

**Seis Lagos Utility District**  
**NOTICE OF REGULAR MEETING OF BOARD OF DIRECTORS**

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**Tuesday, January 21, 2025, at 7:00 PM**  
Meeting to be held at 222 Seis Lagos Trall, Lucas, TX 75098  
In the Seis Lagos Community Services Association Cabana

**AGENDA**

- 1. Call to Order:**
  - Roll Call
  - Determination of a quorum present
  - Determination that all legal requirements have been met for posting of meeting notices.
  - Reminder to silence all electronic devices.
  
- 2. Citizen Input:** Citizens may address the Board on agenda or non-agenda Items (TX Gov't Code §§ 551.007(b)). Under the Texas Open Meetings Act, the Board cannot discuss or act on non-agenda Items but may provide factual information, state policy, or consider future agenda placement (TX Gov't Code § 551.042).
  
- 3. Consent Items:** Routine items recommended for single approval. Items may be removed for separate discussion and vote if desired.
  - a. Approval of December 2024 Financials
  - b. Approval of December 2024 meeting minutes.
  
- 4. Staff Reports**

The Superintendent may report on District issues including easements, vendor contracts, interlocal agreements, developments, compliance, policies, customer disputes, legislation, district boundaries, planning, construction projects, water storage and supply, system maintenance, customer service, equipment, staffing, and financials.
  
- 5. Regular Agenda**
  - a. Pursuant to Resolution 2024-102021, which authorized the Superintendent to procure surety bonds for Board members, officers, employees, and consultants, the Board will discuss, consider, and act on the approval and acceptance of surety bonds for Board members, as required by Texas Water Code Chapter 36. The Superintendent will present the completed bonds for review and acceptance.
  
  - b. The Board of Directors will discuss, consider, and act on the presentation of the District's required annual audit for the public water system by Wayne Nabors, CPA, as required under Texas Water Code § 49.191 and TCEQ regulations, and approve the audit as presented.
  
  - c. Consideration and approval of a resolution (No. 01212025.01) accepting the Engineer's Report required by Section 49.106(a) Texas Water Code prior to calling a bond election.
  
  - d. Consider all matters incident and related to calling a bond election to be held on March 3, 2025, by the Seis Lagos Utility District, including the adoption of an order (No. 01212025.02) pertaining thereto.
  
- 6. Future Agenda Items**
  
- 7. Adjournment**

**CERTIFICATION**

I, the undersigned authority, do hereby certify that this Notice of Meeting was posted on the front window of the regular offices of the Seis Lagos Utility District, located at 2730 Country Club Road, Ste. E1, Lucas, TX 75002 (Collin County), facing the outside and visible to the public, and posted on the Seis Lagos Utility District website, [www.slud.us](http://www.slud.us), a place convenient and readily accessible to the public always, and said Notice of Meeting was posted by the following date and time:

By January 18, 2025, at 7:00 PM and remained so posted at least 72-hours before said meeting was convened.

(District Seal)



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Chris Windsor  
Superintendent



*If during the course of the meeting covered by this notice, the Board of Directors should determine that a closed or executive meeting or session of the Board of Directors or a consultation with the attorney for the District should be held or is required, then such closed or executive meeting or session or consultation with attorney as authorized by the Texas Open Meetings Act, Texas Government Code §§551.001 et seq., will be held by the Board of Directors at the date, hour and place given in this notice or as soon after the commencement of the meeting covered by this notice as the Board of Directors may conveniently meet in such closed or executive meeting or session or consult with the attorney for the District concerning any and all subjects and for any and all purposes permitted by the Act, including, but not limited to, the following sanctions and purposes:*

Texas Government Code Section:

§§551.071 – Private consultation with the attorney for the District on an item listed on the agenda.

§§551.072 – Discussing purchase, exchange, lease, or value of real property.

§§551.074 – Discussing personnel or to hear complaints against personnel

Seis Lagos Utility District  
Income Statement  
December 2024

	<u>Dec 24</u>	<u>Oct - Dec 24</u>
<b>Ordinary Income/Expense</b>		
<b>Income</b>		
4005 · Service Revenue		
4020 · Fire Surcharge	74,410.74	178,520.38
4025 · Late Charge	124.73	849.46
4005 · Service Revenue - Other	197,669.63	621,533.98
<b>Total 4005 · Service Revenue</b>	<u>272,205.10</u>	<u>800,903.82</u>
4032 · Tower Rental	0.00	1,400.00
4045 · Property Tax		
4047 · I&S	0.00	0.00
4048 · M & O	412,753.39	440,783.84
<b>Total 4045 · Property Tax</b>	<u>412,753.39</u>	<u>440,783.84</u>
4050 · Title and Transfer Fees	50.00	150.00
4905 · Investment Income	0.00	59,665.02
<b>Total Income</b>	<u>685,008.49</u>	<u>1,302,902.68</u>
<b>Gross Profit</b>	685,008.49	1,302,902.68
<b>Expense</b>		
6731 · W-WW Project 2019-2020		
6731.1 · Engineering/Consulting W-WW Emp	26,535.00	43,682.12
6731 · W-WW Project 2019-2020 - Other	65,229.85	65,229.85
<b>Total 6731 · W-WW Project 2019-2020</b>	<u>91,764.85</u>	<u>108,911.97</u>
5005 · Utility Cost	111,149.19	390,236.48
6105 · Insurance Expense	4,619.68	7,807.23
6610 · Salaries & Wages	38,375.67	101,352.49
6615 · Board Member Monthly Stipend	250.00	750.00
6620 · Payroll Taxes	3,216.78	8,345.21
6625 · Retirement Expense	2,102.53	5,480.06
6705 · Professional Fees		
6720 · Auditor	0.00	12,787.50
<b>Total 6705 · Professional Fees</b>	<u>0.00</u>	<u>12,787.50</u>
6723 · Contract Services	27,722.67	36,000.00
6805 · Electricity & Gas		
6850 · Telephone Expense	529.85	2,633.78
6805 · Electricity & Gas - Other	1,388.45	6,457.89
<b>Total 6805 · Electricity &amp; Gas</b>	<u>1,918.30</u>	<u>9,091.67</u>
6807 · Equipment Rental	0.00	2,847.76
6835 · Repairs & Maintenance		
Vehicle Maintenance	77.36	1,208.65
Shop Supplies	384.83	562.57
6835 · Repairs & Maintenance - Other	573.22	12,822.89
<b>Total 6835 · Repairs &amp; Maintenance</b>	<u>1,035.41</u>	<u>14,594.11</u>
7110 · CCCAD Appraisal Fees	1,296.25	1,296.25

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Seis Lagos Utility District  
**Income Statement**  
December 2024

	<u>Dec 24</u>	<u>Oct - Dec 24</u>
7130 · Election Exp./ Tax Advertising	0.00	13,887.40
7205 · Alarm System	24.95	99.80
7210 · Office Supplies		
Uniforms	107.39	966.51
7210 · Office Supplies - Other	1,697.95	5,190.36
<b>Total 7210 · Office Supplies</b>	<b>1,805.34</b>	<b>6,156.87</b>
7212 · Payroll Processing Fees	1,364.97	1,637.35
7215 · Postage and Delivery	1,042.21	2,658.37
7220 · Travel/Training Expense	329.34	877.67
7230 · Office Equipment/Furniture	382.67	893.13
7235 · Bank Fees	0.00	304.06
7240 · Dues and Subscriptions	739.50	739.50
7250 · Rent Expense	0.00	6,450.00
7520 · Water Analysis	439.00	853.00
7805 · Miscellaneous Expense	239.00	244.00
68800 · TCEQ	1,663.55	3,326.33
<b>Total Expense</b>	<b>291,481.86</b>	<b>737,628.21</b>
<b>Net Ordinary Income</b>	<b>393,526.63</b>	<b>565,274.47</b>
<b>Net Income</b>	<b>393,526.63</b>	<b>565,274.47</b>

\_\_\_\_\_  
Jeff Henderson, Secretary / Treasurer



\_\_\_\_\_  
Date

Seis Lagos Utility District  
Profit & Loss by Class  
December 2024

	General	Sewer	Water	TOTAL
<b>Ordinary Income/Expense</b>				
<b>Income</b>				
4005 · Service Revenue				
4020 · Fire Surcharge	74,410.74	0.00	0.00	74,410.74
4025 · Late Charge	40.39	25.36	58.98	124.73
4005 · Service Revenue - Other	250.00	83,040.42	114,379.21	197,669.63
<b>Total 4005 · Service Revenue</b>	<b>74,701.13</b>	<b>83,065.78</b>	<b>114,438.19</b>	<b>272,205.10</b>
4045 · Property Tax				
4047 · I&S	0.00	0.00	0.00	0.00
4048 · M & O	412,753.39	0.00	0.00	412,753.39
<b>Total 4045 · Property Tax</b>	<b>412,753.39</b>	<b>0.00</b>	<b>0.00</b>	<b>412,753.39</b>
4050 · Title and Transfer Fees	50.00	0.00	0.00	50.00
<b>Total Income</b>	<b>487,504.52</b>	<b>83,065.78</b>	<b>114,438.19</b>	<b>685,008.49</b>
<b>Gross Profit</b>	<b>487,504.52</b>	<b>83,065.78</b>	<b>114,438.19</b>	<b>685,008.49</b>
<b>Expense</b>				
6731 · W-WW Project 2019-2020				
6731.1 · Engineering/Consulting W-WW Emp	0.00	26,535.00	0.00	26,535.00
6731 · W-WW Project 2019-2020 - Other	0.00	65,229.85	0.00	65,229.85
<b>Total 6731 · W-WW Project 2019-2020</b>	<b>0.00</b>	<b>91,764.85</b>	<b>0.00</b>	<b>91,764.85</b>
5005 · Utility Cost	0.00	56,432.19	54,717.00	111,149.19
6105 · Insurance Expense	4,011.08	608.60	0.00	4,619.68
6610 · Salaries & Wages	18,549.50	6,238.00	13,588.17	38,375.67
6615 · Board Member Monthly Stipend	250.00	0.00	0.00	250.00
6620 · Payroll Taxes	1,534.06	587.61	1,095.11	3,216.78
6625 · Retirement Expense	985.49	390.07	726.97	2,102.53
6723 · Contract Services	22,801.03	4,110.49	811.15	27,722.67
6805 · Electricity & Gas				
6850 · Telephone Expense	529.85	0.00	0.00	529.85
6805 · Electricity & Gas - Other	349.39	38.91	1,000.15	1,388.45
<b>Total 6805 · Electricity &amp; Gas</b>	<b>879.24</b>	<b>38.91</b>	<b>1,000.15</b>	<b>1,918.30</b>
6835 · Repairs & Maintenance				
Vehicle Maintenance	77.36	0.00	0.00	77.36
Shop Supplies	384.83	0.00	0.00	384.83
6835 · Repairs & Maintenance - Other	427.22	0.00	146.00	573.22
<b>Total 6835 · Repairs &amp; Maintenance</b>	<b>889.41</b>	<b>0.00</b>	<b>146.00</b>	<b>1,035.41</b>
7110 · CCCAD Appraisal Fees	1,296.25	0.00	0.00	1,296.25
7205 · Alarm System	24.95	0.00	0.00	24.95
7210 · Office Supplies				
Uniforms	107.39	0.00	0.00	107.39
7210 · Office Supplies - Other	1,697.95	0.00	0.00	1,697.95
<b>Total 7210 · Office Supplies</b>	<b>1,805.34</b>	<b>0.00</b>	<b>0.00</b>	<b>1,805.34</b>
7212 · Payroll Processing Fees	311.97	1,053.00	0.00	1,364.97
7215 · Postage and Delivery	1,042.21	0.00	0.00	1,042.21

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**Seis Lagos Utility District**  
**Profit & Loss by Class**  
December 2024

	<u>General</u>	<u>Sewer</u>	<u>Water</u>	<u>TOTAL</u>
7220 · Travel/Training Expense	329.34	0.00	0.00	329.34
7230 · Office Equipment/Furniture	382.67	0.00	0.00	382.67
7240 · Dues and Subscriptions	0.00	0.00	739.50	739.50
7520 · Water Analysis	0.00	0.00	439.00	439.00
7805 · Miscellaneous Expense	239.00	0.00	0.00	239.00
68800 · TCEQ	0.00	0.00	1,663.55	1,663.55
<b>Total Expense</b>	<u>55,331.54</u>	<u>161,223.72</u>	<u>74,926.60</u>	<u>291,481.86</u>
<b>Net Ordinary Income</b>	<u>432,172.98</u>	<u>-78,157.94</u>	<u>39,511.59</u>	<u>393,526.63</u>
<b>Net Income</b>	<u>432,172.98</u>	<u>-78,157.94</u>	<u>39,511.59</u>	<u>393,526.63</u>

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Jeff Henderson, Secretary / Treasurer



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Date

MINUTES OF THE REGULAR MEETING OF BOARD OF DIRECTORS

Monday December 16, 2024 | 7:00 PM

Meeting held at 222 Seis Lagos Trail, Lucas, TX 75098  
In the Seis Lagos Community Services Association Cabana

**REGULAR MINUTES**

1. Call to Order:

*Nick Calautti called the meeting of the Seis Lagos Utility District to order at 7:02 PM on Monday, December 16th. A quorum was present with Nick, Jeff, and Scott attending. Jared and Omar were absent. Nick reminded everyone to turn off or silence their phones, and the meeting proceeded.*

2. **Citizen Input:** Citizens may address the Board on agenda or non-agenda items (TX Gov't Code §§ 551.007(b)). Under the Texas Open Meetings Act, the Board cannot discuss or act on non-agenda items but may provide factual information, state policy, or consider future agenda placement (TX Gov't Code § 551.042).

*None*

3. **Consent Agenda:** Routine items recommended for single approval. Items may be removed for separate discussion and vote if desired.

- a. **Approval of the November 2024 financials.**
- b. **Approval of November 2024 meeting minutes.**

**2024 Financials and Meeting Minutes:**

- *The board reviewed the 2024 financials and meeting minutes.*
- *Nick questioned the utility cost of zero dollars under Expense 5005. The board clarified this was a placeholder for unexpected general costs, with sewer and water charges now itemized separately.*
- *Nick also asked about recurring uniform charges. The superintendent planned to cancel the current uniform service with 30-day notice and switch to a more cost-effective solution.*
- *Jeff motioned to approve the financials and meeting minutes. Scott seconded, and the motion passed unanimously.*

4. **Staff Reports:** The Superintendent may report on District issues including easements, vendor contracts, interlocal agreements, developments, compliance, policies, customer disputes, legislation, district boundaries, planning, construction projects, water storage and supply, system maintenance, customer service, equipment, staffing, and financials.

*Superintendent Chris Windsor updated the board on various operational matters:*



**Related Party Questionnaire:**

- *The auditor's annual related party questionnaire was distributed.*
- *Board members were reminded to complete it and discuss any potential "YES" responses with the auditor.*

**Waste Treatment Plant:**

- *Engineers completed core sample testing; results are pending.*
- *Final drawings for the next project phase are awaiting submission.*
- *Electrical permits and the TCEQ construction application were completed.*
- *The next engineering meeting is scheduled for December 19th.*

**Hicks Trail Lift Station:**

- *Issues with the generator prompted orders for a new pro panel and gear motor.*
- *Once installed, the generator should be fully operational.*

- A pump issue is under evaluation; the decision to repair or replace is pending.

**Samantha Trail Lift Station:**

- Grease buildup caused pump issues over the holiday.
- Staff cleaned the pumps and increased bacteria packets, and degreaser use to mitigate future problems.

**Asphalt Repairs:**

- Texas Paving & Chip Seal will perform patchwork on marked road areas.
- Repairs will include hot mix application and proper compaction.
- The agreement includes cleanup of material and debris.
- The project cost is \$22,000, and a warranty covers the repairs.

**Bond Election:**

- The superintendent reported contacting Andre from the bonding company regarding the bond election.
- The bond election deadline is February 14th, but since the next meeting falls after that date, the board will address it in January.
- The board will pass a resolution for a bond election for May 2025.
- The estimated fee for the bond election is approximately \$7,000.

**Board Bonding Requirement:**

- The superintendent noted that the bonding requirements for the board members have not yet been processed and submitted.

5. **Regular Agenda:** The Board of Directors will discuss, consider, and act on the following agenda items.

- a. The Board of Directors will discuss, consider, and act on adopting Resolution No. 12162024-1, the included Drought Contingency Plan and Water Conservation Plan, in accordance with the Texas Water Code and the guidelines provided by the North Texas Municipal Water District (NTMWD).
- b. The Board of Directors will discuss, consider, and act on adopting Resolution No. 12162024-2, the Theft of Water Ordinance, pursuant to the Texas Water Code and the guidelines provided by the North Texas Municipal Water District (NTMWD).

**Wastewater and Water Conservation Plans:**

- The board reviewed the Wastewater Conservation and Resource Management Plan and the Security Plan.
- Staff collaborated with engineers, attorneys, and the North Texas Municipal Water District to develop these plans using the district's template and current data.
- Engineers and attorneys approved the plans.

**Resolutions Passed:**

- The board voted on Resolution 12162024-1 and Resolution 12162024-2 to adopt the plans.
- Nick made a motion to adopt the resolutions; Scott seconded.
- The motion passed with three votes in favor (Nick, Jeff, and Scott). Jared abstained.

**Attendance Update:**

- Jared joined the meeting at 7:18PM, making four board members present.

- c. The Board of Directors will discuss, consider, and act on erosion control measures along road edges within the District and consideration of potential inclusion in the maintenance budget.

**Erosion Control Discussion:**

- The board discussed ongoing road erosion issues caused by gaps between the road edges and adjacent lawns.
- They noted that certain areas with a downward slope are prone to collapse, requiring regular monitoring and filling with dirt.
- The board acknowledged the need for a consistent program to inspect and address these issues once or twice a year.



**Responsibility and Process:**

- The board determined that erosion repair costs should fall under the road maintenance budget.
- The repair process would involve backfilling affected areas with dirt, extending 18 inches out, when the degradation reaches two inches or more.
- The responsibility for sod replacement, if desired, would fall on the homeowner.

