

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

**GUADALUPE COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**SEPTEMBER 30, 2025**

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# ***McCall Gibson Swedlund Barfoot Ellis PLLC***

*Certified Public Accountants*

*Chris Swedlund  
Noel W. Barfoot  
Joseph Ellis  
Ashlee Martin*

*Mike M. McCall  
(retired)  
Debbie Gibson  
(retired)*

## INDEPENDENT AUDITOR'S REPORT

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

### **Opinions**

We have audited the accompanying financial statements of the governmental activities and each major fund of Lake Placid Water Control and Improvement District No. 1 (the "District") as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of September 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

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

### **Responsibilities of Management for the Financial Statements**

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

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

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

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

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

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

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

### **Required Supplementary Information**

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

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

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information, excluding that portion marked "Unaudited" on which we express no opinion or provide an assurance, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*McCall Gibson Swedlund Barfoot Ellis PLLC*

McCall Gibson Swedlund Barfoot Ellis PLLC  
Certified Public Accountants  
Houston, Texas

January 20, 2026

**LAKE PLACID WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 1  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

Management’s discussion and analysis of the financial performance of Lake Placid Water Control and Improvement District No. 1 (the “District”) provides an overview of the District’s financial activities for the fiscal year ended September 30, 2025. Please read it in conjunction with the District’s financial statements.

**USING THIS ANNUAL REPORT**

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

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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

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

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

**FUND FINANCIAL STATEMENTS**

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

**LAKE PLACID WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 1  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

**FUND FINANCIAL STATEMENTS (Continued)**

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

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

**OTHER INFORMATION**

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of the District’s financial position. In the case of the District, liabilities exceeded assets by \$1,773,086 as of September 30, 2025. A comparative analysis of government-wide changes in net position is presented on the following page.

**LAKE PLACID WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

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

	Summary of Changes in the Statement of Net Position		
	2025	2024	Change Positive (Negative)
Current and Other Assets	\$ 4,340,397	\$ 7,112,795	\$ (2,772,398)
Total Assets	\$ 4,340,397	\$ 7,112,795	\$ (2,772,398)
Bonds Payable	\$ 6,000,000	\$ 6,000,000	\$
Other Liabilities	113,483	111,472	(2,011)
Total Liabilities	\$ 6,113,483	\$ 6,111,472	\$ (2,011)
Net Position:			
Net Investment in Capital Assets	\$ (2,982,843)	\$ (185,665)	\$ (2,797,178)
Restricted	939,861	1,039,486	(99,625)
Unrestricted	269,896	147,502	122,394
Total Net Position	\$ (1,773,086)	\$ 1,001,323	\$ (2,774,409)

For the year ended September 30, 2025, net position decreased by \$2,774,409. The following table provides a summary of the District's operations for the years ended September 30, 2025, and September 30, 2024.

	Summary of Changes in the Statement of Activities		
	2025	2024	Change Positive (Negative)
Revenues:			
Property Taxes, Including Penalties and Interest	\$ 1,950,678	\$ 1,527,284	\$ 423,394
Other Revenues	294,201	236,932	57,269
Total Revenues	\$ 2,244,879	\$ 1,764,216	\$ 480,663
Expenses:			
Expenses for Services	\$ 3,136,135	\$ 131,498	\$ (3,004,637)
Debt Service Expenses	1,883,153	1,655,116	(228,037)
Total Expenses	\$ 5,019,288	\$ 1,786,614	\$ (3,232,674)
Change in Net Position	\$ (2,774,409)	\$ (22,398)	\$ (2,752,011)
Net Position, Beginning of Year	1,001,323	1,023,721	(22,398)
Net Position, End of Year	\$ (1,773,086)	\$ 1,001,323	\$ (2,774,409)

**LAKE PLACID WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 1  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

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

The District’s combined fund balance as of September 30, 2025, were \$4,298,584, a decrease of \$2,777,834 compared to the prior year. The General Fund fund balance increased by \$122,267, primarily due to property taxes allocated to operations and maintenance exceeding District operating costs.

The Debt Service Fund fund balance decreased by \$102,923 due to current year GBRA principal and interest payments exceeding the property taxes allocated to fund the contractual payment of GBRA debt service.

The Capital Projects Fund fund balance decreased by \$2,797,178, primarily due to a \$3,000,000 payment made to the GBRA from the District’s previously issued Series 2024 remediation bonds to finance the Lake Placid Dam facility construction improvement and remediation costs.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Board of Directors annually adopts a budget for the General Fund. The budget was not amended for the current fiscal year. Actual revenues were \$38,639 more than budgeted revenues and actual expenditures were \$240 less than budgeted expenditures which resulted in an overall positive variance compared to budget of \$38,879. See the budget to actual comparison for more information.

