2	1	1	1	1	1	1	1	1	1

Source: Various District departments

COMPLIANCE SECTION

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**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Laguna Madre Water District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Laguna Madre Water District as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise Laguna Madre Water District’s basic financial statements, and have issued our report thereon dated March 27, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Laguna Madre Water District’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Laguna Madre Water District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Laguna Madre Water District’s internal control.

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

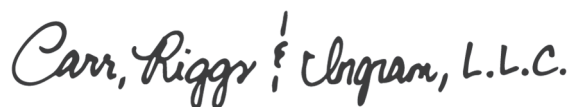
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Laguna Madre Water District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Carr, Riggs & Ingram, L.L.C." The signature is written in a cursive style with a vertical line separating "Riggs" and "Ingram".

CARR, RIGGS & INGRAM, LLC

Harlingen, Texas
March 27, 2024



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**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors
Laguna Madre Water District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Laguna Madre Water District’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Laguna Madre Water District’s major federal programs for the year ended September 30, 2023. Laguna Madre Water District’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, Laguna Madre Water District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Laguna Madre Water District and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Laguna Madre Water District’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Laguna Madre Water District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Laguna Madre Water District's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Laguna Madre Water District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Laguna Madre Water District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Laguna Madre Water District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Laguna Madre Water District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C.

Harlingen, Texas
March 27, 2024

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Laguna Madre Water District Schedule of Findings and Questioned Costs

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
* Material weakness(es) identified?	___ yes	_X_ no
* Significant deficiencies identified that are not considered to be material weakness(es)?	___ yes	_X_ none reported
Noncompliance material to financial statements noted?	___ yes	_X_ no

Federal Awards

Internal control over major programs:		
* Material weakness(es) identified?	___ yes	_X_ no
* Significant deficiencies identified that are not considered to be material weakness(es)?	___ yes	_X_ none reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a).	___ yes	_X_ no

Identification of major programs:

Federal Assistance Listing Number(s)

66.458

Name of Federal Program or Cluster

Clean Water State Revolving Fund Cluster
Capitalization Grants for Clean Water State
Revolving Funds

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
--	-----------

Auditee qualified as low-risk auditee?	___ yes	_X_ no
--	---------	--------

Laguna Madre Water District
Schedule of Findings and Questioned Costs - Continued

Section II – Findings Relating to the Financial Statement Audit as Required to Be Reported in Accordance with Generally Accepted Government Auditing Standards

A. Significant Deficiencies in Internal Control

None reported.

B. Compliance Findings

None reported.

Section III – Federal and State Award Findings and Questioned Costs

None reported.

**Laguna Madre Water District
Summary Schedule of Prior Audit Findings**

PROGRAM DESCRIPTION

Not applicable

DESCRIPTION

There were no findings reported in the prior year.

Laguna Madre Water District Schedule of Expenditures of Federal Awards For the Year Ended September 30, 2023

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	(2) Federal Assistance Listing Number	(3) Pass-through Entity Identifying Number	(4) Provided to Subrecipients	(5) Federal Expenditures
Department of Homeland Security				
Passed Through the Texas Department of Public Safety's Division of of Emergency Management				
COVID-19 Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4485DR	\$ -	\$ 28,989
Total Passed Through the Texas Department of Public Safety's Division of of Emergency Management			-	28,989
Total Department of Homeland Security			-	28,989
U.S. Environmental Protection Agency				
Passed through Texas Water Development Board Clean Water State Revolving Fund Cluster				
* Capitalization Grants for Clean Water State Revolving Funds	66.458	73730	-	1,689,712
Total Clean Water State Revolving Fund Cluster			-	1,689,712
Total Passed through Texas Water Development Board			-	1,689,712
Total U.S. Environmental Protection Agency			-	1,689,712
Total Expenditures of Federal Awards			\$ -	\$ 1,718,701

* Clustered programs

Laguna Madre Water District
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2023

NOTE 1- GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of Laguna Madre Water District, for the year ended September 30, 2023. The reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Financial accountability exists if a primary government appoints a voting majority of an organization's governing Board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations with a separately elected governing Board, a governing Board appointed by another government, or a jointly appointed Board that is fiscally dependent on the primary government.