**Motion Passed:**

- A motion was made to initiate an erosion control program, filling gaps with dirt up to 18 inches out, based on engineer recommendations.
- Jared seconded the motion, and the board approved it unanimously.

- d. The Board of Directors will discuss, consider, and act on maintenance plans for District assets, specifically addressing the inspection and maintenance of valves, and the recoating of the interior and exterior of ground storage and elevated storage tanks.

**Customer Request Discussion:**

- The board discussed a customer-requested agenda item concerning a maintenance plan for the district.
- Historically, the district operated with a monitoring plan rather than a formal maintenance plan, addressing issues based on assessments.

**Asset Management System:**

- The district uses Beehive, an asset management system, to schedule and track maintenance.
- Engineers confirmed the district is ahead of the curve in maintenance compared to other agencies.

**Third-Party Inspections:**

- The district engages third-party vendors to provide comprehensive system reports for repairs and maintenance needs.

**Storage Tank Maintenance:**

- Inspections and cleanings occur regularly.
- The current maintenance program has extended the lifespan of tank paint beyond the expected five years, with some lasting ten years.
- The board agreed to plan and budget for repainting around year seven or eight to avoid simultaneous major repairs.

**Budgeting and Sinking Fund:**

- The district maintains a sinking fund for budgeted but unspent maintenance dollars.
- Funds are held in a state-run investment fund monitored monthly.

**Consensus on Maintenance Plan:**

- The board agreed that the current "as-needed" approach works well if funds are budgeted appropriately.
- They discussed the importance of balancing planned maintenance with actual needs to avoid unnecessary spending.

**Next Steps:**

- No formal action was required.

6. Future Agenda Items: Future agenda items to be added to a future agenda for discussion, consideration, or action:

**Agenda Item Submission:**

- Board members were reminded to email any agenda items for the January meeting.
- The superintendent requested that agenda items be submitted at least one week before the meeting.
- For the January 20th meeting, items should be submitted by Friday, January 10th to allow time for preparation and review.
- The finalized agenda will be ready for county stamping the following Monday.

7. Executive Session

**Executive Session:**

- The president made a motion to recess into executive session under Section 551-07 of the Texas Government Code to discuss employee compensation.

- *The motion was seconded and approved unanimously.*
- *The meeting was closed to the public as provided by the Texas Government Code.*

**8. Reconvene into Open Session**

***Reconvening the Meeting:***

- *The board reconvened the session following the executive session.*
- *The board decided to act by contacting the Superintendent to discuss the decisions made during the executive session.*
- *The president planned to call the Superintendent the following morning to review the outcomes.*

**9. Adjournment**

***Adjournment:***

- *A motion was made to adjourn the meeting.*
- *Jeff seconded the motion.*
- *The motion passed unanimously.*
- *The meeting adjourned, and the board wished everyone a Merry Christmas.*

Witness my hand this \_\_\_\_\_ day of \_\_\_\_\_, 202\_\_.

\_\_\_\_\_  
Nick Calautti, President

SEAL

\_\_\_\_\_  
Jeff Henderson, Secretary / Treasurer





MARKEL

Bond No. 4470942

DIRECTOR NAME SCHEDULE BOND

SureTec Insurance Company as Surety, in consideration of an agreed premium is held and firmly bound unto Omar Naji of 107 Carriage Trail, Wylie, TX 75098

for the faithful discharge of duties of any Officer or Employee while occupying any position named in the schedule attached, or added thereto by written acceptance of the Surety, while in the service of the Obligee, not exceeding the sum specified in said schedule or written acceptance of the Surety as to said position after the 16th day of December, 2024.

The bond is subject to the following expressed conditions:

- 1. Automatic coverage is granted for the first thirty days of service of any Officer or Employee:
  - (a) Occupying a newly created position identical with one listed in the schedule of positions, in an equal amount.

Provided, however, that the automatic coverage herein granted shall be void and of no effect from the beginning, unless during the said thirty day period the Obligee has requested in writing that the position be added to the schedule, and the Surety by written acceptance has consented thereto.

- 2. Coverage on any position may be increased or decreased upon written request of the obligee, and agreed to in writing by the Surety.
- 3. The Surety's liability under this bond shall not be cumulative, and in no event shall the Surety be called upon to pay as a loss hereunder an amount greater than the largest single amount for which the position occupied by any Officer or Employee causing said loss is or has been covered in the schedule, whether said loss occurred during any one or more years. The liability of the Surety for any Officer or Employee occupying more than one position at one time, or at different times, shall not exceed the largest amount of coverage specified for any single position occupied by said Officer or Employee. The liability of the Surety shall never exceed the amount in effect for the position when the act of the Officer or Employee causing the loss shall have occurred. In the event there are more Officers or Employees occupying the position covered in the schedule than are listed therein, the Surety shall be liable for such proportion of the amount of coverage as the number of Officers or Employees listed bears to the number of Officers or Employees actually occupying the position when the loss occurred.
- 4. Cancellation hereunder is effective, and all liability under this bond shall cease as to the future acts or omissions as to any Officer or Employee on the date specified in written notice given by the Obligee to the Surety as to any or all positions or Officers or Employees, or after thirty days' written notice given by the Surety to the Obligee of its intent to cancel this bond in its entirety, or as to any Officer or Employee of position.
- 5. The liability of the Surety hereunder is subject to the terms and conditions of the following or to the following Riders attached thereto.

NAME	POSITION	COVERAGE AMOUNT	PREMIUM
Omar Naji	DIRECTOR	\$10,000	\$200.00

Signed, sealed and dated this 2nd day of December, 2024.

SureTec Insurance Company

By:   
Christopher Kolger, Attorney-In-Fact



# SureTec Insurance Company

## LIMITED POWER OF ATTORNEY

*Know All Men by These Presents*, That SURETEC INSURANCE COMPANY (the "Company"), a corporation duly organized and existing under the laws of the State of Texas, and having its principal office in Houston, Harris County, Texas, does by these presents make, constitute and appoint

Aaron Steffey, Lisa M. Battista

its true and lawful Attorney-in-fact, with full power and authority hereby conferred in its name, place and stead, to execute, acknowledge and deliver any and all bonds, recognizances, undertakings or other instruments or contracts of suretyship to include waivers to the conditions of contracts and consents of surety for, providing the bond penalty does not exceed  
Two Million and 00/100 Dollars (\$2,000,000.00)

and to bind the Company thereby as fully and to the same extent as if such bond were signed by the President, sealed with the corporate seal of the Company and duly attested by its Secretary, hereby ratifying and confirming all that the said Attorney-in-Fact may do in the premises. Said appointment is made under and by authority of the following resolutions of the Board of Directors of the SureTec Insurance Company:

*Be it Resolved*, that the President, any Vice-President, any Assistant Vice-President, any Secretary or any Assistant Secretary shall be and is hereby vested with full power and authority to appoint any one or more suitable persons as Attorney(s)-in-Fact to represent and act for and on behalf of the Company subject to the following provisions:  
*Attorney-in-Fact* may be given full power and authority for and in the name of and of behalf of the Company, to execute, acknowledge and deliver, any and all bonds, recognizances, contracts, agreements or indemnity and other conditional or obligatory undertakings and any and all notices and documents canceling or terminating the Company's liability thereunder, and any such instruments so executed by any such Attorney-in-Fact shall be binding upon the Company as if signed by the President and sealed and effected by the Corporate Secretary.  
*Be it Resolved*, that the signature of any authorized officer and seal of the Company heretofore or hereafter affixed to any power of attorney or any certificate relating thereto by facsimile, and any power of attorney or certificate bearing facsimile signature or facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is attached. (Adopted at a meeting held on 20<sup>th</sup> of April, 1999.)

*In Witness Whereof*, SURETEC INSURANCE COMPANY has caused these presents to be signed by its President, and its corporate seal to be hereto affixed this 3rd day of August, A.D. 2022

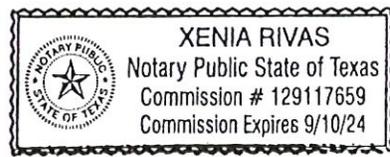
SURETEC INSURANCE COMPANY

By: Michael C. Keimig  
Michael C. Keimig, President



State of Texas                    ss:  
County of Harris

On this 3rd day of August, A.D. 2022 before me personally came Michael C. Keimig, to me known, who, being by me duly sworn, did depose and say, that he resides in Houston, Texas, that he is President of SURETEC INSURANCE COMPANY, the company described in and which executed the above instrument; that he knows the seal of said Company; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Company; and that he signed his name thereto by like order.



Xenia Rivas  
Xenia Rivas, Notary Public  
My commission expires September 10, 2024

I, M. Brent Beaty, Assistant Secretary of SURETEC INSURANCE COMPANY, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney, executed by said Company, which is still in full force and effect; and furthermore, the resolutions of the Board of Directors, set out in the Power of Attorney are in full force and effect.

Given under my hand and the seal of said Company at Houston, Texas this 2nd day of December, 2024, A.D.

M. Brent Beaty  
M. Brent Beaty, Assistant Secretary



MARKEL

Bond No. 4470954

DIRECTOR NAME SCHEDULE BOND

SureTec Insurance Company as Surety, in consideration of an agreed premium is held and firmly bound unto JEROD HANGARTNER of 801 Riva Ridge, WYLIE TX 75098

COPY

for the faithful discharge of duties of any Officer or Employee while occupying any position named in the schedule attached, or added thereto by written acceptance of the Surety, while in the service of the Obligee, not exceeding the sum specified in said schedule or written acceptance of the Surety as to said position after the 13th day of December, 2024.

The bond is subject to the following expressed conditions:

- 1. Automatic coverage is granted for the first thirty days of service of any Officer or Employee:
  - (a) Occupying a newly created position identical with one listed in the schedule of positions, in an equal amount.

Provided, however, that the automatic coverage herein granted shall be void and of no effect from the beginning, unless during the said thirty day period the Obligee has requested in writing that the position be added to the schedule, and the Surety by written acceptance has consented thereto.

- 2. Coverage on any position may be increased or decreased upon written request of the obligee, and agreed to in writing by the Surety.
- 3. The Surety's liability under this bond shall not be cumulative, and in no event shall the Surety be called upon to pay as a loss hereunder an amount greater than the largest single amount for which the position occupied by any Officer or Employee causing said loss is or has been covered in the schedule, whether said loss occurred during any one or more years. The liability of the Surety for any Officer or Employee occupying more than one position at one time, or at different times, shall not exceed the largest amount of coverage specified for any single position occupied by said Officer or Employee. The liability of the Surety shall never exceed the amount in effect for the position when the act of the Officer or Employee causing the loss shall have occurred. In the event there are more Officers or Employees occupying the position covered in the schedule than are listed therein, the Surety shall be liable for such proportion of the amount of coverage as the number of Officers or Employees listed bears to the number of Officers or Employees actually occupying the position when the loss occurred.
- 4. Cancellation hereunder is effective, and all liability under this bond shall cease as to the future acts or omissions as to any Officer or Employee on the date specified in written notice given by the Obligee to the Surety as to any or all positions or Officers or Employees, or after thirty days' written notice given by the Surety to the Obligee of its intent to cancel this bond in its entirety, or as to any Officer or Employee of position.
- 5. The liability of the Surety hereunder is subject to the terms and conditions of the following or to the following Riders attached thereto.

NAME	POSITION	COVERAGE AMOUNT	PREMIUM
JEROD HANGARTNER	VICE-PRESIDENT	\$10,000	\$300.00

Signed, sealed and dated this 13th day of December, 2024.

SureTec Insurance Company

COPY

By: Christopher Kolger  
Christopher Kolger, Attorney-In-Fact



# SureTec Insurance Company

## LIMITED POWER OF ATTORNEY

Know All Men by These Presents, That SURETEC INSURANCE COMPANY (the "Company"), a corporation duly organized and existing under the laws of the State of Texas, and having its principal office in Houston, Harris County, Texas, does by these presents make, constitute and appoint

Aaron Steffey, Lisa M. Battista

its true and lawful Attorney-in-fact, with full power and authority hereby conferred in its name, place and stead, to execute, acknowledge and deliver any and all bonds, recognizances, undertakings or other instruments or contracts of suretyship to include waivers to the conditions of contracts and consents of surety for, providing the bond penalty does not exceed  
Two Million and 00/100 Dollars (\$2,000,000.00)

and to bind the Company thereby as fully and to the same extent as if such bond were signed by the President, sealed with the corporate seal of the Company and duly attested by its Secretary, hereby ratifying and confirming all that the said Attorney-in-Fact may do in the premises. Said appointment is made under and by authority of the following resolutions of the Board of Directors of the Sure Tec Insurance Company:

*Be it Resolved*, that the President, any Vice-President, any Assistant Vice-President, any Secretary or any Assistant Secretary shall be and is hereby vested with full power and authority to appoint any one or more suitable persons as Attorney(s)-in-Fact to represent and act for and on behalf of the Company subject to the following provisions:

*Attorney-in-Fact* may be given full power and authority for and in the name of and of behalf of the Company, to execute, acknowledge and deliver, any and all bonds, recognizances, contracts, agreements or indemnity and other conditional or obligatory undertakings and any and all notices and documents canceling or terminating the Company's liability thereunder, and any such instruments so executed by any such Attorney-in-Fact shall be binding upon the Company as if signed by the President and sealed and effected by the Corporate Secretary.

*Be it Resolved*, that the signature of any authorized officer and seal of the Company heretofore or hereafter affixed to any power of attorney or any certificate relating thereto by facsimile, and any power of attorney or certificate bearing facsimile signature or facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is attached. (Adopted at a meeting held on 20<sup>th</sup> of April, 1999.)

In Witness Whereof, SURETEC INSURANCE COMPANY has caused these presents to be signed by its President, and its corporate seal to be hereto affixed this 3rd day of August, A.D. 2022

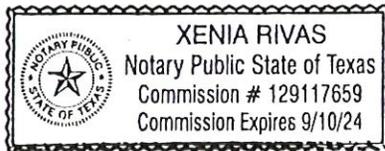
SURETEC INSURANCE COMPANY

By: Michael C. Keimig  
Michael C. Keimig, President



State of Texas ss:  
County of Harris

On this 3rd day of August, A.D. 2022 before me personally came Michael C. Keimig, to me known, who, being by me duly sworn, did depose and say, that he resides in Houston, Texas, that he is President of SURETEC INSURANCE COMPANY, the company described in and which executed the above instrument; that he knows the seal of said Company; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Company; and that he signed his name thereto by like order.



Xenia Rivas  
Xenia Rivas, Notary Public  
My commission expires September 10, 2024

I, M. Brent Beaty, Assistant Secretary of SURETEC INSURANCE COMPANY, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney, executed by said Company, which is still in full force and effect; and furthermore, the resolutions of the Board of Directors, set out in the Power of Attorney are in full force and effect.

Given under my hand and the seal of said Company at Houston, Texas this 13th day of December, 2024, A.D.

M. Brent Beaty  
M. Brent Beaty, Assistant Secretary

4221916

Any instrument issued in excess of the penalty stated above is totally void and without any validity.  
For verification of the authority of this power you may call (713) 812-0800 any business day between 8:30 am and 5:00 pm CST.



MARKEL

Bond No. 4470952

DIRECTOR NAME SCHEDULE BOND

SureTec Insurance Company as Surety, in consideration of an agreed premium is held and firmly bound unto Scott Hengemuhle of 107 Avenida, WYLIE TX 75098 for the faithful discharge of duties of any Officer or Employee while occupying any position named in the schedule attached, or added thereto by written acceptance of the Surety, while in the service of the Obligee, not exceeding the sum specified in said schedule or written acceptance of the Surety as to said position after the 12th day of December, 2024.

The bond is subject to the following expressed conditions:

- 1. Automatic coverage is granted for the first thirty days of service of any Officer or Employee: (a) Occupying a newly created position identical with one listed in the schedule of positions, in an equal amount.

Provided, however, that the automatic coverage herein granted shall be void and of no effect from the beginning, unless during the said thirty day period the Obligee has requested in writing that the position be added to the schedule, and the Surety by written acceptance has consented thereto.

- 2. Coverage on any position may be increased or decreased upon written request of the obligee, and agreed to in writing by the Surety.
3. The Surety's liability under this bond shall not be cumulative, and in no event shall the Surety be called upon to pay as a loss hereunder an amount greater than the largest single amount for which the position occupied by any Officer or Employee causing said loss is or has been covered in the schedule, whether said loss occurred during any one or more years. The liability of the Surety for any Officer or Employee occupying more than one position at one time, or at different times, shall not exceed the largest amount of coverage specified for any single position occupied by said Officer or Employee. The liability of the Surety shall never exceed the amount in effect for the position when the act of the Officer or Employee causing the loss shall have occurred. In the event there are more Officers or Employees occupying the position covered in the schedule than are listed therein, the Surety shall be liable for such proportion of the amount of coverage as the number of Officers or Employees listed bears to the number of Officers or Employees actually occupying the position when the loss occurred.
4. Cancellation hereunder is effective, and all liability under this bond shall cease as to the future acts or omissions as to any Officer or Employee on the date specified in written notice given by the Obligee to the Surety as to any or all positions or Officers or Employees, or after thirty days' written notice given by the Surety to the Obligee of its intent to cancel this bond in its entirety, or as to any Officer or Employee of position.
5. The liability of the Surety hereunder is subject to the terms and conditions of the following or to the following Riders attached thereto.

Table with 4 columns: NAME, POSITION, COVERAGE AMOUNT, PREMIUM. Row 1: SCOTT HENGEMUHLE, DIRECTOR, \$10,000, \$200.00

Signed, sealed and dated this 12th day of December, 2024.