**LONG-TERM DEBT ACTIVITY**

As of September 30, 2025, the District has \$6,000,000 of long-term debt outstanding. The changes in bonds payable during the current fiscal year are summarized in the following table:

Bond Debt Payable, October 1, 2024	\$ 6,000,000
Less: Bond Principal Paid	<u>                    </u>
Bond Debt Payable, September 30, 2025	<u><u>\$ 6,000,000</u></u>

In addition, the District has contractually agreed to fund principal and interest payments on \$38,440,000 of debt issued by the Guadalupe-Blanco River Authority (the “GBRA”), the proceeds of which will be used for the design and construction of a dam and hydroelectric facilities to serve Lake Placid (see Notes 4 and 7). During the current fiscal year, the District paid the GBRA \$1,725,606 for principal and interest payments due on the contract.

**LAKE PLACID WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

**CURRENTLY KNOWN FACTS, DECISIONS OR CONDITIONS**

The adopted budget for fiscal year 2026 projects an increase in the General Fund fund balance of \$70,829. Revenues are expected to be \$208,879 and expenditures are expected to be \$138,050. For the fiscal year ending September 30, 2025, the District has levied a total tax rate of \$0.94 per \$100 of assessed valuation, of which 10.6% will be used to fund general operations, 12.8% will be used to fund District bond debt expenditures, and 76.6% will be used to fund GBRA contract debt service payments.

**CONTACTING THE DISTRICT'S MANAGEMENT**

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

**LAKE PLACID WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 1  
STATEMENT OF NET POSITION AND  
GOVERNMENTAL FUNDS BALANCE SHEET  
SEPTEMBER 30, 2025**

	General Fund	Debt Service Fund
<b>ASSETS</b>		
Cash	\$ 8,125	\$
Investments	276,559	1,016,492
Property Taxes Receivable	3,060	19,004
Due from Other Funds	1,901	
<b>TOTAL ASSETS</b>	<b>\$ 289,645</b>	<b>\$ 1,035,496</b>
<b>LIABILITIES</b>		
Accounts Payable	\$ 19,749	\$
Accrued Bond Interest Payable		
Accrued GBRA Interest Payable		
Due to Other Funds		1,901
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
<b>TOTAL LIABILITIES</b>	<b>\$ 19,749</b>	<b>\$ 1,901</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property Taxes	\$ 3,060	\$ 19,004
<b>FUND BALANCES</b>		
Restricted for:		
Authorized Construction	\$	\$
GBRA and District Debt Service		1,014,591
Unassigned	266,836	
<b>TOTAL FUND BALANCES</b>	<b>\$ 266,836</b>	<b>\$ 1,014,591</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 289,645</b>	<b>\$ 1,035,496</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets		
Restricted		
Unrestricted		
<b>TOTAL NET POSITION</b>		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$ 298,387	\$ 306,512	\$	\$ 306,512
2,718,770	4,011,821		4,011,821
	22,064		22,064
	1,901	(1,901)	
<u>\$ 3,017,157</u>	<u>\$ 4,342,298</u>	<u>\$ (1,901)</u>	<u>\$ 4,340,397</u>
\$	\$ 19,749	\$	\$ 19,749
		19,841	19,841
		73,893	73,893
	1,901	(1,901)	
		155,000	155,000
		5,845,000	5,845,000
<u>\$ -0-</u>	<u>\$ 21,650</u>	<u>\$ 6,091,833</u>	<u>\$ 6,113,483</u>
<u>\$ -0-</u>	<u>\$ 22,064</u>	<u>\$ (22,064)</u>	<u>\$ -0-</u>
\$ 3,017,157	\$ 3,017,157	\$ (3,017,157)	\$
	1,014,591	(1,014,591)	
	266,836	(266,836)	
<u>\$ 3,017,157</u>	<u>\$ 4,298,584</u>	<u>\$ (4,298,584)</u>	<u>\$ - 0 -</u>
<u>\$ 3,017,157</u>	<u>\$ 4,342,298</u>		
		\$ (2,982,843)	\$ (2,982,843)
		939,861	939,861
		269,896	269,896
		<u>\$ (1,773,086)</u>	<u>\$ (1,773,086)</u>

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

**LAKE PLACID WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 1  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2025**

Total Fund Balances - Governmental Funds \$ 4,298,584

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

Deferred tax revenues for the 2024 and prior tax levies became part of recognized revenue in the governmental activities of the District. 22,064

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

Bonds Payable	\$ (6,000,000)	
Accrued Bond Interest Payable	(19,841)	
Accrued GBRA Interest Payable	<u>(73,893)</u>	
		<u>(6,093,734)</u>

Total Net Position - Governmental Activities \$ (1,773,086)