In accordance with Governmental Accounting Standards Board requirements, the District has reviewed other entities and activities for possible inclusion in the reporting entity and determined that there are none; however, federal financial assistance passed through other governmental agencies is included on the schedule.

NOTE 2- MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The federal and state grant funds were accounted for in the Capital Projects Fund. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental fund types are accounted for using a current financial resources measurement focus. With the governmental fund type measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for the governmental fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

NOTE 3- SUB-RECIPIENTS

During the year ended September 30, 2023, the District had no sub-recipients.

Laguna Madre Water District
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2023

NOTE 4- FEDERAL LOANS AND LOAN GUARANTEES

During the year ended September 30, 2023, the District had no outstanding federal loans payable or loan guarantees.

NOTE 5- FEDERALLY FUNDED INSURANCE

During the year ended September 30, 2023, the District had no federally funded insurance.

NOTE 6- NONCASH AWARDS

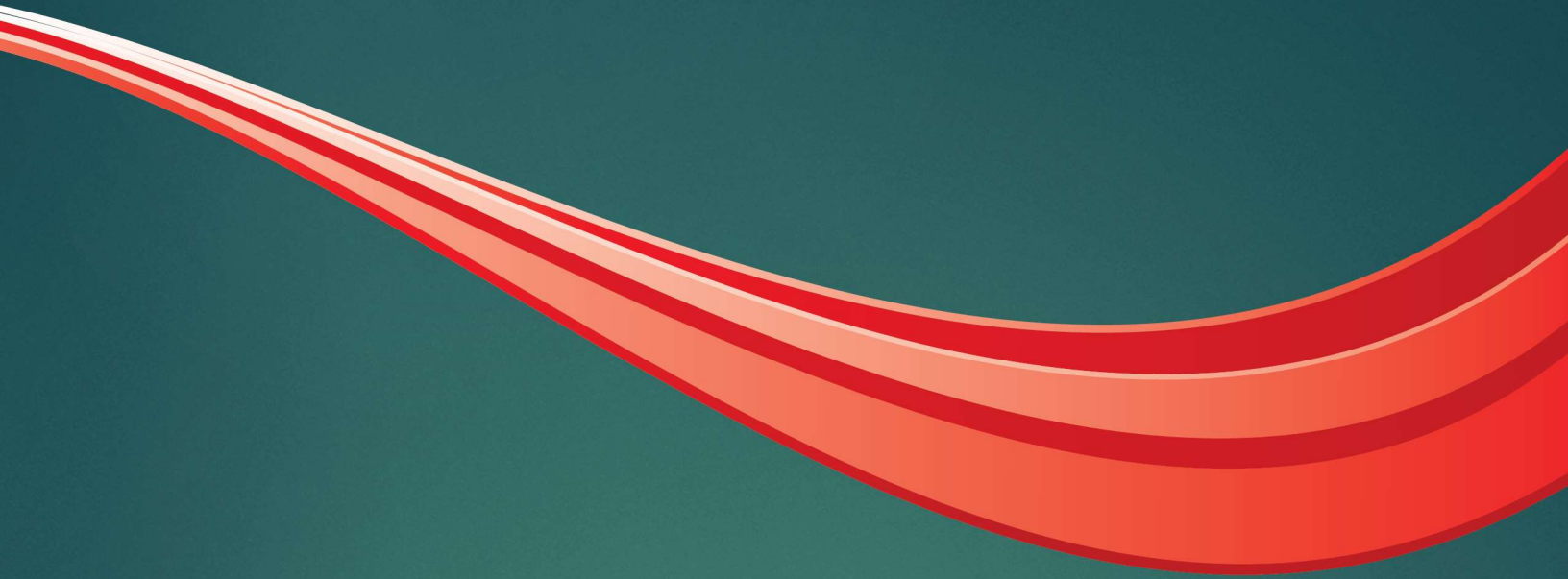
During the year ended September 30, 2023, the District did not receive any non-cash federal awards.

NOTE 7- INDIRECT COST RATE

The District does not utilize the de minimus 10% indirect cost rate. Indirect costs, where applicable, are negotiated with the agency providing the grant award to the District.

NOTE 8- PRIOR YEAR EXPENDITURES

The \$28,989 expenditures from the COVID-19 Disaster Grants - Public Assistance (Presidentially Declared Disasters) pertain to prior year expenditures.



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