SureTec Insurance Company

By: Christopher Kolger, Attorney-In-Fact



# SureTec Insurance Company

## LIMITED POWER OF ATTORNEY

**Know All Men by These Presents**, That SURETEC INSURANCE COMPANY (the "Company"), a corporation duly organized and existing under the laws of the State of Texas, and having its principal office in Houston, Harris County, Texas, does by these presents make, constitute and appoint

Aaron Steffey, Lisa M. Battista

its true and lawful Attorney-in-fact, with full power and authority hereby conferred in its name, place and stead, to execute, acknowledge and deliver any and all bonds, recognizances, undertakings or other instruments or contracts of suretyship to include waivers to the conditions of contracts and consents of surety for, providing the bond penalty does not exceed

Two Million and 00/100 Dollars (\$2,000,000.00)

and to bind the Company thereby as fully and to the same extent as if such bond were signed by the President, sealed with the corporate seal of the Company and duly attested by its Secretary, hereby ratifying and confirming all that the said Attorney-in-Fact may do in the premises. Said appointment is made under and by authority of the following resolutions of the Board of Directors of the Sure Tec Insurance Company:

*Be it Resolved*, that the President, any Vice-President, any Assistant Vice-President, any Secretary or any Assistant Secretary shall be and is hereby vested with full power and authority to appoint any one or more suitable persons as Attorney(s)-in-Fact to represent and act for and on behalf of the Company subject to the following provisions:

*Attorney-in-Fact* may be given full power and authority for and in the name of and of behalf of the Company, to execute, acknowledge and deliver, any and all bonds, recognizances, contracts, agreements or indemnity and other conditional or obligatory undertakings and any and all notices and documents canceling or terminating the Company's liability thereunder, and any such instruments so executed by any such Attorney-in-Fact shall be binding upon the Company as if signed by the President and sealed and effected by the Corporate Secretary.

*Be it Resolved*, that the signature of any authorized officer and seal of the Company heretofore or hereafter affixed to any power of attorney or any certificate relating thereto by facsimile, and any power of attorney or certificate bearing facsimile signature or facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is attached. (Adopted at a meeting held on 20<sup>th</sup> of April, 1999.)

**In Witness Whereof**, SURETEC INSURANCE COMPANY has caused these presents to be signed by its President, and its corporate seal to be hereto affixed this 3rd day of August, A.D. 2022

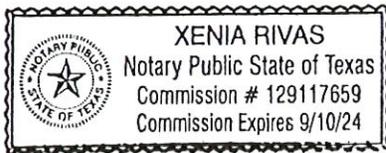
SURETEC INSURANCE COMPANY

By: Michael C. Keimig  
Michael C. Keimig, President



State of Texas                      ss:  
County of Harris

On this 3rd day of August, A.D. 2022 before me personally came Michael C. Keimig, to me known, who, being by me duly sworn, did depose and say, that he resides in Houston, Texas, that he is President of SURETEC INSURANCE COMPANY, the company described in and which executed the above instrument; that he knows the seal of said Company; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Company; and that he signed his name thereto by like order.



Xenia Rivas  
Xenia Rivas, Notary Public  
My commission expires September 10, 2024

I, M. Brent Beaty, Assistant Secretary of SURETEC INSURANCE COMPANY, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney, executed by said Company, which is still in full force and effect; and furthermore, the resolutions of the Board of Directors, set out in the Power of Attorney are in full force and effect.

Given under my hand and the seal of said Company at Houston, Texas this 12th day of December, 2024, A.D.

M. Brent Beaty  
M. Brent Beaty, Assistant Secretary

4221916

Any instrument issued in excess of the penalty stated above is totally void and without any validity.  
For verification of the authority of this power you may call (713) 812-0800 any business day between 8:30 am and 5:00 pm CST.



MARKEL

Bond No. 4470955

DIRECTOR NAME SCHEDULE BOND

SureTec Insurance Company as Surety, in consideration of an agreed premium is held and firmly bound unto JEFF HENDERSON of 623 Colt Trail, ALLEN TX 75002

for the faithful discharge of duties of any Officer or Employee while occupying any position named in the schedule attached, or added thereto by written acceptance of the Surety, while in the service of the Obligee, not exceeding the sum specified in said schedule or written acceptance of the Surety as to said position after the 13th day of December, 2024.

The bond is subject to the following expressed conditions:

- 1. Automatic coverage is granted for the first thirty days of service of any Officer or Employee:
  - (a) Occupying a newly created position identical with one listed in the schedule of positions, in an equal amount.

Provided, however, that the automatic coverage herein granted shall be void and of no effect from the beginning, unless during the said thirty day period the Obligee has requested in writing that the position be added to the schedule, and the Surety by written acceptance has consented thereto.

- 2. Coverage on any position may be increased or decreased upon written request of the obligee, and agreed to in writing by the Surety.
- 3. The Surety's liability under this bond shall not be cumulative, and in no event shall the Surety be called upon to pay as a loss hereunder an amount greater than the largest single amount for which the position occupied by any Officer or Employee causing said loss is or has been covered in the schedule, whether said loss occurred during any one or more years. The liability of the Surety for any Officer or Employee occupying more than one position at one time, or at different times, shall not exceed the largest amount of coverage specified for any single position occupied by said Officer or Employee. The liability of the Surety shall never exceed the amount in effect for the position when the act of the Officer or Employee causing the loss shall have occurred. In the event there are more Officers or Employees occupying the position covered in the schedule than are listed therein, the Surety shall be liable for such proportion of the amount of coverage as the number of Officers or Employees listed bears to the number of Officers or Employees actually occupying the position when the loss occurred.
- 4. Cancellation hereunder is effective, and all liability under this bond shall cease as to the future acts or omissions as to any Officer or Employee on the date specified in written notice given by the Obligee to the Surety as to any or all positions or Officers or Employees, or after thirty days' written notice given by the Surety to the Obligee of its intent to cancel this bond in its entirety, or as to any Officer or Employee of position.
- 5. The liability of the Surety hereunder is subject to the terms and conditions of the following or to the following Riders attached thereto.

NAME	POSITION	COVERAGE AMOUNT	PREMIUM
JEFF HENDERSON	SECRETARY / TREASURER	\$10,000	\$300.00

Signed, sealed and dated this 13th day of December, 2024.

SureTec Insurance Company

By: Christopher Kolger  
Christopher Kolger, Attorney-In-Fact



# SureTec Insurance Company

## LIMITED POWER OF ATTORNEY

**Know All Men by These Presents**, That SURETEC INSURANCE COMPANY (the "Company"), a corporation duly organized and existing under the laws of the State of Texas, and having its principal office in Houston, Harris County, Texas, does by these presents make, constitute and appoint

Aaron Steffey, Lisa M. Battista

its true and lawful Attorney-in-fact, with full power and authority hereby conferred in its name, place and stead, to execute, acknowledge and deliver any and all bonds, recognizances, undertakings or other instruments or contracts of suretyship to include waivers to the conditions of contracts and consents of surety for, providing the bond penalty does not exceed  
Two Million and 00/100 Dollars (\$2,000,000.00)

and to bind the Company thereby as fully and to the same extent as if such bond were signed by the President, sealed with the corporate seal of the Company and duly attested by its Secretary, hereby ratifying and confirming all that the said Attorney-in-Fact may do in the premises. Said appointment is made under and by authority of the following resolutions of the Board of Directors of the SureTec Insurance Company:

*Be it Resolved*, that the President, any Vice-President, any Assistant Vice-President, any Secretary or any Assistant Secretary shall be and is hereby vested with full power and authority to appoint any one or more suitable persons as Attorney(s)-in-Fact to represent and act for and on behalf of the Company subject to the following provisions:

*Attorney-in-Fact* may be given full power and authority for and in the name of and of behalf of the Company, to execute, acknowledge and deliver, any and all bonds, recognizances, contracts, agreements or indemnity and other conditional or obligatory undertakings and any and all notices and documents canceling or terminating the Company's liability thereunder, and any such instruments so executed by any such Attorney-in-Fact shall be binding upon the Company as if signed by the President and sealed and effected by the Corporate Secretary.

*Be it Resolved*, that the signature of any authorized officer and seal of the Company heretofore or hereafter affixed to any power of attorney or any certificate relating thereto by facsimile, and any power of attorney or certificate bearing facsimile signature or facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is attached. (Adopted at a meeting held on 20<sup>th</sup> of April, 1999.)

**In Witness Whereof**, SURETEC INSURANCE COMPANY has caused these presents to be signed by its President, and its corporate seal to be hereto affixed this 3rd day of August, A.D. 2022

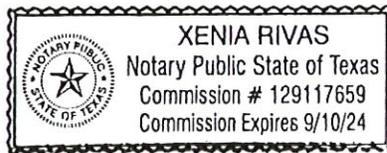
SURETEC INSURANCE COMPANY

By: Michael C. Keimig  
Michael C. Keimig, President



State of Texas ss:  
County of Harris

On this 3rd day of August, A.D. 2022 before me personally came Michael C. Keimig, to me known, who, being by me duly sworn, did depose and say, that he resides in Houston, Texas, that he is President of SURETEC INSURANCE COMPANY, the company described in and which executed the above instrument; that he knows the seal of said Company; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Company; and that he signed his name thereto by like order.



Xenia Rivas  
Xenia Rivas, Notary Public  
My commission expires September 10, 2024

I, M. Brent Beaty, Assistant Secretary of SURETEC INSURANCE COMPANY, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney, executed by said Company, which is still in full force and effect; and furthermore, the resolutions of the Board of Directors, set out in the Power of Attorney are in full force and effect.

Given under my hand and the seal of said Company at Houston, Texas this 13th day of December, 2024, A.D.

M. Brent Beaty  
M. Brent Beaty, Assistant Secretary



**MARKEL**

Bond No. 4470946

**DIRECTOR NAME SCHEDULE BOND**

SureTec Insurance Company as Surety, in consideration of an agreed premium is held and firmly bound unto Nick Calautti of 109 Cordero Trail, WYLIE TX 75098 for the faithful discharge of duties of any Officer or Employee while occupying any position named in the schedule attached, or added thereto by written acceptance of the Surety, while in the service of the Obligee, not exceeding the sum specified in said schedule or written acceptance of the Surety as to said position after the 16th day of December, 2024.

The bond is subject to the following expressed conditions:

1. Automatic coverage is granted for the first thirty days of service of any Officer or Employee:
  - (a) Occupying a newly created position identical with one listed in the schedule of positions, in an equal amount.

Provided, however, that the automatic coverage herein granted shall be void and of no effect from the beginning, unless during the said thirty day period the Obligee has requested in writing that the position be added to the schedule, and the Surety by written acceptance has consented thereto.

2. Coverage on any position may be increased or decreased upon written request of the obligee, and agreed to in writing by the Surety.
3. The Surety's liability under this bond shall not be cumulative, and in no event shall the Surety be called upon to pay as a loss hereunder an amount greater than the largest single amount for which the position occupied by any Officer or Employee causing said loss is or has been covered in the schedule, whether said loss occurred during any one or more years. The liability of the Surety for any Officer or Employee occupying more than one position at one time, or at different times, shall not exceed the largest amount of coverage specified for any single position occupied by said Officer or Employee. The liability of the Surety shall never exceed the amount in effect for the position when the act of the Officer or Employee causing the loss shall have occurred. In the event there are more Officers or Employees occupying the position covered in the schedule than are listed therein, the Surety shall be liable for such proportion of the amount of coverage as the number of Officers or Employees listed bears to the number of Officers or Employees actually occupying the position when the loss occurred.
4. Cancellation hereunder is effective, and all liability under this bond shall cease as to the future acts or omissions as to any Officer or Employee on the date specified in written notice given by the Obligee to the Surety as to any or all positions or Officers or Employees, or after thirty days' written notice given by the Surety to the Obligee of its intent to cancel this bond in its entirety, or as to any Officer or Employee of position.
5. The liability of the Surety hereunder is subject to the terms and conditions of the following or to the following Riders attached thereto.

NAME	POSITION	COVERAGE AMOUNT	PREMIUM
Nick Calautti	President	\$10,000	\$200.00

Signed, sealed and dated this 4th day of December, 2024.

SureTec Insurance Company

By:   
Christopher Kolger, Attorney-In-Fact



# SureTec Insurance Company

## LIMITED POWER OF ATTORNEY

Know All Men by These Presents, That SURETEC INSURANCE COMPANY (the "Company"), a corporation duly organized and existing under the laws of the State of Texas, and having its principal office in Houston, Harris County, Texas, does by these presents make, constitute and appoint

Aaron Steffey, Lisa M. Battista

its true and lawful Attorney-in-fact, with full power and authority hereby conferred in its name, place and stead, to execute, acknowledge and deliver any and all bonds, recognizances, undertakings or other instruments or contracts of suretyship to include waivers to the conditions of contracts and consents of surety for, providing the bond penalty does not exceed  
Two Million and 00/100 Dollars (\$2,000,000.00)

and to bind the Company thereby as fully and to the same extent as if such bond were signed by the President, sealed with the corporate seal of the Company and duly attested by its Secretary, hereby ratifying and confirming all that the said Attorney-in-Fact may do in the premises. Said appointment is made under and by authority of the following resolutions of the Board of Directors of the SureTec Insurance Company:

*Be it Resolved*, that the President, any Vice-President, any Assistant Vice-President, any Secretary or any Assistant Secretary shall be and is hereby vested with full power and authority to appoint any one or more suitable persons as Attorney(s)-in-Fact to represent and act for and on behalf of the Company subject to the following provisions:  
*Attorney-in-Fact* may be given full power and authority for and in the name of and of behalf of the Company, to execute, acknowledge and deliver, any and all bonds, recognizances, contracts, agreements or indemnity and other conditional or obligatory undertakings and any and all notices and documents canceling or terminating the Company's liability thereunder, and any such instruments so executed by any such Attorney-in-Fact shall be binding upon the Company as if signed by the President and sealed and effected by the Corporate Secretary.  
*Be it Resolved*, that the signature of any authorized officer and seal of the Company heretofore or hereafter affixed to any power of attorney or any certificate relating thereto by facsimile, and any power of attorney or certificate bearing facsimile signature or facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is attached. (Adopted at a meeting held on 20<sup>th</sup> of April, 1999.)

In Witness Whereof, SURETEC INSURANCE COMPANY has caused these presents to be signed by its President, and its corporate seal to be hereto affixed this 3rd day of August, A.D. 2022

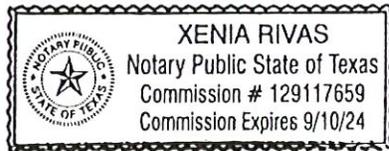
SURETEC INSURANCE COMPANY

By: Michael C. Keimig  
Michael C. Keimig, President



State of Texas ss:  
County of Harris

On this 3rd day of August, A.D. 2022 before me personally came Michael C. Keimig, to me known, who, being by me duly sworn, did depose and say, that he resides in Houston, Texas, that he is President of SURETEC INSURANCE COMPANY, the company described in and which executed the above instrument; that he knows the seal of said Company; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Company; and that he signed his name thereto by like order.



Xenia Rivas  
Xenia Rivas, Notary Public  
My commission expires September 10, 2024

I, M. Brent Beaty, Assistant Secretary of SURETEC INSURANCE COMPANY, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney, executed by said Company, which is still in full force and effect; and furthermore, the resolutions of the Board of Directors, set out in the Power of Attorney are in full force and effect.

Given under my hand and the seal of said Company at Houston, Texas this 4th day of December, 2024, A.D.

M. Brent Beaty  
M. Brent Beaty, Assistant Secretary

4221916

Any instrument issued in excess of the penalty stated above is totally void and without any validity.  
For verification of the authority of this power you may call (713) 812-0800 any business day between 8:30 am and 5:00 pm CST.

**SEIS LAGOS UTILITY DISTRICT**

Financial Statements  
(With Auditor's Report Thereon)

September 30, 2024

**DRAFT**

**SEIS LAGOS UTILITY DISTRICT**  
**Annual Financial Report**  
**For the Year Ended September 30, 2024**

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DRAFT



**Nabors CPA Services, P.C.**  
**CERTIFIED PUBLIC ACCOUNTANT**  
**AUDIT, TAX AND CONSULTING SERVICES**

**(972) 464-1226**  
8765 Stockard Drive, Suite 404  
Frisco, Texas 75034

*How well do you know your CPA?*

## INDEPENDENT AUDITOR'S REPORT

**To the Board Members**  
**Seis Lagos Utility District**  
**2730 Country Club Drive**  
**Suite E1**  
**Lucas, TX 75002**

### **Opinions**

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Seis Lagos Utility District as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Seis Lagos Utility District's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the respective changes in financial position the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Seis Lagos Utility District as of September 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

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

My 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 my 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, I:

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 Seis Lagos Utility 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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Seis Lagos Utility District's ability to continue as a going concern for a reasonable period of time.

I am 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 I 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 budgetary comparison information 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. I 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 my inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

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### **Supplementary Information**

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Seis Lagos Utility District's basic financial statements. The supplemental schedules required by the Texas Commission on Environmental Quality are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplemental schedules required by the Texas Commission on Environmental Quality have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on them.

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## Management's Discussion and Analysis

As management of the Seis Lagos Utility District, we offer readers of the Seis Lagos Utility District's financial statements this narrative overview and analysis of the financial activities of the Seis Lagos Utility District for the fiscal year ended September 30, 2024.

### Financial Highlights

- The assets of the Seis Lagos Utility District exceeded its liabilities at the close of the most recent fiscal year by \$7,223,343 (net position). Of this amount \$8,004,761, (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the Seis Lagos Utility District's governmental funds reported ending fund balance of \$3,367,934, an increase of \$361,039 in comparison with the prior year. Of this balance, \$2,688,193 is available for spending at the government's discretion (unassigned). Unassigned fund balance represents 195 percent of general fund expenditures, and 195 percent of total governmental fund expenditures. At the close of the current fiscal year, the Seis Lagos Utility District's governmental funds had a current ratio of approximately 11000:1, based on the current assets of \$3,368,241 and current liabilities of \$307.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Seis Lagos Utility District's basic financial statements. The Seis Lagos Utility District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the Seis Lagos Utility District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Seis Lagos Utility District's assets and liabilities, 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 Seis Lagos Utility District is improving or deteriorating.