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

**LAKE PLACID WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 1  
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	<u>General Fund</u>	<u>Debt Service Fund</u>
<b>REVENUES</b>		
Property Taxes	\$ 237,744	\$ 1,689,281
Penalty and Interest	9,499	11,912
Investment and Miscellaneous Revenues	<u>10,834</u>	<u>80,545</u>
<b>TOTAL REVENUES</b>	<u>\$ 258,077</u>	<u>\$ 1,781,738</u>
<b>EXPENDITURES/EXPENSES</b>		
Service Operations:		
Professional Fees	\$ 53,616	\$
Contracted Services	72,197	325
Other	9,997	
GBRA Remediation Payment		
Debt Service:		
Interest Payments - Bond Debt		158,730
Principal Payments - GBRA Debt		1,125,000
Interest Payments - GBRA Debt		<u>600,606</u>
<b>TOTAL EXPENDITURES/EXPENSES</b>	<u>\$ 135,810</u>	<u>\$ 1,884,661</u>
<b>NET CHANGE IN FUND BALANCES</b>	\$ 122,267	\$ (102,923)
<b>CHANGE IN NET POSITION</b>		
<b>FUND BALANCES/NET POSITION - OCTOBER 1, 2024</b>	<u>144,569</u>	<u>1,117,514</u>
<b>FUND BALANCES/NET POSITION - SEPTEMBER 30, 2025</b>	<u>\$ 266,836</u>	<u>\$ 1,014,591</u>

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 1,927,025	\$ 2,242	\$ 1,929,267
	21,411		21,411
202,822	294,201		294,201
<u>\$ 202,822</u>	<u>\$ 2,242,637</u>	<u>\$ 2,242</u>	<u>\$ 2,244,879</u>
\$	\$ 53,616	\$	\$ 53,616
	72,522		72,522
	9,997		9,997
3,000,000	3,000,000		3,000,000
	158,730		158,730
	1,125,000		1,125,000
	600,606	(1,183)	599,423
<u>\$ 3,000,000</u>	<u>\$ 5,020,471</u>	<u>\$ (1,183)</u>	<u>\$ 5,019,288</u>
\$ (2,797,178)	\$ (2,777,834)	\$ 2,777,834	\$
		(2,774,409)	(2,774,409)
5,814,335	7,076,418	(6,075,095)	1,001,323
<u>\$ 3,017,157</u>	<u>\$ 4,298,584</u>	<u>\$ (6,071,670)</u>	<u>\$ (1,773,086)</u>

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

**LAKE PLACID WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 1  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

Net Change in Fund Balances - Governmental Funds	\$ (2,777,834)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.	2,242
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Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-debt through fiscal year-end.	<u>1,183</u>
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Change in Net Position - Governmental Activities	<u>\$ (2,774,409)</u>
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The accompanying notes to the financial statements are an integral part of this report.

**LAKE PLACID WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 1  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

**NOTE 1. CREATION OF DISTRICT**

Lake Placid Water Control and Improvement District No. 1 (the “District”) was created, organized and established on July 14, 2020, pursuant to Article XVI, Section 59 of the Texas Constitution and Chapter 51 of the Texas Water Code, and confirmed by an election held on November 3, 2020. The District was created for the purpose of repairing the Lake Placid dam and flood gates and the maintenance and operation of Lake Placid within its geographical jurisdiction. The District is governed by a five-member Board of Directors who were elected by District residents on November 3, 2020. The District held its first meeting on July 22, 2020.

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES**

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

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

Financial Statement Presentation

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

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

**LAKE PLACID WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 1  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

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

Financial Statement Presentation (Continued)

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

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

**LAKE PLACID WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 1  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

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

Governmental Funds

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

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

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

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

Basis of Accounting

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

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

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. As of September 30, 2025, the Debt Service Fund owed the General Fund \$1,901 pertaining to tax collections.

**LAKE PLACID WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 1  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

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

Budgeting

A budget was adopted for the General Fund on a basis consistent with generally accepted accounting principles. The District's Board utilizes the budget as a management tool for planning and cost control purposes. The budget was not amended during the fiscal year. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the budgeted amounts compared to the actual amounts of revenues and expenditures for the current year.

Pensions

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

Accounting Estimates

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

Measurement Focus

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

**LAKE PLACID WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 1  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

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

Measurement Focus (Continued)

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

*Nonspendable*: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The District does not have any nonspendable fund balances.

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

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

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

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

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

**NOTE 3. LONG-TERM DEBT**

At an election held on May 6, 2023, voters of the District approved authorization to issue \$12,000,000 of bonds to fund costs of Lake Placid lake remediation (the "Remediation Bonds"). At the same election, voters of the District also approved authorization to issue \$12,000,000 of refunding bonds. As of September 30, 2025, the District has issued \$6,000,000 of direct placement Remediation Bonds to provide additional funding for the repairs and remediation of Lake Placid dam and lake facilities.