The *statement of activities* presents information showing how the government'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 in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions of the Seis Lagos Utility District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Seis Lagos Utility District include general government, public safety, and recreation (public works). The business-type activities of the Seis Lagos Utility District include the water and sewer system.

The government-wide financial statements can be found on pages 13-15 of this report.

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**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 Seis Lagos Utility District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the Seis Lagos Utility District can be divided into two categories: governmental funds (General Fund) and proprietary funds (Water and Sewer Fund).

**Governmental funds.** *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 *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 the 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 government'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 Seis Lagos Utility District maintains one governmental fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered to be a major fund.

The Seis Lagos Utility District adopts an annual appropriated budget for its general fund. Budgetary comparison statements have been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 16-19 of this report.

**Proprietary funds.** The Seis Lagos Utility District maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Seis Lagos Utility District uses enterprise funds to account for its Water and Sewer operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the Seis Lagos Utility District Water and Sewer Fund operations.

The basic proprietary fund financial statements can be found on pages 21-23 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to 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 24-41 of this report.

### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Seis Lagos Utility District, assets exceed liabilities by \$7,223,343 at the close of the most recent fiscal year.

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A portion of the Seis Lagos Utility District's net position reflects its investment in capital assets (e.g., land, building, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The Seis Lagos Utility District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Seis Lagos Utility District's investment in its capital assets is reported not 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.

**SEIS LAGOS UTILITY DISTRICT - Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 3,414,342	3,015,680	5,175,604	4,955,567	8,589,946	7,971,247
Capital Assets	67,389	70,323	2,356,969	2,568,259	2,424,358	2,638,582
Deferred outflows	26,457	20,904			26,457	20,904
Total assets	<u>3,508,188</u>	<u>3,106,907</u>	<u>7,532,573</u>	<u>7,523,826</u>	<u>11,040,761</u>	<u>10,630,733</u>
Long-term liabilities			3,465,000	3,595,000	3,465,000	3,595,000
Other liabilities	45,260	7,430	306,246	311,830	351,506	319,260
Deferred inflows	912	1,136			912	1,136
Total liabilities	<u>46,172</u>	<u>8,566</u>	<u>3,771,246</u>	<u>3,906,830</u>	<u>3,817,418</u>	<u>3,915,396</u>
Net position:						
Invested in capital assets net of related debt	67,389	70,323	(1,238,031)	(1,151,741)	(1,170,642)	(1,081,418)
Restricted			389,224	328,409	389,224	328,409
Unrestricted	3,394,627	3,028,018	4,610,134	4,440,328	8,004,761	7,468,346
Total net position	<u>\$ 3,462,016</u>	<u>3,098,341</u>	<u>3,761,327</u>	<u>3,616,996</u>	<u>7,223,343</u>	<u>6,715,337</u>

Governmental Activities:

- During the year revenues increased by \$167,039(11%), primarily due to and fire protection receipts, and interest income.
- Expenses for the year increased by \$306,302(29%), primarily due to repairs and maintenance.

Business-type Activities:

- Charges for services increased by \$162,408(9%) during the year primarily due to a decrease in water sales and development activity, while expenses decreased by \$72,508(4%), due primarily to engineering and repair costs.

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**SEIS LAGOS UTILITY DISTRICT - Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	614,941	546,633	1,799,174	1,636,766	2,414,115	2,183,399
General revenues:						
Property taxes	730,655	719,116			730,655	719,116
Other	401,776	314,584			401,776	314,584
Total revenues	<u>1,747,372</u>	<u>1,580,333</u>	<u>1,799,174</u>	<u>1,636,766</u>	<u>3,546,546</u>	<u>3,217,099</u>
Expenses:						
General government	567,370	408,410			567,370	408,410
Public safety	598,602	489,812			598,602	489,812
Public works	201,134	162,507			201,134	162,507
Interest		75	108,648	113,158	108,648	113,233
Water & sewer			<u>1,553,927</u>	<u>1,621,475</u>	<u>1,553,927</u>	<u>1,621,475</u>
Total expenses	<u>1,367,106</u>	<u>1,060,804</u>	<u>1,662,575</u>	<u>1,734,633</u>	<u>3,029,681</u>	<u>2,795,437</u>
Increase in net position before other transfers	<u>380,266</u>	<u>519,529</u>	<u>136,599</u>	<u>(97,867)</u>	<u>516,865</u>	<u>421,662</u>
Increase/(decrease) in net position	380,266	519,529	136,599	(97,867)	516,865	421,662
Net position - beginning	<u>3,081,750</u>	<u>2,578,812</u>	<u>3,624,728</u>	<u>3,714,863</u>	<u>6,706,478</u>	<u>6,293,675</u>
Net position - ending	<u>\$ 3,462,016</u>	<u>3,098,341</u>	<u>3,761,327</u>	<u>3,616,996</u>	<u>7,223,343</u>	<u>6,715,337</u>

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## **Financial Analysis of the Government's Funds**

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

**Governmental funds.** The focus of the Seis Lagos Utility 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 Seis Lagos Utility District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available at the end of the fiscal year.

At the end of the current fiscal year, the Seis Lagos Utility District's governmental funds reported ending fund balance of \$3,367,934, an increase of \$361,039 from the prior year. Of the current combined ending fund balance, \$2,688,193 is unassigned.

**Proprietary Funds.** The Seis Lagos Utility District's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Enterprise Funds at the end of the year amounted to \$4,610,134. The factors concerning the finances of this fund have already been addressed in the discussion of the Seis Lagos Utility District's business type activities.

### **General Fund Budgetary Highlights**

During the year, revenues were more than budgetary estimates by \$360,889, and expenditures were more than budgetary estimates by \$32,869. The budget had called for a \$33,017 increase in fund balance, however, more than budgeted revenues resulted in a \$361,039 increase to fund balance.

### **Capital Assets and Debt Administration**

**Capital Assets.** The Seis Lagos Utility District's investment in capital assets for its governmental and business-type activities as of September 30, 2024, amounts to \$2,428,358 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, and equipment.

Major capital asset events during the current fiscal year included the following:

- Equipment totaling \$8,300 was added to the general fund.

Additional information on the Seis Lagos Utility District's capital assets can be found in Note 3.C. on page 37 of this report.

**Long-term debt.** The District has outstanding certificate of obligation bonds sold to finance construction of concrete streets.

Additional information on the Seis Lagos Utility District long-term debt can be found in Note 3.D. on pages 38-39 of this report.

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### **Economic Factors and Next Year's Budgets and Rates**

The 2025 total budgeted revenues are projected to rise approximately 27% and total budgeted expenses are projected to rise 26%. There is significant new development in the district which supports a favorable economic outlook. For the upcoming 2025 fiscal year, the district has approved a 18% increase in residential water rates depending on monthly usage with no change in the base rate.

### **Request for information**

This financial report is designed to provide a general overview of the Seis Lagos Utility District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to 2730 Country Club Drive, Suite E1, Lucas, TX 75002.

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**BASIC FINANCIAL STATEMENTS**

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**SEIS LAGOS UTILITY DISTRICT**

Statement of Net Position

September 30, 2024

	Primary Government		
	Governmental	Business-type	Total
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents - unrestricted	\$ 2,688,193	4,552,323	7,240,516
Cash and equivalents - restricted		389,224	389,224
Prepaid expenses	678,241		678,241
Security deposit	1,500		1,500
Receivables (Net of allowance for uncollectibles):			
Accounts receivable	307	234,057	234,364
Capital assets (net of accumulated depreciation):			
Land		21,684	21,684
Infrastructure	59,781	2,310,178	2,369,959
Vehicles and equipment	7,608	25,107	32,715
ROU Assets	<u>45,260</u>		<u>45,260</u>
Total capital assets	112,649	2,356,969	2,469,618
Net pension asset	<u>841</u>		<u>841</u>
Total assets	<u>3,481,731</u>	<u>7,532,573</u>	<u>11,014,304</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	<u>26,457</u>		<u>26,457</u>
Total deferred outflows of resources	<u>26,457</u>		<u>26,457</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>3,508,188</u>	<u>7,532,573</u>	<u>11,040,761</u>
<b>LIABILITIES</b>			
Current liabilities:			
Deposits payable		159,100	159,100
ROU payable	45,260		45,260
Other payables		17,146	17,146
Noncurrent liabilities:			
Bonds/notes payable:			
Due within one year		130,000	130,000
Due in more than one year		<u>3,465,000</u>	<u>3,465,000</u>
Total liabilities	<u>45,260</u>	<u>3,771,246</u>	<u>3,816,506</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	<u>912</u>		<u>912</u>
Total deferred inflows of resources	<u>912</u>		<u>912</u>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<u>46,172</u>	<u>3,771,246</u>	<u>3,817,418</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	67,389	(1,238,031)	(1,170,642)
Restricted		389,224	389,224
Unrestricted	<u>3,394,627</u>	<u>4,610,134</u>	<u>8,004,761</u>
<b>TOTAL NET POSITION</b>	<u>\$ 3,462,016</u>	<u>3,761,327</u>	<u>7,223,343</u>

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

**SEIS LAGOS UTILITY DISTRICT**  
Statement of Activities  
For the Fiscal Year Ended September 30, 2024

<b>Functions/Programs</b>	<u>Expenses</u>	Program Revenues		
		<u>Charges for Services</u>	<u>Operating Grants</u>	<u>Capital Grants</u>
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 567,370	614,941		
Public safety	598,602			
Public works	201,134			
Interest				
Total governmental activities	<u>1,367,106</u>	<u>614,941</u>		
Business-type activities				
Water and sewer	1,553,927	1,799,174		
Interest	108,648			
Total business-type activities	<u>1,662,575</u>	<u>1,799,174</u>		
 Total primary government	 <u>\$ 3,029,681</u>	 <u>2,414,115</u>		

General revenues:  
Property taxes  
Investment earnings  
Miscellaneous revenue  
Total general revenues

Change in net position

Net position - beginning (as restated)

Net position - ending

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

Net (Expense) Revenue and  
Changes in Net Position  
Primary Government

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
47,571		47,571
(598,602)		(598,602)
(201,134)		(201,134)
<u>(752,165)</u>		<u>(752,165)</u>
	245,247	245,247
	<u>(108,648)</u>	<u>(108,648)</u>
	<u>136,599</u>	<u>136,599</u>
		<u>(615,566)</u>
730,655		730,655
401,776		401,776
<u>1,132,431</u>	<u>          </u>	<u>1,132,431</u>
380,266	136,599	516,865
<u>3,081,750</u>	<u>3,624,728</u>	<u>6,706,478</u>
<u>\$ 3,462,016</u>	<u>3,761,327</u>	<u>7,223,343</u>

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

SEIS LAGOS UTILITY DISTRICT

Balance Sheet  
Government Funds  
September 30, 2024

	General Fund	Total Governmental Funds
<b>ASSETS</b>		
Cash and cash equivalents - unrestricted	\$ 2,688,193	2,688,193
Prepaid expenses	678,241	678,241
Security deposit	1,500	1,500
Receivables		
Property taxes	<u>307</u>	<u>307</u>
Total assets	<u>\$ 3,368,241</u>	<u>3,368,241</u>
 <b>LIABILITIES &amp; FUND BALANCES</b>		
Liabilities:		
Deferred revenue	\$ <u>307</u>	<u>307</u>
Total liabilities	<u>307</u>	<u>307</u>
Fund balances:		
Nonspendable	679,741	679,741
Unassigned	2,688,193	2,688,193
Total fund balance	<u>3,367,934</u>	<u>3,367,934</u>
 Total liabilities & fund balances	 <u>\$ 3,368,241</u>	 <u>3,368,241</u>

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

**SEIS LAGOS UTILITY DISTRICT**  
 Reconciliation of the Balance Sheet of Governmental Funds  
 to the Statement of Net Position  
 September 30, 2024

**Total Fund Balances - Governmental Funds** \$ 3,367,934

Capital assets used in governmental activities are not financial resources, and therefore, are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$2,503,205 and the accumulated depreciation was \$(2,432,882). In addition, long-term liabilities and the net pension liability / (asset) of \$841 are not due and payable in the current period, and therefore, are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation), long-term debt and the net pension liability / asset in the governmental activities is to increase net assets. 71,164

Deferred Inflows and Outflows are not recognized as current period revenues, therefore the net effect of including them in the governmental activities is to increase net assets. 25,545

Current year capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government-wide financial statements. The net effect of including the current year debt principal payments is to increase net assets. There were no capital expenditures in 2024. 8,300

The current year depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets. (11,234)

Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue. 307

**Net Position of Governmental Activities** **\$ 3,462,016**

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

**SEIS LAGOS UTILITY DISTRICT**  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Fiscal Year Ended September 30, 2024

	<u>General Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>		
Taxes		
Property	\$ 730,962	730,962
Fees and service charges	614,941	614,941
Interest	<u>401,776</u>	<u>401,776</u>
Total revenues	<u>1,747,679</u>	<u>1,747,679</u>
 <b>EXPENDITURES</b>		
General government	578,604	578,604
Public safety	598,602	598,602
Public works	201,134	201,134
Capital outlay	8,300	8,300
Debt service:		
Principal		
Interest and fiscal charges		
Total expenditures	<u>1,386,640</u>	<u>1,386,640</u>
Excess/(deficiency) of revenues over expenditures	<u>361,039</u>	<u>361,039</u>
 Net change in fund balances	 361,039	 361,039
Fund balance, beginning (as restated)	<u>3,006,895</u>	<u>3,006,895</u>
Fund balance, ending	<u>\$ 3,367,934</u>	<u>3,367,934</u>

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

**SEIS LAGOS UTILITY DISTRICT**  
Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
September 30, 2024

<b>Total Net Change in Fund Balances - Governmental Funds</b>	<b>\$ 361,039</b>
Current year capital outlays and long-term debt principal payments of \$8,300 are expenditures and sources in the fund financial statements, but they should be shown as reductions in long-term debt in the government-wide financial statements. The net effect of including the current year capital outlays and debt principal payments is to increase net position.	8,300
Deferred Inflows and Outflows and net pension liabilities are not recognized in the governmental activities. The effect is to increase net assets.	22,468
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in governmental funds. Depreciation of \$11,234 is not recognized as an expense in governmental funds since they do not require the use of current resources. The net effect of the current year's activity is to decrease net position.	(11,234)
Deferred revenue is not recognized as revenue in the governmental activities. The net effect is to increase net position.	(307)
<b>Changes in Net Position of Governmental Activities</b>	<b><u>\$ 380,266</u></b>

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

**SEIS LAGOS UTILITY DISTRICT**  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual - General Fund  
For the Fiscal Year Ended September 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes				
Property	\$ 755,197	755,197	730,962	(24,235)
Fees and service charges	611,593	611,593	614,941	3,348
Interest	<u>20,000</u>	<u>20,000</u>	<u>401,776</u>	<u>381,776</u>
Total revenues	<u>1,386,790</u>	<u>1,386,790</u>	<u>1,747,679</u>	<u>360,889</u>
<b>EXPENDITURES</b>				
General government	687,171	687,171	578,604	108,567
Public safety	598,602	598,602	598,602	
Public works	68,000	68,000	201,134	(133,134)
Capital outlay			8,300	(8,300)
Debt service:				
Principal				
Interest				
Total expenditures	<u>1,353,773</u>	<u>1,353,773</u>	<u>1,386,640</u>	<u>(32,867)</u>
Excess (deficiency) of revenues over expenditures	<u>33,017</u>	<u>33,017</u>	<u>361,039</u>	<u>328,022</u>
Net change in fund balances	33,017	33,017	361,039	328,022
Fund balance, beginning (as restated)	<u>3,006,895</u>	<u>3,006,895</u>	<u>3,006,895</u>	_____
Fund balance, ending	<u>\$ 3,039,912</u>	<u>3,039,912</u>	<u>3,367,934</u>	<u>328,022</u>

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

**SEIS LAGOS UTILITY DISTRICT**

Statement of Net Position

Proprietary Funds

September 30, 2024

	<u>Proprietary Fund</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents - unrestricted	\$ 4,552,323
Cash and cash equivalents - restricted	389,224
Accounts receivable (net of allowance for uncollectibles)	<u>234,057</u>
Total current assets	<u>5,175,604</u>
Noncurrent assets:	
Capital assets:	
Land	21,684
Equipment	125,325
Water and sewer infrastructure	5,695,016
Less: Accumulated depreciation	<u>(3,485,056)</u>
Total noncurrent assets	<u>2,356,969</u>
 Total assets	 \$ <u>7,532,573</u>
 <b>LIABILITIES</b>	
Current liabilities:	
Customer deposits	\$ 159,100
Other payables	<u>17,146</u>
Total current liabilities	<u>176,246</u>
Long-term liabilities:	
Bonds payable	
Due within one year	130,000
Due in more than one year	<u>3,465,000</u>
Total long-term liabilities	<u>3,595,000</u>
 Total liabilities	 <u>3,771,246</u>
 <b>NET POSITION</b>	
Invested in capital assets, net of related debt	(1,238,031)
Restricted	389,224
Unrestricted	<u>4,610,134</u>
Total net position	\$ <u>3,761,327</u>

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

**SEIS LAGOS UTILITY DISTRICT**  
Statement of Revenues, Expenses and Changes in Fund Net Position  
Proprietary Funds  
September 30, 2024

	<u>Proprietary Fund</u>
<b>OPERATING REVENUES</b>	
Water	\$ 1,177,388
Sewer	583,348
Fees and services	7,271
Other income	<u>31,167</u>
Total operating revenues	<u>1,799,174</u>
 <b>OPERATING EXPENSES</b>	
Cost of water	1,065,330
Water sewer operations	277,308
Depreciation	<u>211,289</u>
Total operating expenses	<u>1,553,927</u>
Operating income (loss)	<u>245,247</u>
 <b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest expense	<u>(108,648)</u>
Total nonoperating revenues (expenses)	<u>(108,648)</u>
Change in net position	136,599
Net position - beginning (as restated)	<u>3,624,728</u>
Net position - ending	<u>\$ 3,761,327</u>

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

**SEIS LAGOS UTILITY DISTRICT**  
Statement of Cash Flows  
Proprietary Funds  
For the Fiscal Year Ended September 30, 2024

	Proprietary Utility <u>Fund</u>
Cash flows from operating activities:	
Cash received from customers and users	\$ 1,821,233
Cash payments to suppliers	<u>(1,357,422)</u>
Net cash provided by operating activities	<u>463,811</u>
Cash flows from capital and related financing activities:	
Acquisition/disposition of capital assets	_____
Net cash used by capital and related financing activities	_____
Cash flows from noncapital financing activities:	
Bond repayments	(125,000)
Interest expense	<u>(108,648)</u>
Net cash used by noncapital financing activities	<u>(233,648)</u>
Net increase in cash and cash equivalents	230,163
Cash and cash equivalents - beginning (as restated)	<u>4,711,384</u>
Cash and cash equivalents - ending	\$ <u><u>4,941,547</u></u>

Reconciliation of Net Income to Net Cash Provided/(Used) by Operating Activities

Operating income	\$ 245,247
Adjustments to reconcile net income to net cash provided by operating activities	
Depreciation	211,289
(Increase)/decrease in accounts receivable	17,859
Increase/(decrease) in customer deposits	4,200
Increase/(decrease) in other payables	<u>(14,784)</u>
Total adjustments	<u>218,564</u>
Net cash provided by operating activities	\$ <u><u>463,811</u></u>

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

## SEIS LAGOS UTILITY DISTRICT

Notes to the Financial Statements

September 30, 2024

### (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Seis Lagos Utility District, have been prepared in conformity with accounting principles generally accepted (GAAP) in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

#### A. Financial Reporting Entity

Seis Lagos Utility District (the "District") is a Texas utility district that was created on March 12, 1973, by the Texas Water Commission and the legislature of the State of Texas and operates under Chapter 49 of the Texas Water Code. The electorate of Seis Lagos confirmed the organization on April 7, 1973.