**LAKE PLACID WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 1  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

**NOTE 3. LONG-TERM DEBT (Continued)**

Bonds payable activity for the current fiscal year is summarized in the following table:

	October 1, 2024	Additions	Retirements	September 30, 2025
Bonds Payable	\$ 6,000,000	\$ -0-	\$ -0-	\$ 6,000,000
		Amount Due Within One Year		\$ 155,000
		Amount Due After One Year		5,845,000
		Bonds Payable, Net		\$ 6,000,000

	Series 2024
Amount Outstanding – September 30, 2025	\$6,000,000
Interest Rates	1.90% - 3.08%
Maturity Date	August 15, 2026/2053
Interest Payment Dates	February 15/ August 15
Callable Dates	August 15, 2034*

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

Future debt service requirements on the outstanding bonds are summarized below:

Fiscal Year	Principal	Interest	Total
2026	\$ 155,000	\$ 158,730	\$ 313,730
2027	155,000	155,522	310,522
2028	160,000	152,484	312,484
2029	165,000	149,444	314,444
2030	165,000	146,243	311,243
2031-2035	885,000	679,420	1,564,420
2036-2040	995,000	574,061	1,569,061
2041-2045	1,130,000	432,514	1,562,514
2046-2050	1,305,000	256,759	1,561,759
2051-2053	885,000	55,016	940,016
	\$ 6,000,000	\$ 2,760,193	\$ 8,760,193

**LAKE PLACID WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 1  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

**NOTE 3. LONG-TERM DEBT (Continued)**

As of September 30, 2025, the District has authorized but unissued Remediation Bonds of \$6,000,000 and authorized but unissued refunding bonds of \$12,000,000. The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount.

During the year ended September 30, 2025, the District levied an ad valorem debt tax rate of \$0.15 per \$100 of assessed valuation, which resulted in a tax levy of \$310,534 on the adjusted taxable valuation of \$207,022,428 for the 2024 tax year. The bond resolutions require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 4 for the contract tax levy and Note 7 for the maintenance tax levy.

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

**NOTE 4. CONTRACT DEBT**

At an election held on November 3, 2020, voters of the District approved the provisions of a contract between the District and the Guadalupe-Blanco River Authority (the “GBRA”) (see further discussion at Note 7). The District is authorized to levy a contract tax to repay principal and interest due on the contractual debt issued by the GBRA.

In February 2022, the GBRA issued \$30,935,000 of Contract Revenue Bonds, Series 2022A, with interest rates ranging from 0.60% to 2.13% and principal maturities through August 15, 2051. In July 2023, the GBRA issued an additional \$7,505,000 of Contract Revenue Bonds, Series 2023, with interest rates ranging from 1.95% to 3.45% and principal maturities through August 15, 2053. The proceeds of both series of bonds are to be used for the design and construction of dam and hydroelectric facilities to serve Lake Placid. In exchange, the District is obligated to fund principal and interest payments due on the bonds issued by the GBRA.

For the fiscal year ended September 30, 2025, the District paid the GBRA \$1,725,606, of which \$1,125,000 and \$600,606 was used to fund principal and interest, respectively, due on the GBRA-issued contract revenue bonds.

**LAKE PLACID WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 1  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

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

As of September 30, 2025, the District's future contractual financing (debt service) obligations due to the GBRA for the bonds are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 1,145,000	\$ 591,144	\$ 1,736,144
2027	1,150,000	581,646	1,731,646
2028	1,160,000	572,250	1,732,250
2029	1,170,000	562,723	1,732,723
2030	1,175,000	552,994	1,727,994
2031-2035	6,045,000	2,612,673	8,657,673
2036-2040	6,400,000	2,260,982	8,660,982
2041-2045	6,985,000	1,674,704	8,659,704
2046-2050	7,770,000	885,901	8,655,901
2051-2053	2,425,000	105,903	2,530,903
	<u>\$ 35,425,000</u>	<u>\$ 10,400,920</u>	<u>\$ 45,825,920</u>

During the year ended September 30, 2025, the District levied an ad valorem contract tax rate of \$0.667 per \$100 of assessed valuation, which resulted in a tax levy of \$1,380,839 on the adjusted taxable valuation of \$207,022,428 for the 2024 tax year. The contract between the District and the GBRA (see further discussion at Note 7) requires the District to levy and collect an ad valorem contract tax sufficient to pay principal and interest on bonds issued by the GBRA to fund dam and hydroelectric facilities serving District residents.

**NOTE 5. DEPOSITS AND INVESTMENTS**

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes. Cash includes cash on deposit. Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged.

**LAKE PLACID WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 1  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

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

Deposits (Continued)

At fiscal year end, the carrying amount of the District’s deposits was \$306,512 and the bank balance was \$337,012. The District’s bank balance was not exposed to custodial credit risk at September 30, 2025.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at September 30, 2025, as listed below:

	Cash
GENERAL FUND	\$ 8,125
CAPITAL PROJECTS FUND	298,387
TOTAL DEPOSITS	\$ 306,512

Investments

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

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

**LAKE PLACID WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 1  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

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

Investments (Continued)

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

As of September 30, 2025, the District had the following investments and maturities:

Funds and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
TexPool	\$ 276,559	\$ 276,559
<u>DEBT SERVICE FUND</u>		
TexPool	1,016,492	1,016,492
<u>CAPITAL PROJECTS FUND</u>		
TexPool	<u>2,718,770</u>	<u>2,718,770</u>
<b>TOTAL INVESTMENTS</b>	<b><u><u>\$ 4,011,821</u></u></b>	<b><u><u>\$ 4,011,821</u></u></b>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The District's investments in TexPool were rated AAAM by Standard & Poor's Rating Agency. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investment in TexPool to have a maturity of less than one year since the share position can usually be redeemed each day at the discretion of the District, unless there has been a significant change in value.