The District has a contractual relationship with the Seis Lagos Community, Brockdale HOA and Common of Camden Community with regards to the water distribution and sewer collection systems to provide both services for the homes in the District.

#### B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

-continued-

**SEIS LAGOS UTILITY DISTRICT**  
Notes to the Financial Statements  
September 30, 2024  
-continued-

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**C. Measurement Focus and Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Thus, the expense and related accrued liability for long-term portions of debt, compensated absences, pension and other post-employment benefits (OPEB) are included. 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.

Deferred inflows of resources arise in the governmental funds' balance sheet when potential revenue does not meet both the measurable and available criteria for recognition in the current period. These deferred inflows of resources consist primarily of uncollected property taxes and municipal court fines, and grant revenues not deemed available to finance operations of the current period. In the governmentwide Statement of Activities, with a full accrual basis of accounting, revenue is recognized as soon as it is earned regardless of its availability.

Deferred outflows of resources arise in the statement of activities when consumption of resources that results in either a net decrease in assets or a net increase in liabilities are related to a future period. In the government-wide Statement of Net Position, deferred outflows of resources and deferred inflows of resources relating to pensions and OPEB amounts are recognized.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is necessary to explain the adjustments needed to transform the fund based financial statements into the governmental column of the government-wide presentation. This reconciliation is part of the basic financial statements.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government 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 payment is due.

-continued-

SEIS LAGOS UTILITY DISTRICT

Notes to the Financial Statements

September 30, 2024

-continued-

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. **Measurement Focus and Basis of Accounting, and Financial Statement Presentation**  
(continued)

Property taxes, franchise taxes, licenses, and interest 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. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The government reports the following proprietary funds:

The water and sewer fund is used to account for those operations that are financed and operated in a manner similar to private business or where the board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The enterprise fund is for water and sewer operations.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The District has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of inter-fund activity has been eliminated from the governmental-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

-continued-

**SEIS LAGOS UTILITY DISTRICT**

Notes to the Financial Statements

September 30, 2024

-continued-

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C. Measurement Focus and Basis of Accounting, and Financial Statement Presentation (continued)**

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. The enterprise fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position**

**1. Deposits**

Cash and cash equivalents includes cash on hand, demand deposits, and short-term investments with a maturity date within three months of the date acquired by the government. The Districts temporary investment in TexStar is considered to be cash because of its liquidity.

**2. Short-term Inter-fund Receivables/Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

**3. Restricted Assets**

Certain resources set aside for customer deposits are classified as restricted assets on the balance sheet because their use is limited.

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**SEIS LAGOS UTILITY DISTRICT**  
Notes to the Financial Statements  
September 30, 2024  
-continued-

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position**

**4. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$500 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings, systems and improvements	5 - 40
Furniture and equipment	3 - 10

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**5. Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

SEIS LAGOS UTILITY DISTRICT

Notes to the Financial Statements

September 30, 2024

-continued-

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. **Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position** (continued)

6. **Pension Liability and other Post-Employment benefits**  
Plan Description

Seis Lagos Utility District participates in the Texas County & District Retirement System (TCDRS), which is a statewide, agent multiple-employer, public employee retirement system. All full- and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership. The plan provides retirement, disability and survivor benefits. TCDRS is a savings-based plan. For the district's plan, 5% of each employee's pay is deposited into his or her TCDRS account. By law, employee accounts earn 7% interest on beginning of year balances annually. At retirement, the account is matched at an employer set percentage (current match is 150%) and is then converted to an annuity. There are no automatic COLAs. Each year, the district may elect an ad hoc COLA for its retirees (if any). There are two COLA types, each limited by actual inflation. Benefit terms are established under the TCDRS Act. They may be amended as of Jan. 1 each year, but must remain in conformity with the Act. The district's contribution rate is calculated annually on an actuarial basis, although the employer may elect to contribute at a higher rate. The Seis Lagos Utility District contribution rate is based on the TCDRS funding policy adopted by the TCDRS Board of Trustees and must conform with the TCDRS Act. The employee contribution rates are set by the district and are currently 5%. Contributions to the pension plan from the district for 2021 are shown in the Schedule of Employer Contributions. The most recent annual comprehensive financial report for TCDRS can be found at the following link, [TCDRS.org/Employer](http://TCDRS.org/Employer).

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In government-wide financial statements, pensions and other post-employment benefits (OPEB) are required to be recognized and disclosed using the accrual basis of accounting regardless of the amount recognized as pension and other post-employment expenses on the modified accrual basis of accounting. 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 and District Retirement System (TCDRS) and additions to/deductions from TCDRS' fiduciary net position have been determined on the same basis as they are reported by TCDRS.

The OPEB liability for the District is determined by an actuarial valuation as of the valuation date based on the discount rate and assumptions present below. The plan measures the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB expense on an accrual basis.

	<u>2022</u>	<u>2023</u>
Discount rate of	7.60%	7.60%
Long-term expected rate of return, net of investment expense	7.60%	7.60%

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**SEIS LAGOS UTILITY DISTRICT**  
Notes to the Financial Statements  
September 30, 2024  
-continued-

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position (continued)**

**6. Pension Liability and other Post-Employment benefits (continued)**

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.

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. See page 6 of this report for further details. For the fiscal year ended September 30, 2024, the District recognized pension expense of \$14,934 and the calculation of that expense is summarized in the following table:

Pension Expense / (Income)

Service cost	\$ 32,487
Interest on total pension liability	7,826
Effect of plan changes	0
Administrative expenses	62
Member contributions	(18,801)
Expected investment return net of investment expenses	(6,921)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	1,104
Recognition of assumption changes or inputs	(4)
Recognition of investment gains or losses	1,110
Other	<u>(1,928)</u>
Pension expense / (income)	<u>\$ 14,934</u>

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**SEIS LAGOS UTILITY DISTRICT**

Notes to the Financial Statements

September 30, 2024

-continued-

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position (continued)**

**6. Pension Liability and other Post-Employment benefits (continued)**

Schedule of Deferred Inflows and Outflows of Resources

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Expense / (Income) Calculation				Balances of Deferred Inflows and Outflows as of 12/31/2023	
Original Amount (a)	Date Established (b)	Original Recognition Period (c)	Amount Recognized For 2023 (a) / (c)	Inflows	Outflows
<i>Investment (gains) or losses</i>					
\$ (1,315)	12/31/2023	5.0	\$ (263)	\$ 1,052	\$ 0
9,439	12/31/2022	5.0	1,888	0	7,551
(2,654)	12/31/2021	5.0	(531)	2,123	0
82	12/31/2020	5.0	16	0	18
<i>Economic/ demographic (gains) or losses</i>					
7,939	12/31/2023	8.0	992	0	6,947
1,231	12/31/2022	6.0	(205)	1,026	0
2,534	12,31,2021	8.0	317	0	2,217
1	12/31/2020	12.0	0	0	1
<i>Assumption changes or inputs</i>					
0	12/31/2023	8.0	0	0	0
0	12/31/2022	6.0	0	0	0
(148)	12/31/2021	8.0	(19)	110	0
184	12/31/2020	12.0	15	0	139

As of December 31, 2023, the deferred inflows and outflows of resources are as follows:

	Deferred Inflows Of Resources	Deferred Outflows Of Resources
Differences between expected and actual experience	\$ 821	8,531
Changes of assumptions	91	124
Net difference between projected and actual earnings	0	3,568
Contributions made subsequent to measurement date	N/A	14,234

**SEIS LAGOS UTILITY DISTRICT**

Notes to the Financial Statements

September 30, 2024

-continued-

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position** (continued)

**6. Pension Liability and other Post-Employment benefits** (continued)

As of December 31, 2023 valuation And measurement date, the following employees were covered by the benefit terms:

<u>Members</u>	<u>12/31/22</u>	<u>12/31/23</u>
Number of inactive employees entitled to but not yet receiving benefits:	3	3
Number of active employees:	5	6
Average monthly salary:	\$ 5,401	\$5,637
Average age:	46.55	43.38
Average length of service in years:	9.87	9.13

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*Average is reported for active employees.*

**Other Key Actuarial Assumptions**

The demographic assumptions were developed from an actuarial experience investigation of TCDRS over the years 2017-2020. They were recommended by Milliman and adopted by the TCDRS Board of Trustees in December of 2021. All economic assumptions were recommended by Milliman and adopted by the TCDRS Board of Trustees in March of 2021. These assumptions, except where required to be different by GASB 68, are used to determine the total pension liability as of December 31, 2021. The assumptions are reviewed annually for continued compliance with the relevant actuarial standards of practice. See Appendix B and C of the GASB 68 report (Actuarial Methods and Assumptions Used for GASB Calculations) for a listing of key assumptions used in the calculation of the total pension liability and other GASB 68 metrics.

	<u>Beginning Date</u>	<u>Ending Date</u>
Valuation date	December 31, 2022	December 31, 2023
Measurement date	December 31, 2022	December 31, 2023
Employer's fiscal year	October 1, 2023	September 30, 2024

-continued-

SEIS LAGOS UTILITY DISTRICT

Notes to the Financial Statements

September 30, 2024

-continued-

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. **Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position** (continued)

7. **Fund Equity**

Fund Balance Classification: The governmental fund financial statements present fund balance classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.
- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District Board. These amounts cannot be used for any other purpose unless the District Board removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District did not have any committed resources as of September 30, 2024.
- Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by an official to which the District Board delegates this authority.
- Unassigned: This classification includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund.

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SEIS LAGOS UTILITY DISTRICT

Notes to the Financial Statements

September 30, 2024

-continued-

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. **Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position** (continued)

7. **Fund Equity**(continued)

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

As of September 30, 2024, fund balances are composed of the following:

	<u>General Fund</u>	<u>Total Governmental Funds</u>
Nonspendable:	\$ 679,741	679,741
Restricted:		
Committed:		
Assigned:		
Unassigned:	<u>2,688,193</u>	<u>2,688,193</u>
Total fund balances	<u>\$ 3,367,934</u>	<u>3,367,934</u>

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(2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. **Budgetary Information**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are legally adopted for the general fund and water and sewer fund. All annual appropriations lapse at fiscal year end.

The District follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Prior to September 1, the District Board prepares a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted by the District Board through passage of an ordinance prior to the beginning of the fiscal year to which it applies, which can be amended by the Board.

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SEIS LAGOS UTILITY DISTRICT

Notes to the Financial Statements

September 30, 2024

-continued-

(2) **STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

A. **Budgetary Information(continued)**

4. Formal budgetary integration, using the modified accrual basis, is employed as a management control device during the year for the General Fund. One supplemental appropriation was made during the fiscal year.
5. The budget approved for the Water and Sewer Fund follows similar approval procedures. One supplemental appropriation was made during the fiscal year.

Encumbrances for goods or purchased services are documented by purchase orders or contracts. At year end, encumbrances are canceled or reappropriated as part of the following year budget.

(3) **DETAILED NOTES ON ALL FUNDS**

A. **Deposits and Investments**

The District may invest in obligations of the U. S. Treasury or the State of Texas, certain U. S. Agencies, certificates of deposit, money market savings accounts, certain municipal securities, repurchase agreements, common trust funds and other investments specifically allowed by the Public Funds Investment Act of 1987 (Article 842a-2 Vernon's Civil Statutes).

At September 30, 2024, the District's carrying amount of deposits was \$7,647,938 and the bank balance was \$7,658,479 Of the bank balance, \$204,526 was covered by federal depository insurance. At September 30,2024 the District had investments in the Texas short term asset reserve program ("Tax Star") totaling \$7,453,953, and was protected by the Securities Investor Protection Corporation ("SIPC").

In compliance with the Public Funds Investment Act, the District has adopted a deposit and investment policy. That policy addresses the following risks:

- a. *Custodial Credit Risk - Deposits:* In the case of deposits this is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District's policy regarding types of deposits allowed and collateral requirements is: the Depository may be a state bank authorized and regulated under Texas law; a national bank, savings and loan association, or savings bank authorized and regulated by federal law, or a savings and loan association or savings bank organized under Texas law; but shall not be any bank the deposits of which are not insured by the Federal Deposit Insurance Corporation (FDIC). The District is not exposed to custodial credit risk for its deposits, as all are covered by depository insurance.
- b. *Custodial Credit Risk - Investments:* For an investment, this is the risk that, in the event of the failure of the counter party, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

-continued-

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**SEIS LAGOS UTILITY DISTRICT**

Notes to the Financial Statements

September 30, 2024

-continued-

**(3) DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments(continued)**

- c. *Credit Risk* - This is the risk that an issuer of an investment will be unable to fulfill its obligations. The rating of securities by nationally recognized rating agencies is designed to give an indication of credit risk.
- d. *Interest Rate Risk* - This is the risk that changes in interest rates will adversely affect the fair value of an investment.
- e. *Foreign Currency Risk* - This is the risk that exchange rates will adversely affect the fair value of an investment. The District is not exposed to foreign currency risk.
- f. *Concentration of Credit Risk* - This is the risk of loss attributed to the magnitude of the District's investment in a single issuer (i.e., lack of diversification). Concentration risk is defined as positions of 5 percent or more in the securities of a single issuer.

**(3) DETAILED NOTES ON ALL FUNDS**

**B. Receivables**

Receivables at September 30, 2024 consisted of the following:

	General Fund	Water and Sewer Fund	Total
Property taxes	\$ 307		307
Accounts receivable		234,057	234,057
Total receivables	\$ <u>307</u>	<u>234,057</u>	<u>234,364</u>

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Property taxes are based on the appraised values provided by the Collin County Appraisal District. Taxes are levied by October 1 of each year. Unpaid property taxes become delinquent on February 1 of the following year. Penalty is calculated after February 1 up to the date collected by the government at the rate of 6% for the first month and increase 1% per month up to a total of 12%. Interest is calculated after February 1 at the rate of 1% per month up to the date collected by the government. Under state law, property taxes levied on real property constitute a lien on the real property which cannot be forgiven without specific approval of the State Legislature. The lien expires at the end of twenty years. Taxes levied on personal property can be deemed uncollectible by the District.

Property taxes are due in full on October 1 and there are no discounts granted. The assessed value as of January 1, 2023, upon which the 2023/2024 levy was based, was approximately \$543,639,104 The tax rate for fiscal year 2023/2024 was \$0.198854 per \$100 of assessed valuation, with \$0.198854 per \$100 of assessed valuation allocated to maintenance and operation (M&O), and \$0.00 allocated to debt service (I&S).

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**SEIS LAGOS UTILITY DISTRICT**

Notes to the Financial Statements

September 30, 2024

-continued-

**(3) DETAILED NOTES ON ALL FUNDS (continued)**

**C. Capital Assets**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Vehicles	\$ 73,162			73,162
Infrastructure	2,322,664			2,322,664
Heavy equipment	10,569			10,569
Furniture & Equipment	46,343	8,300		54,643
Bond issue cost	<u>50,467</u>			<u>50,467</u>
Totals at historical cost	2,503,205	8,300		2,511,505
Less accumulated depreciation	<u>(2,432,882)</u>	<u>(11,234)</u>		<u>(2,444,116)</u>
Governmental activities capital assets, net	\$ <u>70,323</u>	<u>(2,934)</u>		<u>67,389</u>
<b>Business-type activities:</b>				
Land	\$ 21,684			21,684
Equipment	33,371			33,371
Infrastructure	5,695,016			5,695,016
Heavy equipment	<u>91,954</u>			<u>91,954</u>
Totals at historical cost	5,842,025			5,842,025
Less accumulated depreciation	<u>(3,273,766)</u>	<u>(211,290)</u>		<u>(3,485,056)</u>
Business-type activities capital assets, net	\$ <u>2,568,259</u>	<u>(211,290)</u>		<u>2,356,969</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Government Activities:	
Administration	\$
Public works	<u>11,234</u>
Total depreciation expense - government activities	\$ <u>11,234</u>

Business-type activities:	
Water and sewer fund	\$ <u>211,290</u>
Total depreciation expense - business-type activities	\$ <u>211,290</u>

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**SEIS LAGOS UTILITY DISTRICT**

Notes to the Financial Statements

September 30, 2024

-continued-

(3) **DETAILED NOTES ON ALL FUNDS** (continued)

**D. Long-term Debt**

Bonds Payable

In October 2007, the District authorized the issuance of up to \$1,360,000 of Seis Lagos Utility District Utility System Revenue Bonds, Series 2007 (the "Bonds"). The Bonds bear interest ranging from 2.55% to 3.40% payable on March 1 and September 1 of each year through March 1, 2027. The bond indenture provides that the net revenues of the system, with the exception of those in excess of the amounts required to establish and maintain the special funds created for the payment and security of the bonds similarly secured, are hereby pledged to the payment of the bonds. The bond indenture also provides that a required reserve fund in the amount of \$93,167 will be created solely for the purpose of payment of the bonds.

In April 2020, the District authorized the issuance of up to \$3,475,000 of Seis Lagos Utility District Utility System Revenue Bonds, Series 2020 (the "Bonds"). The Bonds bear interest ranging from 2.50% to 4.000% payable on March 1 and September 1 of each year through September 1, 2045. The bond indenture provides that the net revenues of the system, with the exception of those in excess of the amounts required to establish and maintain the special funds created for the payment and security of the bonds similarly secured, are hereby pledged to the payment of the bonds. The bond indenture also provides that a required reserve fund in the amount of \$224,309 will be created solely for the purpose of payment of the bonds. The District is to deposit \$1991.83 per month into the existing reserve fund in order to reach the required balance by May 2025.

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**SEIS LAGOS UTILITY DISTRICT**

Notes to the Financial Statements

September 30, 2024

-continued-

(3) **DETAILED NOTES ON ALL FUNDS** (continued)

**D. Long-term Debt** (continued)

The District currently maintains a reserve fund of \$210,669. Additionally, the District is in compliance with the Public Funds Collateral Act. Interest expense for all bond issues was \$113,158 for the year ended September 30, 2023. The following is a summary of changes in bonds payable for the year:

	<u>Beginning</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u>	<u>Due in One Year</u>
Business-type Activities					
Utility System Revenue Bonds					
Series 2007, 1.99%, 2007-2027	\$ 355,000		(90,000)	265,000	90,000
Series 2020, 1.99%, 2020-2045	\$ 3,365,000		(35,000)	3,330,000	40,000
Total business-type activities	\$ <u>3,720,000</u>		<u>(125,000)</u>	<u>3,595,000</u>	<u>130,000</u>

Debt Service Requirement to Maturity

The annual debt service requirements to maturity for bonded debt are as follows at year-end:

Series 2007

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	90,000	7,458	97,458
2026	95,000	4,335	99,335
2027	<u>80,000</u>	<u>1,360</u>	<u>81,360</u>
	\$ <u>265,000</u>	<u>13,153</u>	<u>278,153</u>

Debt Service Requirement to Maturity

The annual debt service requirements to maturity for bonded debt are as follows at year-end:

Series 2020

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	40,000	95,975	135,975
2026	40,000	94,375	134,375
2027	60,000	92,775	152,775
2028	140,000	90,375	230,375
2029	145,000	86,875	231,875
Thereafter	<u>2,905,000</u>	<u>778,150</u>	<u>3,683,150</u>
	\$ <u>3,330,000</u>	<u>1,238,525</u>	<u>4,568,525</u>

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**SEIS LAGOS UTILITY DISTRICT**

Notes to the Financial Statements

September 30, 2024

-continued-

**(4) OPERATING LEASES**

The District has obligations under noncancellable lease agreements for office copier equipment. On January 15, 2024, Ricoh delivered a new copier and leased payments of \$255 began for a term of 60 months. Accounting standard ASC 842 requires a right of use asset be recorded on the balance sheet with an offsetting liability. The difference between the value of the original asset and the current year liability balance is recorded as accumulated amortization on a straight-line basis to correlate with the annual lease payments. Future lease payments under this agreement are as follows:

<u>Year Ending</u> <u>September 30,</u>	<u>Ricoh Corporation</u>
2025	\$ 3,060
2026	3,060
2027	3,060
2028	3,060
2029	<u>1,020</u>
Total \$	<u>13,260</u>

The District leases its office space under a non-cancelable operating lease. The lease calls for monthly payments of \$2,000 through January 31, 2026 which includes base rent and common area maintenance charges. Base rent expense for the District's office totaled approximately \$20,800 for 2024. Future lease payments under this agreement are as follows:

<u>Year Ending</u> <u>September 30,</u>	<u>Texas Henderson, LLC</u>
2025	\$ 24,000
2026	<u>8,000</u>
Total \$	<u>32,000</u>

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**(5) OTHER INFORMATION**

**Risk Management**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is a participant in the Texas Municipal League Workers' Compensation Joint Insurance Fund (WC Fund) and the Texas Municipal League Joint Self-Insurance Fund (Property-Liability Fund), a public entity risk pool operated by the Texas Municipal League Board for the benefit of individual governmental units located within Texas. The District pays an annual premium to the Funds for its workers' compensation and property and liability insurance coverage. The WC Fund and Property-Liability Fund are considered self-sustaining risk pools that provide coverage for its members for up to \$2,000,000 per insured event. There were no significant reduction in insurance coverage from the previous year. Settled claims for risks have not exceeded insurance coverage for the past three years.

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**SEIS LAGOS UTILITY DISTRICT**  
Notes to the Financial Statements  
September 30, 2024  
-continued-

**(6) RESTATEMENT OF NET POSITION**

Net position has been restated at September 30, 2023 to adjust beginning accounts receivable, and pension liabilities.

	As Originally <u>Reported</u>	<u>Restatement</u>	<u>As Restated</u>
Governmental activities	3,098,341	(16,591)	3,081,750
Business-type activities	3,616,996	7,732	3,624,728
Total net assets	\$ <u>6,715,337</u>	<u>(8,859)</u>	<u>6,706,478</u>

**(7) EVALUATION OF SUBSEQUENT EVENTS**

The District has evaluated subsequent events through January 17, 2025, the date which the financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION

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**SEIS LAGOS UTILITY DISTRICT**  
Statement of Revenues, Expenditures, and Changes in Fund Net Position  
Budget and Actual Proprietary Fund  
For the Fiscal Year Ended September 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
<b>OPERATING REVENUES</b>				
Water sales, fees and service charges	\$ 1,445,128	1,445,128	1,768,007	322,879
Other income			<u>31,167</u>	<u>31,167</u>
Total operating revenues	<u>1,445,128</u>	<u>1,445,128</u>	<u>1,799,174</u>	<u>354,046</u>
<b>OPERATING EXPENSES</b>				
Cost of water	1,039,017	1,039,017	1,065,330	(26,313)
Water and sewer operations	117,599	117,599	277,308	(159,709)
Depreciation			<u>211,289</u>	<u>(211,289)</u>
Total operating expenses	<u>1,156,616</u>	<u>1,156,616</u>	<u>1,553,927</u>	<u>(397,311)</u>
Operating income (loss)	<u>288,512</u>	<u>288,512</u>	<u>245,247</u>	<u>(43,265)</u>
<b>NONOPERATING REVENUE (EXPENSE)</b>				
Interest expense	<u>262,677</u>	<u>262,677</u>	<u>108,648</u>	<u>154,029</u>
Total nonoperating revenue (expense)	<u>262,677</u>	<u>262,677</u>	<u>108,648</u>	<u>154,029</u>
Change in net position	25,835	25,835	136,599	110,764
Net position - beginning (as restated)	<u>3,624,728</u>	<u>3,624,728</u>	<u>3,624,728</u>	_____
Net position - ending	<u>\$ 3,650,563</u>	<u>3,650,563</u>	<u>3,761,327</u>	<u>110,764</u>

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**SEIS LAGOS UTILITY DISTRICT**  
Schedule of Changes in Net Pension Liability/(Asset) and Related Ratios  
For the Ten Years Ended September 30, 2024

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total Pension Liability					
Service cost	\$ 32,487	32,724	27,171	1,809	N/A
Interest on total pension liability	7,826	5,065	2,228	146	N/A
Effect on plan changes	0	0	0	0	N/A
Effect on economic/demographic gains or losses	7,939	(1,231)	2,534	1	N/A
Effect on assumptions changes or inputs	0	0	(148)	184	N/A
Refund of contributions	0	0	0	0	N/A
Benefit payments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>N/A</u>
Net change in total pension liability	<u>48,252</u>	<u>36,558</u>	<u>33,925</u>	<u>2,140</u>	<u>N/A</u>
Fiduciary Net Position					
Administrative expenses	(62)	(42)	(20)	(2)	N/A
Member contributions	18,801	16,238	15,752	1,091	N/A
Net investment income	8,237	(5,125)	3,992	4	N/A
Employer contributions	19,140	18,025	14,807	1,026	N/A
Other	<u>1,928</u>	<u>4,855</u>	<u>866</u>	<u>63</u>	<u>N/A</u>
Net change in fiduciary net position	<u>48,044</u>	<u>33,951</u>	<u>37,580</u>	<u>2,182</u>	<u>N/A</u>
Net Pension Liability/(Asset)	\$ <u><u>(841)</u></u>	<u><u>(1,048)</u></u>	<u><u>(3,655)</u></u>	<u><u>(42)</u></u>	<u><u>N/A</u></u>
Fiduciary net position as a % of total pension liability	100.71%	92.87%	110.77%	101.96%	N/A
Pensionable covered payroll	376,029	324,769	315,049	21,825	N/A
NPL/(asset) as a % of covered payroll	-0.22%	-0.32%	-1.16%	-0.19%	N/A

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**Sensitivity Analysis**

The following presents the net pension liability of the employer, calculated using the discount rate of 7.60%, as well as what the Seis Lagos Utility District net pension liability 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	\$ 137,684	\$ 118,735	\$ 103,217
Fiduciary net position	<u>119,576</u>	<u>119,756</u>	<u>119,576</u>
Net pension liability / (asset)	\$ 18,108	\$ (841)	\$ (16,359)

**SEIS LAGOS UTILITY DISTRICT**  
Schedule of Changes in Net Pension Liability/(Asset) and Related Ratios  
For the Ten Years Ended September 30, 2022

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability					
Service cost	\$ N/A	N/A	N/A	N/A	N/A
Interest on total pension liability	N/A	N/A	N/A	N/A	N/A
Effect on plan changes	N/A	N/A	N/A	N/A	N/A
Effect on economic/demographic gains or losses	N/A	N/A	N/A	N/A	N/A
Effect on assumptions changes or inputs	N/A	N/A	N/A	N/A	N/A
Refund of contributions	N/A	N/A	N/A	N/A	N/A
Benefit payments	N/A	N/A	N/A	N/A	N/A
Total pension liability	\$ <u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Fiduciary Net Position					
Administrative expenses	N/A	N/A	N/A	N/A	N/A
Member contributions	N/A	N/A	N/A	N/A	N/A
Net investment income	N/A	N/A	N/A	N/A	N/A
Employer contributions	N/A	N/A	N/A	N/A	N/A
Other	<u>N/A</u>	N/A	N/A	N/A	N/A
Fiduciary net position	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Net Pension Liability/(Asset)	\$ <u><u>N/A</u></u>	<u><u>N/A</u></u>	<u><u>N/A</u></u>	<u><u>N/A</u></u>	<u><u>N/A</u></u>
Fiduciary net position as a % of total pension liability	N/A	N/A	N/A	N/A	N/A
Pensionable covered payroll	N/A	N/A	N/A	N/A	N/A
NPL/(asset) as a % of covered payroll	N/A	N/A	N/A	N/A	N/A

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**SEIS LAGOS UTILITY DISTRICT**  
**Schedule of Employer Contributions**  
**For the Five Years Ended September 30, 2024**

Year Ending December 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2020	\$ 1,026	1,026	0	21,825	4.7%
2021	14,807	14,807	0	314,255	4.7%
2022	18,025	18,025	0	324,769	5.6%
2023	\$ 19,140	19,140	0	376,029	5.1%

*TCDRS calculates actuarially determined contributions on a calendar year basis. GASB Statement No. 68 indicates the employer should report employer contribution amounts on a fiscal year basis. If additional assistance is needed, please contact TCDRS. Payroll is calculated based on contributions as reported to TCDRS.*

**Notes to Schedule of Employer Contributions**

**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: 18.1 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 inflation, mortality and other assumptions were 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.

2016-2022 No changes in plan provisions were reflected in the Schedule.

*\*Only changes that affect the benefit amount and that are effective 2015 and later are shown in the Notes to Schedule.*

TXAS SUPPLEMENTAL SCHEDULES

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**SEIS LAGOS UTILITY DISTRICT**  
 Services and Rates  
 For The Year Ended September 30, 2024

1. Services Provided by the District:

- |   |   |                                     |
|---|---|-------------------------------------|
| <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      |
| <input type="checkbox"/> Participants in joint venture, regional system and/or wastewater service (other than Emergency interconnect) |   |                                     |
| <input type="checkbox"/> Other (specify):   |   |                                     |

2. Retail Rates Based on 1" Meter:  Retail Rates Not Applicable

Most prevalent type of meter: 1"

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate Per 1,000 Gallons Over Minimum	Usage Levels
WATER	\$ 50	0	N	\$ 5.04	1 to 10,000 gallons
				\$ 6.52	10,001 to 35,000 gallons
				\$ 10.08	35,001 to 50,000 gallons
				\$ 11.27	Over 50,000 gallons

District employs winter averaging for wastewater usage?  Yes  No

Total charges per 10,000 gallons usage (including surcharges) \$ -----

Water Retail Connections: Active 696 / Inactive 0 = Total 696

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
Unmetered			x 1.0	
1"	689		x 2.5	1,723
2"	7		x 8.0	56
<b>Total Water</b>	<b>696</b>			<b>1,779</b>

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3. Total water consumption (rounded to the nearest 1,000) during the fiscal year:

Gallons pumped into system:	<u>153,365,300</u>
Gallons sold to customers:	<u>152,362,365</u>
Water Accountability/Water Loss Ratio:	<u>0.65%</u>

**SEIS LAGOS UTILITY DISTRICT**  
 Services and Rates  
 For The Year Ended September 30, 2024  
 -continued-

4. District has Standby Fees:  
 Debt Service: No  
 Operations and Maintenance: No

5. Location of District:

County(ies) in which District is located.	<u>Collin</u>
Is the District located entirely within one county?	<u>Yes</u>
Is the District located within a city?	<u>No</u>
City(ies) in which District is located.	<u>N/A</u>
Is the District located within a city's extraterritorial jurisdiction (ETJ)?	<u>Yes</u>
ETJ's in which District is located.	<u>Lucas, TX</u>
Is the general membership of the Board appointed by an office outside the District?	<u>No</u>
If Yes, by whom?	<u>N/A</u>

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**SEIS LAGOS UTILITY DISTRICT**  
Schedule of Expenditures  
Proprietary Fund  
For the Year Ended September 30, 2024

<b>Personnel Expenditures (including benefits)</b>	\$ 272,094
<b>Purchased Services For Resale:</b>	
Water Purchases	1,065,330
<b>Water and sewer operations</b>	113,862
<b>Administrative Expenditures:</b>	
Depreciation and amortization	<u>211,289</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 1,662,575</u>

Number of persons employed by the District:     5 Full Time   1 Part Time

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**SEIS LAGOS UTILITY DISTRICT**  
**Schedule of Temporary Investments**  
**For the Year Ended September 30, 2024**

<u>Fund</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>
General Fund					
Money Market	1110	5.3105%	N/A	\$ 7,114,757	\$ -
Debt Service Fund					
Money Market	8440	5.3105%	N/A	92,502	-
Money Market	2330	5.3105%	N/A	<u>246,685</u>	<u>-</u>
Total				<u>\$ 7,453,944</u>	<u>\$ -</u>

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**SEIS LAGOS UTILITY DISTRICT**  
Taxes Levied and Receivable  
For the Year Ended September 30, 2024

	Maintenance Taxes
Taxes receivable, beginning of year	\$
2023 original tax levy	<u>731,711</u>
Total to be accounted for	<u>731,711</u>
Tax collections:	
Current year	731,404
Prior years	<u>          </u>
Total collections	<u>731,404</u>
 Taxes receivable, end of year	 \$ <u><u>307</u></u>
 Taxes receivable by year	
2022 and prior	<u>          </u>
2023	<u>307</u>
 Taxes receivable, end of year	 \$ <u><u>307</u></u>

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	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Property Valuations:					
Land	179,972,305	167,278,804	132,001,387	98,200,343	95,119,109
Improvements	415,681,012	386,986,204	348,221,822	257,628,338	223,876,157
Personal property	<u>3,890,103</u>	<u>3,895,812</u>	<u>4,173,398</u>	<u>4,368,818</u>	<u>3,939,210</u>
	<u><u>599,543,420</u></u>	<u><u>558,160,820</u></u>	<u><u>484,396,607</u></u>	<u><u>360,197,499</u></u>	<u><u>322,934,476</u></u>
 Tax rates per \$100 valuation					
Debt service tax rates	0.000000	0.003893	0.005909	0.005909	0.006765
Maintenance tax rates	<u>0.198854</u>	<u>0.216746</u>	<u>0.274880</u>	<u>0.288378</u>	<u>0.275437</u>
Total tax rates per \$100 valuation	<u><u>0.198854</u></u>	<u><u>0.220639</u></u>	<u><u>0.280789</u></u>	<u><u>0.294287</u></u>	<u><u>0.282202</u></u>
Original Tax Levy	731,711	690,033	788,466	753,902	692,269
Percent collected to levied	100.00%	100.00%	100.00%	100.00%	100.00%

**SEIS LAGOS UTILITY DISTRICT**  
 Long-Term Debt Service Requirements by Years  
 For the Year Ended September 30, 2024

<u>Due During Year Ending</u>	<u>Annual Requirements for All Series</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	130,000	103,433	233,433
2026	135,000	98,710	233,710
2027	140,000	94,135	234,135
2028	140,000	90,375	230,375
2029	145,000	86,875	231,875
2030	150,000	83,250	233,250
2031	150,000	79,500	229,500
2032	155,000	75,750	230,750
2033	160,000	71,875	231,875
2034	165,000	67,875	232,875
2035	170,000	63,750	233,750
2036	175,000	58,650	233,650
2037	175,000	53,400	228,400
2038	180,000	48,150	228,150
2039	185,000	42,750	227,750
2040	190,000	37,200	227,200
2041	200,000	31,500	231,500
2042	205,000	25,500	230,500
2043	210,000	19,350	229,350
2044	215,000	13,050	228,050
2045	<u>220,000</u>	<u>6,600</u>	<u>226,600</u>
Total	<u>\$ 3,595,000</u>	<u>1,251,678</u>	<u>4,846,678</u>