Restrictions

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

**LAKE PLACID WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 1  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

**NOTE 6. MAINTENANCE TAX**

At an election held on November 3, 2020, the voters of the District approved the levy and collection of a maintenance tax not to exceed \$0.12 per \$100 of assessed valuation of taxable property within the District. During the year ended September 30, 2025, the District levied an ad valorem maintenance tax rate of \$0.1149 per \$100 of assessed valuation, which resulted in a tax levy of \$237,869 on the adjusted taxable valuation of \$207,022,428 for the 2024 tax year. The maintenance tax is to be used by the General Fund to fund expenditures of planning, constructing, acquiring, operating, maintaining and repairing dam and flood gate facilities serving the District.

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

**NOTE 7. GUADALUPE-BLANCO RIVER AUTHORITY**

The GBRA was created by the Texas Legislature to provide stewardship for water resources in its ten-county statutory district, with Lake Placid being within the GBRA's statutory boundaries. Effective October 27, 2020 and amended June 9, 2023, the District entered into a Contract for Financing and Operation of Lake Placid Dam and Hydroelectric Facilities with the GBRA to facilitate the replacement of the flood gates and stabilization of the dam and to work cooperatively on the design, construction, finance and ongoing maintenance of the Lake Placid dam.

Pursuant to the Contract with the GBRA, the GBRA will own and operate the dam, flood gates and hydroelectric facilities on Lake Placid and serving the District. The District is responsible for funding the debt service obligations of the GBRA's \$30,935,000 Series 2022A and \$7,505,000 Series 2023 Contract Revenue Bonds (see discussion at Note 4) and for issuing additional Remediation Bonds, as needed and up to the \$12,000,000 as approved by voters at a bond election held on May 6, 2023, to pay for any excess costs to plan, design, acquire, construct, repair and equip the Lake Placid dam and hydroelectric facilities (see discussion at Note 3). During the year ended September 30, 2025, the District used proceeds from its \$6,000,000 Series 2024 Remediation Bonds to pay the GBRA \$3,000,000 for certain construction, repair and equipment costs of Lake Placid dam and facilities. The District is also responsible for the GBRA's annual operation and maintenance expenses for operating the dam, flood gates and hydroelectric facilities, which the District anticipates financing with future tax revenue and hydroelectric generation revenues.

**LAKE PLACID WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 1  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

**NOTE 8. RISK MANAGEMENT**

The District is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The District carries commercial insurance for its fidelity bonds and participates in the Texas Municipal League Intergovernmental Risk Pool (“TML”) to provide general liability, property, boiler and machinery, and errors and omissions liability coverage. The District, along with other participating entities, contributes annual amounts determined by TML’s management. As claims arise, they are submitted and paid by TML. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage since inception.

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

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

**REQUIRED SUPPLEMENTARY INFORMATION**

**SEPTEMBER 30, 2025**

**LAKE PLACID WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 1  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 205,438	\$ 237,744	\$ 32,306
Penalty and Interest	3,000	9,499	6,499
Investment and Miscellaneous Revenues	11,000	10,834	(166)
<b>TOTAL REVENUES</b>	<b>\$ 219,438</b>	<b>\$ 258,077</b>	<b>\$ 38,639</b>
<b>EXPENDITURES</b>			
Service Operations:			
Professional Fees	\$ 55,000	\$ 53,616	\$ 1,384
Contracted Services	62,000	72,197	(10,197)
Other	19,050	9,997	9,053
<b>TOTAL EXPENDITURES</b>	<b>\$ 136,050</b>	<b>\$ 135,810</b>	<b>\$ 240</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 83,388</b>	<b>\$ 122,267</b>	<b>\$ 38,879</b>
<b>FUND BALANCE - OCTOBER 1, 2024</b>	<b>144,569</b>	<b>144,569</b>	
<b>FUND BALANCE - SEPTEMBER 30, 2025</b>	<b>\$ 227,957</b>	<b>\$ 266,836</b>	<b>\$ 38,879</b>

See accompanying independent auditor's report.

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

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

**SEPTEMBER 30, 2025**

**LAKE PLACID WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 1  
SERVICES AND RATES  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

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

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

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

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

**4. STANDBY FEES:** Not applicable

**5. LOCATION OF DISTRICT:**

Is the District located entirely within one county?

Yes   X   No       

County in which District is located:

Guadalupe County, Texas

Is the District located within a city?

Entirely        Partly   X   Not at all       

City in which District is located:

City of Seguin, Texas

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

Entirely        Partly   X   Not at all       

ETJ in which District is located:

City of Seguin, Texas

Are Board Members appointed by an office outside the District?

Yes        No   X  

See accompanying independent auditor's report.

**LAKE PLACID WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 1  
GENERAL FUND EXPENDITURES  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

PROFESSIONAL FEES:	
Auditing	\$ 10,000
Legal	<u>43,616</u>
TOTAL PROFESSIONAL FEES	<u>\$ 53,616</u>
CONTRACTED SERVICES:	
Tax Assessment and Collection Costs	\$ 33,824
Bookkeeping	32,148
Other - Public Relations	<u>6,225</u>
TOTAL CONTRACTED SERVICES	<u>\$ 72,197</u>
ADMINISTRATIVE EXPENDITURES:	
Insurance	\$ 3,207
Office Supplies and Postage	3,685
Website Hosting and Other	<u>3,105</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 9,997</u>
TOTAL EXPENDITURES	<u><u>\$ 135,810</u></u>

See accompanying independent auditor's report.

**LAKE PLACID WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 1  
INVESTMENTS  
SEPTEMBER 30, 2025**

<u>Funds</u>	<u>Identification or Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Accrued Interest Receivable at End of Year</u>
<u>GENERAL FUND</u>					
TexPool	XXXX0003	Varies	Daily	\$ 276,559	\$ - 0 -
<u>DEBT SERVICE FUND</u>					
TexPool	XXXX0001	Varies	Daily	\$ 14,478	\$
TexPool	XXXX0002	Varies	Daily	516,440	
TexPool	XXXX0005	Varies	Daily	485,574	
TOTAL DEBT SERVICE FUND				<u>\$ 1,016,492</u>	<u>\$ - 0 -</u>
<u>CAPITAL PROJECTS FUND</u>					
TexPool	XXXX0004	Varies	Daily	\$ 2,718,770	\$
TOTAL - ALL FUNDS				<u>\$ 4,011,821</u>	<u>\$ - 0 -</u>

See accompanying independent auditor's report.

**LAKE PLACID WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 1  
TAXES LEVIED AND RECEIVABLE  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	Maintenance Taxes		Debt Service and Contract Taxes	
TAXES RECEIVABLE -				
OCTOBER 1, 2024	\$	2,933	\$	16,889
Adjustments to Beginning Balance		<u>2</u>	\$	<u>23</u>
		2,935	\$	16,912
Original 2024 Tax Levy	\$	211,288	\$	1,502,369
Adjustment to 2024 Tax Levy		<u>26,581</u>	<u>237,869</u>	<u>189,004</u>
TOTAL TO BE ACCOUNTED FOR		\$ 240,804		\$ 1,708,285
TAX COLLECTIONS:				
Prior Years	\$	934	\$	5,438
Current Year		<u>236,810</u>	<u>237,744</u>	<u>1,683,843</u>
TAXES RECEIVABLE - SEPTEMBER 30, 2025		<u>\$ 3,060</u>		<u>\$ 19,004</u>
TAXES RECEIVABLE BY YEAR:				
2024	\$	1,059	\$	7,530
2023		718		4,200
2022		671		3,807
2021		<u>612</u>		<u>3,467</u>
TOTAL		<u>\$ 3,060</u>		<u>\$ 19,004</u>

See accompanying independent auditor's report.

**LAKE PLACID WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 1  
TAXES LEVIED AND RECEIVABLE  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 207,022,428</u>	<u>\$ 196,320,748</u>	<u>\$ 203,271,589</u>	<u>\$ 164,817,725</u>
TAX RATES PER \$100 VALUATION:				
Maintenance	\$ 0.1149	\$ 0.114	\$ 0.1176	\$ 0.12
Debt Service	0.1500	0.000	0.0000	0.00
Contract	<u>0.6670</u>	<u>0.667</u>	<u>0.6670</u>	<u>0.68</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.9319</u>	<u>\$ 0.781</u>	<u>\$ 0.7846</u>	<u>\$ 0.80</u>
ADJUSTED TAX LEVY*	<u>\$ 1,929,242</u>	<u>\$ 1,532,773</u>	<u>\$ 1,599,213</u>	<u>\$ 1,312,129</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>99.55 %</u>	<u>99.68 %</u>	<u>99.72 %</u>	<u>99.69 %</u>

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

Maintenance Tax - Operation and maintenance tax rate of \$0.12 per \$100 of assessed valuation approved by voters on November 3, 2020.

See accompanying independent auditor's report.