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**SEIS LAGOS UTILITY DISTRICT**  
**Changes in Long-Term Bonded Debt**  
**For the Year Ended September 30, 2024**

Bond Issues:	<u>Series 2007</u>	<u>Total</u>
Interest Rate	2.55% - 3.4%	
Date Interest Payable	3/1, 9/1	
Maturity Dates	March 1, 2027	
Bonds Outstanding at Beginning of Current Year	\$ 355,000	355,000
Bonds Sold During Current Year		
Retirements: Principle	<u>(90,000)</u>	<u>(90,000)</u>
Bonds Outstanding at End of Current Year	<u>265,000</u>	<u>265,000</u>
Interest Paid During the Fiscal Year	\$ 10,473	

Paying Agent's Name and Address:

BOK Financial, NA  
5956 Sherry Lane, Suite 1201  
Dallas, TX 75225  
(Series 2007)

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Bond Authority:

Amount Authorized      \$ 1,360,000  
Amount Issued              \$ 1,335,000

Debt service reserve balance as of September 30, 2024:      \$ 88,330  
Average annual debt service payments for remaining term:      \$ 88,330

**SEIS LAGOS UTILITY DISTRICT**  
**Changes in Long-Term Bonded Debt**  
**For the Year Ended September 30, 2024**

Bond Issues:	<u>Series 2020</u>	<u>Total</u>
Interest Rate	2.50% - 4.00%	
Date Interest Payable	3/1, 9/1	
Maturity Dates	September 1, 2045	
Bonds Outstanding at Beginning of Current Year	\$ 3,365,000	3,365,000
Bonds Sold During Current Year		
Retirements:		
Principle	<u>(35,000)</u>	<u>(35,000)</u>
Bonds Outstanding at End of Current Year	<u>3,330,000</u>	<u>3,330,000</u>
Interest Paid During the Fiscal Year	\$ 97,375	

Paying Agent's Name and Address:

BOK Financial, NA  
5956 Sherry Lane, Suite 1201  
Dallas, TX 75225  
(Series 2007)

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Bond Authority:

Amount Authorized      \$ 3,475,000  
Amount Issued             \$ 3,475,000

Debt service reserve balance as of September 30, 2023:      \$ 158,355  
Average annual debt service payments for remaining term:      \$ 158,571

**SEIS LAGOS UTILITY DISTRICT**  
 Comparative Schedule of Revenues and Expenses - General Fund  
 For the Five Years Ended September 30, 2024

	<u>Amounts</u>				
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>Revenues:</b>					
Property taxes	\$ 730,962	716,961	796,906	754,766	706,512
Charges for services	614,941	546,633	488,552	440,289	487,599
Interest	<u>401,776</u>	<u>314,584</u>	<u>42,036</u>	<u>1,906</u>	<u>11,897</u>
	<u>1,747,679</u>	<u>1,578,178</u>	<u>1,327,494</u>	<u>1,196,961</u>	<u>1,206,008</u>
<b>Expenditures:</b>					
General government	374,010	209,988	217,870	131,502	165,691
Public safety	598,602	489,812	453,230	442,705	406,144
Public works	201,134	162,507	44,514	75,968	102,476
Interest		75	1,094	1,341	2,094
Salaries and benefits	181,011	156,562	159,350	136,728	111,615
Professional fees	<u>31,883</u>	<u>31,980</u>	<u>68,904</u>	<u>41,188</u>	<u>56,539</u>
	<u>1,386,640</u>	<u>1,050,924</u>	<u>944,962</u>	<u>829,432</u>	<u>844,559</u>
<b>Net revenue over (under) expenditures</b>	<u>\$ 361,039</u>	<u>527,254</u>	<u>382,532</u>	<u>367,529</u>	<u>361,449</u>

	<u>Percent of Fund Revenue</u>				
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>Revenues:</b>					
Property taxes	41.84%	45.43%	60.03%	63.06%	58.58%
Charges for services	35.18%	34.64%	36.80%	36.78%	40.43%
Interest	<u>22.98%</u>	<u>19.93%</u>	<u>3.17%</u>	<u>0.16%</u>	<u>.99%</u>
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
<b>Expenditures:</b>					
General government	21.40%	13.31%	16.41%	10.99%	13.74%
Public safety	34.25%	31.04%	34.14%	36.98%	33.67%
Public works	11.51%	10.30%	3.35%	6.35%	8.50%
Interest		0.01%	0.08%	0.11%	0.17%
Salaries and benefits	10.36%	9.92%	12.00%	11.42%	9.25%
Professional fees	<u>1.82%</u>	<u>2.02%</u>	<u>5.19%</u>	<u>3.44%</u>	<u>4.69%</u>
	<u>79.34%</u>	<u>66.60%</u>	<u>71.17%</u>	<u>69.29%</u>	<u>70.02%</u>
<b>Net revenue over (under) expenditures</b>	<u>20.66%</u>	<u>33.40%</u>	<u>28.83%</u>	<u>30.71%</u>	<u>29.98%</u>

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**SEIS LAGOS UTILITY DISTRICT**  
 Comparative Schedule of Revenues and Expenses - Enterprise Fund  
 For the Five Years Ended September 30, 2024

	<u>Amounts</u>				
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>Operating revenues:</b>					
Water and sewer services	\$ 1,760,736	1,630,735	1,449,806	1,131,150	1,212,911
Customer charges/fees	7,271	5,956	269,630	116,852	85,890
Other revenue	<u>31,167</u>	<u>75</u>	<u>1,860</u>	<u>50</u>	<u>915</u>
<b>Total operating revenues</b>	<u>1,799,174</u>	<u>1,636,766</u>	<u>1,721,296</u>	<u>1,248,052</u>	<u>1,299,716</u>
<b>Operating expenses:</b>					
Water and sewer operations	1,325,141	1,379,070	1,074,111	875,622	889,619
Contracted services	17,497	22,741	16,128		8,005
Other operating expenses	<u>211,289</u>	<u>219,664</u>	<u>196,432</u>	<u>191,695</u>	<u>198,068</u>
<b>Total operating expenses</b>	<u>1,553,927</u>	<u>1,621,475</u>	<u>1,286,671</u>	<u>1,067,317</u>	<u>1,095,692</u>
<b>Operating income</b>	<u>245,247</u>	<u>15,291</u>	<u>434,625</u>	<u>180,735</u>	<u>204,024</u>
<b>Non-operating revenue (expenses):</b>					
Proceeds from sale of CCN			1,400,000		
Interest revenue					14,072
Interest expense	(108,648)	(113,158)	(116,460)	(128,778)	(59,437)
Bond issuance cost					<u>(246,888)</u>
<b>Total non-operating revenue (expense)</b>	<u>(108,648)</u>	<u>(113,158)</u>	<u>1,283,540</u>	<u>(128,778)</u>	<u>(292,253)</u>
<b>Net income</b>	<u>\$ 136,599</u>	<u>(97,867)</u>	<u>1,718,165</u>	<u>51,957</u>	<u>(88,229)</u>

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**SEIS LAGOS UTILITY DISTRICT**  
 Comparative Schedule of Revenues and Expenses - Enterprise Fund  
 For the Five Years Ended September 30, 2024

	<u>Percent of Fund Total Revenues</u>				
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>Operating revenues:</b>					
Water and sewer services	97.87%	99.63%	84.23%	90.63%	93.32%
Customer charges/fees	0.40%	0.36%	15.66%	9.36%	6.60%
Other revenue	<u>1.73%</u>	<u>0.01%</u>	<u>0.11%</u>	<u>0.01%</u>	<u>0.08%</u>
<b>Total operating revenues</b>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
<b>Operating expenses:</b>					
Water and sewer operations	73.65%	84.25%	62.40%	70.16%	68.45%
Contracted services	0.97%	1.39%	0.94%		0.62%
Other operating expenses	<u>11.74%</u>	<u>13.42%</u>	<u>11.41%</u>	<u>15.36%</u>	<u>15.24%</u>
<b>Total operating expenses</b>	<u>86.36%</u>	<u>99.06%</u>	<u>74.75%</u>	<u>85.52%</u>	<u>84.31%</u>
<b>Operating income</b>	<u>13.64%</u>	<u>.94%</u>	<u>25.25%</u>	<u>14.48%</u>	<u>15.69%</u>
<b>Non-operating revenue (expenses):</b>					
Proceeds from sale of CCN			81.33%		
Interest Revenue				0.10%	0.09%
Interest Expense	(6.04)%	(6.91)%	(6.77)%	(10.32)%	-4.57%
Transfers	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total non-operating revenue (expense)</b>	<u>(6.04)%</u>	<u>(6.91)%</u>	<u>74.56%</u>	<u>(10.32)%</u>	<u>-4.47%</u>
<b>Net income</b>	<u>7.60%</u>	<u>(5.97)%</u>	<u>99.81%</u>	<u>4.16%</u>	<u>11.22%</u>

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**SEIS LAGOS UTILITY DISTRICT**  
 Board of Directors  
 For the Year Ended September 30, 2024

Seis Lagos Utility District  
 2730 Country Club Drive  
 Suite E1  
 Lucas, TX 75002

District business telephone number: 972-442-6875

Submission Date of the most recent District Registration Form: November 21, 2019  
 (TWC Sections 36.054 and 49.054)

Limit on Fees of Office that a Director may receive during a fiscal year: \$600 per year  
 (Set by Board Resolution-TWC Section 49.060)

<u>Name</u>	<u>Term of Office Elected/Expires Or Date Hired</u>	<u>Fees &amp; Expense Reim- bursement</u>	<u>Title at End of Year</u>	<u>Resident of District</u>
<u>Board Members:</u>				
Jarod Hangartner	(Elected) 5/20-5/24	\$	President	Yes
Nick Calautti	(Elected) 5/22-5/26		Vice President	Yes
Jeffery Henderson	(Elected) 5/20-5/24		Sec/Treas	Yes
Scott Hengemuhle	(Elected) 5/22-5/26		Director	Yes
Omar Naji	Appointed 1/22-5/24		Director	Yes
<u>Key administrative personnel</u>				
R. Dewane Clark			Superintendent	No
Tommy Johnson			Customer Service	No
Chris Windsor			Customer Service	No
<u>Consultants</u>				
Nabors CPA Services, P.C.		24,075	Auditor	No
Julie Fort Attorney P.L.L.C.		7,808	Attorney	No
McManus and Johnson		\$ 74,087	Consultant	No

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Note: 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 developer or with any of the District's consultants.

**A RESOLUTION ACCEPTING THE ENGINEER'S REPORT  
REQUIRED BY SECTION 49.106(a) TEXAS WATER CODE PRIOR TO  
CALLING A BOND ELECTION**

WHEREAS, the Seis Lagos Utility District (the *District*) was previously created pursuant to Texas Water Code Chapter 54, as amended, as a municipal utility district; and

WHEREAS, the District was reorganized, converted and confirmed as a conservation, utility, and reclamation district under Chapter 527, Acts of the 71<sup>st</sup> Legislation, Regular Session 1989, as amended by Chapter 1026, Acts of the 73<sup>rd</sup> Legislature, Regular Session, 1989 and Chapter 1148, Acts of the 75<sup>th</sup> Legislature, Regular Session, 1997, and is governed by Chapters 49 and 54, as amended, Texas Water Code, and Article Three, Section 52 and Article 16, Section 59 of the Texas Constitution (together, the *Act*), and may exercise all the powers, authority, functions, and privileges thereunder; and

WHEREAS, the District does not have any outstanding authorized but unissued bonds and does not currently levy an ad valorem debt service tax rate; and

WHEREAS, the District has preliminarily identified various capital infrastructure improvements to the roads within the District, which capital infrastructure improvements may necessitate the issuance of ad valorem tax debt to finance the construction thereof; and

WHEREAS, pursuant to the Act, the issuance of ad valorem tax debt must first be submitted to the voters of the District for approval at an election; and

WHEREAS, pursuant to the Section 49.106 of the Act, prior to conducting an election to authorize the issuance of ad valorem tax debt, the District must prepare and make open to inspection by the public an engineer's report (the *Engineer's Report*) covering the improvements to be purchased or constructed and their estimated cost, together with maps, plats, profiles, and data fully showing and explaining the report; and

WHEREAS, the District has previously retained Hilltop Securities Inc., Dallas, Texas (the *Financial Advisor*) and Norton Rose Fulbright US LLP, Dallas, Texas (*Bond Counsel*), as its financial advisor and bond counsel, respectively, relating to the proposed issuance of any debt by the District; and

WHEREAS, the District has previously retained McManus & Johnson Consulting Engineers, LLC (the *Engineer*) as the District's engineer relating to the projects that will be financed with the proceeds of the bonds that will be the subject of the District's bond election and the District, in consultation with the Engineer, shall assess and prioritize the District's capital needs, and the Engineer shall prepare and deliver to the Board of Directors the Engineer's Report; and

WHEREAS, the District, in consultation with the Financial Advisor and Bond Counsel, shall assess and prioritize the District's capital improvement needs, analyze the District's financing capacity for such capital improvements and, if necessary, prepare and deliver to the Board of

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Directors the Engineer's Report as a prerequisite to the conduct of an election authorizing the issuance of ad valorem tax debt; and

WHEREAS, the Board of Directors hereby finds and determines that the adoption of this Resolution is in the best interest of the residents of the District;

**BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SEIS LAGOS UTILITY DISTRICT:**

SECTION 1. The findings and premises contained in the recitals above are hereby deemed to be true and correct and incorporated as a part of this Resolution for all purposes.

SECTION 2. The Engineer's Report attached hereto as **Exhibit A**, is approved and is open to the public for review and inspection at the office of the District at 2730 Country Club Road, Ste. E1, Lucas, Texas 75002 during normal business hours.

SECTION 3. This Resolution shall become effective from and after its date of passage in accordance with law.

*[Remainder of Page Intentionally Left Blank]*

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PASSED AND ADOPTED, this August 19, 2024

SEIS LAGOS UTILITY DISTRICT

---

President, Board of Directors

ATTEST:

---

Secretary, Board of Directors

(DISTRICT SEAL)

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Exhibit A to Resolution

Engineer's Report

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# ENGINEERING REPORT

FOR SEIS LAGOS UTILITY DISTRICT  
COLLIN COUNTY



*LWM*

01/10/2025

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Prepared by



TBPE Firm #F-15276  
12302 FM 121  
Van Alstyne, Texas 75495



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ABBREVIATIONS

SLUD	Seis Lagos Utility District
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## *I. Seis Lagos Utility District Information*

### District's Purpose

As a conservation, utility and reclamation district organized under the provisions of Article III, Section 52 and Article XVI, Section 59 of the Texas Constitution, the Seis Lagos Utility District (the "District") purposes are all of those provided in Texas Water Code Chapters 49 and 54, as amended.

### A. Laws, Elections, and Acreage

#### 1. Authority Creating District

Seis Lagos Utility District was reorganized and duly established by Texas House Bill 3182, filed by Representative Sam Johnson on May 3, 1989, and passed by the Texas House of Representatives on May 19, 1989, and passed by the Texas Senate on May 27, 1989. The District is organized under the authority of Article III, Section 52 and Article XVI, Section 59 of the Texas Constitution, and Texas Water Code Chapters 49 and 54, as amended.

#### 2. Confirmation Election

See A.1 above.

#### 3. Governing Law

The District operates under Chapters 49 and 54 of the Texas Water Code, as amended.

#### 4. Location

The District is located in Collin County. A location map is provided in Attachment B.

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## *II. Proposed Bond Issue*

### A. Purpose

The purpose of this bond issue is to fund the design, easement acquisition if required and construction of the following projects:

1. Reconstruction of Seis Lagos Trail
2. Various Pavement Repairs within the overall limits of the District where existing pavement condition warrants immediate concrete panel replacement



**B. Justification**

The projects proposed for funding in this report are necessary for the continued maintenance of the District’s roadways and furtherance of the District’s purposes. The projects are needed to replace and repair aging and damaged roads within the District. The projects enhance accessibility and improve safety within the District.

**C. Bond Elections**

The District will conduct a bond election on May 3, 2025.

**D. Bond and Maintenance Tax Authorization**

**1. Bond Authorization**

The District will call a bond election to be held on May 3, 2025 and will seek \$6,000,000 million in voted authorization from the voters in the District. The District is authorized to issue bonds pursuant to authority provided by Article 3, Section 52 of the Texas Constitution and Chapters 49 and 54 of the Texas Water Code, as amended.

**E. Land Use Plan**

The District encompasses a single family residential neighborhood and its associated amenities.

**III. *Facilities Proposed for Funding***

**A. Purchase of Existing Facilities and/or Assumption of Existing Contracts**

None.

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**B. Facilities to be Constructed**

Project	Status	Estimated Cost	District Share
1. Road Repairs	Design Phase	\$ 6,000,000	\$ 6,000,000

**Notes:** Design and contingencies are included in estimates.  
See the Engineer’s Estimates of Probable Construction Costs for more details.



#### IV. Summary of Costs

CONSTRUCTION COSTS	Total Amount	District Share
1. Road Repairs	\$5,400,000	\$5,400,000
<b>TOTAL CONSTRUCTION COSTS</b>	<b>\$5,400,000</b>	<b>\$5,400,000</b>
<b>NON-CONSTRUCTION COSTS</b>		
1. Road Repairs	\$600,000	\$600,000
<b>TOTAL NON-CONSTRUCTION COSTS</b>	<b>\$600,000</b>	<b>\$600,000</b>
<b>TOTAL BOND ISSUE REQUIREMENT</b>	<b>\$6,000,000</b>	<b>\$6,000,000</b>

#### V. Development Status and Land Use

##### A. Land Use

The land use of the district is to remain unchanged. The proposed projects and facilities are proposed without the intention of future growth.