**LAKE PLACID WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 1  
LONG-TERM DEBT SERVICE REQUIREMENTS  
SEPTEMBER 30, 2025**

S E R I E S - 2 0 2 4

Due During Fiscal Years Ending September 30	Principal Due August 15	Interest Due February 15/ March 15	Total
2026	\$ 155,000	\$ 158,730	\$ 313,730
2027	155,000	155,522	310,522
2028	160,000	152,484	312,484
2029	165,000	149,444	314,444
2030	165,000	146,243	311,243
2031	170,000	143,009	313,009
2032	175,000	139,558	314,558
2033	175,000	135,971	310,971
2034	180,000	132,331	312,331
2035	185,000	128,551	313,551
2036	190,000	124,388	314,388
2037	195,000	119,904	314,904
2038	195,000	115,068	310,068
2039	205,000	110,056	315,056
2040	210,000	104,645	314,645
2041	215,000	98,933	313,933
2042	220,000	92,955	312,955
2043	225,000	86,730	311,730
2044	230,000	80,294	310,294
2045	240,000	73,602	313,602
2046	245,000	66,545	311,545
2047	255,000	59,269	314,269
2048	260,000	51,619	311,619
2049	270,000	43,767	313,767
2050	275,000	35,559	310,559
2051	285,000	27,172	312,172
2052	295,000	18,450	313,450
2053	305,000	9,394	314,394
	<u>\$ 6,000,000</u>	<u>\$ 2,760,193</u>	<u>\$ 8,760,193</u>

See accompanying independent auditor's report.

**LAKE PLACID WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 1  
CHANGE IN LONG-TERM BOND DEBT  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

Description	Original Bonds Issued	Bonds Outstanding October 1, 2024
Lake Placid Water Control and Improvement District No. 1 Unlimited Tax Bonds - Series 2024	<u>\$ 6,000,000</u>	<u>\$ 6,000,000</u>

Bond Authority:	Tax Bonds
Amount Authorized by Voters	\$ 12,000,000
Amount Issued	<u>(6,000,000)</u>
Remaining to be Issued	<u>\$ 6,000,000</u>

Debt Service Fund cash balance allocated for District (non-GBRA) debt: \$ 485,574

Average annual debt service payment for remaining term of District's bond debt: \$ 312,864

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

See accompanying independent auditor's report.

<u>Current Year Transactions</u>				
<u>Bonds Sold</u>	<u>Retirements</u>		<u>Bonds Outstanding September 30, 2025</u>	<u>Paying Agent</u>
	<u>Principal</u>	<u>Interest</u>		
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 158,730</u>	<u>\$ 6,000,000</u>	BOK Financial Houston, TX

See accompanying independent auditor's report.

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

	Amounts		
	2025	2024	2023
<b>REVENUES</b>			
Property Taxes	\$ 237,744	\$ 220,252	\$ 238,556
Penalty and Interest	9,499	7,460	7,059
Investment and Miscellaneous Revenues	<u>10,834</u>	<u>15,110</u>	<u>11,848</u>
<b>TOTAL REVENUES</b>	<u>\$ 258,077</u>	<u>\$ 242,822</u>	<u>\$ 257,463</u>
<b>EXPENDITURES</b>			
Professional Fees	\$ 53,616	\$ 55,709	\$ 283,000
Contracted Services	72,197	63,437	62,266
Other	<u>9,997</u>	<u>12,152</u>	<u>10,713</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 135,810</u>	<u>\$ 131,298</u>	<u>\$ 355,979</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ 122,267	\$ 111,524	\$ (98,516)
<b>BEGINNING FUND BALANCE (DEFICIT)</b>	<u>144,569</u>	<u>33,045</u>	<u>131,561</u>
<b>ENDING FUND BALANCE (DEFICIT)</b>	<u>\$ 266,836</u>	<u>\$ 144,569</u>	<u>\$ 33,045</u>

\* Unaudited

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2022	2021 *	2025	2024	2023	2022	2021 *
\$ 195,087	\$	92.1 %	90.7 %	92.7 %	99.2 %	%
1,166		3.7	3.1	2.7	0.6	
<u>308</u>		<u>4.2</u>	<u>6.2</u>	<u>4.6</u>	<u>0.2</u>	
<u>\$ 196,561</u>	<u>\$ - 0 -</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>N/A %</u>
\$	\$	20.8 %	23.0 %	109.9 %	%	%
40,639	6,321	28.0	26.1	24.2	20.7	
<u>6,514</u>	<u>5,469</u>	<u>3.8</u>	<u>5.0</u>	<u>4.2</u>	<u>3.2</u>	
<u>\$ 47,153</u>	<u>\$ 11,790</u>	<u>52.6 %</u>	<u>54.1 %</u>	<u>138.3 %</u>	<u>23.9 %</u>	<u>N/A %</u>
\$ 149,408	\$ (11,790)	<u>47.4 %</u>	<u>45.9 %</u>	<u>(38.3) %</u>	<u>76.1 %</u>	<u>N/A %</u>
<u>(17,847)</u>	<u>(6,057)</u>					
<u>\$ 131,561</u>	<u>\$ (17,847)</u>					

See accompanying independent auditor's report.