##### B. Development from Prior Bonds

None

##### C. Development from Proposed Bonds

The projects in this bond package are the results of growth within the District and replacing aging or undersized infrastructure to provide capacity.

##### D. Development from Future Bonds

The projects addressed in this bond are estimated to be completed in its entirety for the cost shown. No development from Future Bonds is projected.

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*VI. Key Personnel*

Name	Title	Contact Information
Nick Calautti	President, Board of Directors, SLUD	SLUD Office 2730 Country Club Rd E1 Lucas, Texas 75002  (972) 442-6875 nick.calautti@slud.us
Chris Windsor	Operator, SLUD	SLUD Office 2730 Country Club Rd E1 Lucas, Texas 75002  (972) 442-6875 chris@slud.us
Kenneth Maun	Collin County Tax Assessor-Collector	Administration Building 2300 Bloomdale Road McKinney, Texas 75071  (972) 547-5020 taxassessor@collincountytx.gov
Jeff Henderson	Treasurer, SLUD	SLUD Office 2730 Country Club Rd E1 Lucas, Texas 75002  (972) 442-6875 jeff.henderson@slud.us

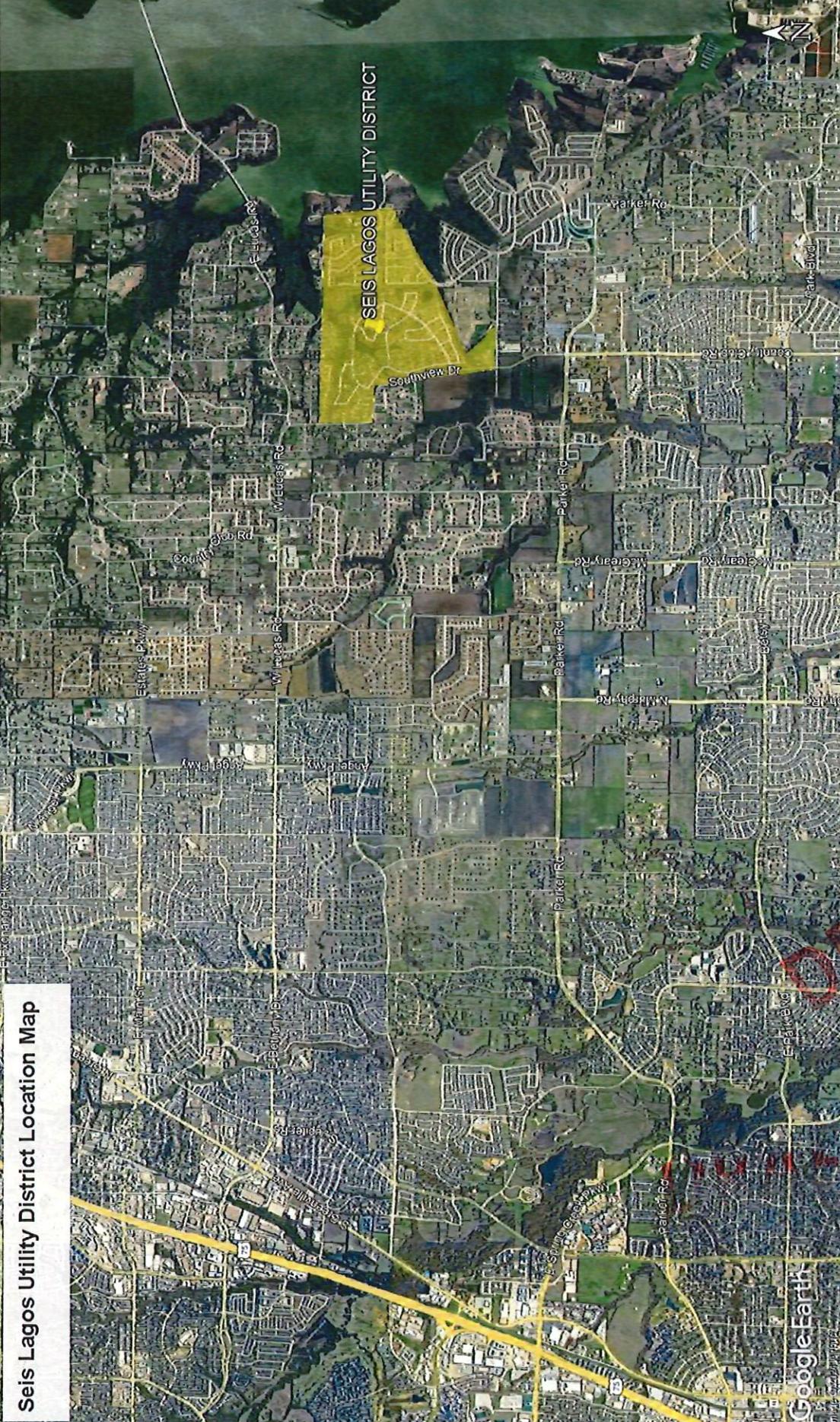
*VII. Report Attachments*

- A. [Seis Lagos Utility District Boundary Map](#)
- B. [Seis Lagos Utility District Location Map](#)

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Seis Lagos Utility District Location Map



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**AN ORDER CALLING A BOND ELECTION TO BE HELD BY THE SEIS LAGOS UTILITY DISTRICT; MAKING PROVISION FOR THE CONDUCT OF THE ELECTION; AND RESOLVING OTHER MATTERS INCIDENT AND RELATED TO SUCH ELECTION**

\*\*\*\*\*

WHEREAS, the Board of Directors (the *Board*) of the SEIS LAGOS UTILITY DISTRICT (the *District*) located in Collin County, Texas (the *County*), hereby finds and determines that an election should be held to determine whether the District shall be authorized to issue bonds of the District in the amount and for the purposes hereinafter identified (the *Election*); and

WHEREAS, the District, previously created as a municipal utility district pursuant to Texas Water Code Chapter 54, was reorganized, converted and confirmed as a conservation, utility, and reclamation district under Chapter 527, Acts of the 71<sup>st</sup> Legislation, Regular Session 1989, as amended by Chapter 1026, Acts of the 73<sup>rd</sup> Legislature, Regular Session, 1989 and Chapter 1148, Acts of the 75<sup>th</sup> Legislature, Regular Session, 1997 (collectively, the *Act*), and operating under the Act, Texas Water Code Chapters 49 and 54, as amended, and Article III, Section 52 and Article 16, Section 59 of the Texas Constitution; and

WHEREAS, the Board has approved an engineer's report covering the improvements to be purchased or constructed from proceeds of the proposed bonds and their estimated cost, together with maps, plats, profiles, and data fully showing and explaining the report. The engineer's report is not part of the proposition to be voted on or a contract with the voters. The engineer's report has been filed in the office of the District and open to inspection by the public; and

WHEREAS, such engineer's report, as may be supplemented, contains an estimate of the cost of acquiring and constructing the proposed improvements, as set forth below; and

WHEREAS, additional costs and expenses will be incurred by the District incidental to its operation and the financing of its proposed improvements; and

WHEREAS, the District will enter into an election services contract (the *Election Contract*) with Collin County by and through its Elections Administrator (the *Elections Administrator*) to conduct all aspects of the Election; and

WHEREAS, the Election will be conducted by the County pursuant to the Election Contract; and,

WHEREAS, the Board hereby finds and determines that the actions hereinbefore described are in the best interests of the residents of the District; now, therefore,

BE IT ORDERED BY THE BOARD OF SEIS LAGOS UTILITY DISTRICT THAT:

SECTION 1. The Election shall be held in the SEIS LAGOS UTILITY DISTRICT on the 3rd day of May, 2025 (*Election Day*), which is a uniform election date under the Texas Election Code, as amended, and is 78 or more days from the date of the adoption of this order (the *Order*), for the purpose of submitting the following measure to the qualified voters of the District:

**MEASURE A  
SEIS LAGOS UTILITY DISTRICT**

“Shall the Board of Directors of the SEIS LAGOS UTILITY DISTRICT be authorized to issue and sell bonds of the District in the principal amount not to exceed \$6,000,000 for the purposes of constructing, improving, acquiring, maintaining and operating macadamized, graveled or paved roads and turnpikes, or works, facilities, or improvements in aid thereof within the boundaries of the District (the currently intended projects being described in the engineer’s report filed in the office of the District); such bonds to mature serially or otherwise (not more than 40 years from their date) in accordance with law; any issue or series of such bonds to bear interest per annum at such rate or rates (fixed, floating, variable, or otherwise) as may be determined within the discretion of the Board of Directors, provided that such rate or rates of interest shall not exceed the maximum rate per annum authorized by law at the time of the issuance of any issue or series of such bonds; and shall the Board of Directors of the District be authorized to levy and pledge, and cause to be assessed and collected, annual ad valorem taxes on all taxable property in the District sufficient, without limit as to rate or amount, to pay the principal of and interest on the bonds?”

SECTION 2. The aforementioned estimates are as follows:

	Project	Construction Costs	Non-Construction Costs	Total
1.	Road repairs	\$5,400,000	\$600,000	\$6,000,000
	Total	\$5,400,000	\$600,000	\$6,000,000

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SECTION 3. On Election Day, the polls shall be open from 7 a.m. to 7 p.m. at the locations designated by the Elections Administrator in accordance with the Election Contract. The locations of such polling places on Election Day are set forth in **Exhibit A** which is attached hereto and incorporated herein by reference as a part of this Order for all purposes. **Exhibit A** shall be modified to include additional or different Election Day polling places designated by the Elections Administrator and to conform to the Election Contract.

The County participates in the Countywide Polling Place Program under Section 43.007, as amended, Texas Election Code, meaning that any County voter can vote in the Election at any polling place identified in **Exhibit A**.

SECTION 4: Early voting shall be administered by the Elections Administrator. Early voting shall be conducted by personal appearance at the locations and during the period early voting is required or permitted by law on the dates and at the times set forth in **Exhibit B** which is attached hereto and incorporated herein by reference as a part of this Order for all purposes. **Exhibit B** shall be modified to include additional or different early voting locations designated by the Elections Administrator and to conform to the Election Contract.

SECTION 5: A voting system or systems meeting the standards and requirements of the Texas Election Code, as amended, is hereby adopted and approved for early voting and for election day voting. Such voting system shall comply with Texas and federal laws establishing the requirement for a voting system that is equipped for disabled individuals. Pursuant to Section 61.012, as amended, Texas Election Code, the Elections Administrator shall provide at least one accessible voting system in each polling place used in the Election.

SECTION 6: The Elections Administrator will appoint the Presiding Judges, Alternate Presiding Judges, Election Clerks, and all other election officials for the Election.

An Early Voting Ballot Board shall be created to process early voting results of the Election and the Presiding Judge of an Early Voting Ballot Board shall be designated by the Elections Administrator. The Presiding Judge shall appoint not less than two resident qualified voters of the District to serve as members of each such Early Voting Ballot Board.

The District shall utilize a Central Counting Station (the *Station*) as provided by the Texas Election Code. The Administrator, or the designee thereof, is hereby appointed as the Manager of the Station who will establish a written plan for the orderly operation of the Station in accordance with the provisions of the Texas Election Code. The Board authorizes the Administrator, or the designee thereof, to appoint the Presiding Judge, the Tabulation Supervisor, and the Programmer of the Station and may appoint Station clerks as needed or desirable. The Administrator will publish (or cause to be published) notice and conduct testing on the automatic tabulation equipment relating to the Station and conduct instruction for the officials and clerks for the Station in accordance with the provisions of the Texas Election Code.

SECTION 7. The official ballot shall be prepared in accordance with the provisions of the Texas Election Code, as amended, so as to permit voters to vote "FOR" or "AGAINST" the aforesaid measure which shall appear on the ballot substantially as follows:

SEIS LAGOS UTILITY DISTRICT  
PROPOSITION A

"THE ISSUANCE OF BONDS IN AN AMOUNT NOT TO EXCEED  
\$6,000,000 FOR CONSTRUCTION AND IMPROVEMENT OF ROADS  
WITHIN THE SEIS LAGOS UTILITY DISTRICT AND THE IMPOSITION OF

A TAX SUFFICIENT TO PAY THE PRINCIPAL OF AND INTEREST ON THE BONDS.”

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SECTION 8. All resident, qualified voters of the District shall be permitted to vote at the Election, and, on Election Day, such voters shall vote at the designated polling places. The Election shall be held and conducted in accordance with the provisions of the Texas Election Code, as amended, except as modified by the provisions of the Texas Government Code, as amended, and as may be required by law. To the extent required by law, all Election materials and proceedings shall be printed in both English and Spanish.

SECTION 9. As required by and in accordance with Section 3.009(b)(5) and (7) through (9) of the Texas Election Code, the District, as of the date of this order, had outstanding an aggregate principal amount of debt equal to \$0; the aggregate amount of the interest owed on such District debt obligations, through respective maturity, totaled \$0; and the District levied an ad valorem debt service tax rate for its outstanding debt obligations of \$0 per \$100 of taxable assessed valuation. Based on the bond market conditions on the date of the Board’s adoption of this Order, the maximum interest rate for any series of bonds authorized at the Election is 4.50% (expressed as a net effective interest rate applicable to any such series of bonds). The bonds that are the subject of this Election shall mature serially or otherwise over a specified number of years (but not more 40 years from their date), as prescribed by applicable Texas law, though the District estimates that, based on current bond market conditions, such bonds will amortize over a 20-year period from their respective date of issue. The foregoing estimated maximum net effective interest rate and amortization period are only estimates, provided for Texas statutory compliance; they do not serve as a cap on the per annum interest rate at which any series of bonds authorized at the Election may be sold, or the amortization period for bonds that are the subject of this Election.

SECTION 10. The Board authorizes its President or General Manager, or the designees thereof, to negotiate and enter into a joint election agreement or agreements with any other political subdivisions with territory within the County who are also conducting elections on Election Day in accordance with the provisions of the Texas Election Code, as amended, as determined to be necessary or desirable, and to make such technical modifications to this Order that are necessary for compliance with applicable Texas or federal law or to carry out the intent of the Board is evidenced herein. In addition, the District authorizes its President or General Manager, or the designees thereof, to make such technical modifications to this Order that are necessary for compliance with applicable Texas or federal law or to carry out the intent of the Board, as evidenced herein.

SECTION 11. The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this Order for all purposes and are adopted as a part of the judgment and findings of the Board.

SECTION 12. All orders and resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Order are hereby repealed to the extent of such conflict, and the provisions of this Order shall be and remain controlling as to the matters ordered herein.

SECTION 13. This Order shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

SECTION 14. It is officially found, determined, and declared that the meeting at which this Order is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Order, was given, all as required by Chapter 551, as amended, Texas Government Code and the Texas Water Code, as amended.

SECTION 15. If any provision of this Order or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Order and the application of such provision to other persons and circumstances shall nevertheless be valid, and the Board hereby declares that this Order would have been enacted without such invalid provision.

SECTION 16. This Order shall be in force and effect from and after the date of its adoption, and it is so ordered.

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PASSED AND APPROVED, this the 21<sup>st</sup> day of January, 2025.

SEIS LAGOS UTILITY DISTRICT

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President, Board of Directors

ATTEST:

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Secretary, Board of Directors

(DISTRICT SEAL)

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[Signature Page to  
Bond Election Order]



\*\*\* Collin County participates in the Countywide Polling Place program under Section 43.007, as amended, Texas Election Code. Registered voters of Collin County will be able to cast their Election Day ballots at the Vote Centers identified above in Collin County or as identified on the County's website. Preliminary, subject to change. If any locations are changed, this will be reflected on the County's website. <https://www.collincountytx.gov/Elections/>

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\*Preliminary, subject to change. If any locations are changed, this will be reflected on the Collin County elections website: <https://www.collincountytx.gov/Elections>.

### **Early Voting By Mail**

Applications for voting by mail should be mailed to be received no later than the close of business (5:00 p.m.) on Tuesday, April 22, 2025. Applications should be sent to:

Early Voting Clerk  
2010 Redbud Blvd., Suite 102,  
McKinney, Texas 75069  
phone: (972) 547-1900  
fax: (972) 547-1996  
email: [absenteemailballoting@collincountytx.gov](mailto:absenteemailballoting@collincountytx.gov)

If an application for ballot by mail is faxed or emailed (or if a federal postcard application is faxed), the applicant must also mail the original application so that the early voting clerk receives the original no later than four days after receiving the emailed or faxed copy.

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**Exhibit C**  
**VOTER INFORMATION DOCUMENT**  
 Seis Lagos Utility District Measure A:

<input type="checkbox"/> FOR	“THE ISSUANCE OF BONDS IN AN AMOUNT NOT TO EXCEED \$6,000,000 FOR CONSTRUCTION AND IMPROVEMENT OF ROADS [WITHIN THE SEIS LAGOS UTILITY DISTRICT] AND THE IMPOSITION OF A TAX SUFFICIENT TO PAY THE PRINCIPAL OF AND INTEREST ON THE BONDS. [AND THE COST OF ANY CREDIT AGREEMENTS.]”
<input type="checkbox"/> AGAINST	

principal of debt obligations to be authorized	\$6,000,000
estimated interest for the debt obligations to be authorized presuming an interest rate of 4.50%	\$3,225,137
estimated combined principal and interest required to pay on time and in full the debt obligations to be authorized amortized over 20 years	\$9,225,137
as of the date the election was ordered, principal of all outstanding debt obligations	\$0
as of the date the election was ordered, the estimated interest on all outstanding debt obligations	\$0
estimated combined principal and interest required to pay on time and in full all outstanding debt obligations amortized over 20 years	\$9,225,137
estimated maximum annual increase in the amount of taxes on a residence homestead with an appraised value of \$100,000 to repay the debt obligations to be authorized, if approved	\$113.14
This figure makes conservative assumptions about the amortization period of the debt obligations and the estimated interest rate; and presumes no growth in future taxable values within the District.	

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