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

	Amounts		
	2025	2024	2023
<b>REVENUES</b>			
Property Taxes	\$ 1,689,281	\$ 1,289,037	\$ 1,353,026
Penalty and Interest	11,912	10,209	9,583
Investment and Miscellaneous Revenues	80,545	91,619	77,041
<b>TOTAL REVENUES</b>	<b>\$ 1,781,738</b>	<b>\$ 1,390,865</b>	<b>\$ 1,439,650</b>
<b>EXPENDITURES</b>			
GBRA Principal Payments	\$ 1,125,000	\$ 950,000	\$ 940,000
GBRA Interest Payments	600,606	385,635	391,275
Bond Interest Payments	158,730	49,383	
Debt Service Fees	325	200	
Debt Issuance Costs			11,258
<b>TOTAL EXPENDITURES</b>	<b>\$ 1,884,661</b>	<b>\$ 1,385,218</b>	<b>\$ 1,342,533</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>\$ (102,923)</b>	<b>\$ 5,647</b>	<b>\$ 97,117</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from Issuance of Long-Term Debt	\$ - 0 -	\$ 49,383	\$ - 0 -
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (102,923)</b>	<b>\$ 55,030</b>	<b>\$ 97,117</b>
<b>BEGINNING FUND BALANCE</b>	1,117,514	1,062,484	965,367
<b>ENDING FUND BALANCE</b>	<b>\$ 1,014,591</b>	<b>\$ 1,117,514</b>	<b>\$ 1,062,484</b>
<b>TOTAL ACTIVE RETAIL WATER CONNECTIONS</b>	N/A	N/A	N/A
<b>TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS</b>	N/A	N/A	N/A

\* Unaudited

See accompanying independent auditor's report.

		Percentage of Total Revenues				
<u>2022</u>	<u>2021 *</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021 *</u>
\$ 1,105,494	\$	94.8 %	92.7 %	94.0 %	98.8 %	%
6,607		0.7	0.7	0.7	0.6	
<u>6,526</u>		<u>4.5</u>	<u>6.6</u>	<u>5.3</u>	<u>0.6</u>	
\$ <u>1,118,627</u>	\$ <u>- 0 -</u>	<u>100.0</u> %	<u>100.0</u> %	<u>100.0</u> %	<u>100.0</u> %	<u>N/A</u> %
\$	\$	63.2 %	68.3 %	65.3 %	%	%
		33.7	27.7	27.2		
		8.9	3.6			
<u>153,260</u>				<u>0.8</u>	<u>13.7</u>	
\$ <u>153,260</u>	\$ <u>- 0 -</u>	<u>105.8</u> %	<u>99.6</u> %	<u>93.3</u> %	<u>13.7</u> %	<u>N/A</u> %
\$ <u>965,367</u>	\$ <u>- 0 -</u>	<u>(5.8)</u> %	<u>0.4</u> %	<u>6.7</u> %	<u>86.3</u> %	<u>N/A</u> %
\$ <u>- 0 -</u>	\$ <u>- 0 -</u>					
\$ 965,367	\$ - 0 -					
\$ <u>965,367</u>	\$ <u>- 0 -</u>					
<u>N/A</u>	<u>N/A</u>					
<u>N/A</u>	<u>N/A</u>					

See accompanying independent auditor's report.

**LAKE PLACID WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 1  
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS  
SEPTEMBER 30, 2025**

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

District Telephone Number - (713) 860-6400

<b>Board Members:</b>	Term of Office (Elected or Appointed)	Fees of Office for the year ended September 30, 2025	Expense Reimbursements for the year ended September 30, 2025	Title
Robin V. Dwyer	05/2024 05/2028 (Elected)	\$ -0-	\$ -0-	President
Devin Thompson	05/2022 05/2026 (Elected)	\$ -0-	\$ -0-	Vice President
Randall Cox	05/2022 05/2026 (Elected)	\$ -0-	\$ -0-	Secretary
Jay Haselwood	05/2024 05/2028 (Elected)	\$ -0-	\$ -0-	Treasurer
Keith Strimple	05/2024 05/2028 (Elected)	\$ -0-	\$ -0-	Assistant Secretary

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

The most recent submission date of the District Registration Form was on May 14, 2024.

The Board of Directors of the District waives payment of fees of office for their duties as a director as set forth by Board Resolution on July 22, 2020. Directors shall be entitled to receive reimbursement for expenses reasonably and necessarily incurred while engaging in activities on behalf of the District.

See accompanying independent auditor’s report.

**LAKE PLACID WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 1  
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS  
SEPTEMBER 30, 2025**

<b>Consultants:</b>	<u>Date Hired</u>	<u>Fees / Compensation for the year ended September 30, 2025</u>	<u>Title</u>
Allen Boone Humphries Robinson LLP	08/05/20	\$ 45,974	General Counsel
McCall Gibson Swedlund Barfoot Ellis PLLC	08/17/22	\$ 10,000	Auditor
Municipal Accounts & Consulting, L.P.	09/16/20	\$ 33,925	Bookkeeper
Post Oak Municipal Advisors, LLC	08/05/20	\$ -0-	Financial Advisor
Mark Burton and Ghia Lewis	09/16/20	\$ -0-	Investment Officers
Guadalupe County Tax Assessor Collector	03/17/21	\$ 139	Tax Assessor/ Collector

See accompanying independent auditor's report.