

**WESTWOOD MAGNOLIA PARKWAY
IMPROVEMENT DISTRICT
MONTGOMERY COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
DECEMBER 31, 2023**

**WESTWOOD MAGNOLIA PARKWAY
IMPROVEMENT DISTRICT**

MONTGOMERY COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2023

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McCALL GIBSON SWEDLUND BARFOOT PLLC

Certified Public Accountants

13100 Wortham Center Drive
Suite 235
Houston, Texas 77065-5610
(713) 462-0341
Fax (713) 462-2708

PO Box 29584
Austin, TX 78755-5126
(512) 610-2209
www.mgsbpllc.com
E-Mail: mgsb@mgsbpllc.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Westwood Magnolia Parkway
Improvement District
Montgomery County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Westwood Magnolia Parkway Improvement District (the "District") as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Board of Directors
Westwood Magnolia Parkway
Improvement District

Supplementary Information

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



McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

March 8, 2024

**WESTWOOD MAGNOLIA PARKWAY
IMPROVEMENT DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Management’s discussion and analysis of Westwood Magnolia Parkway Improvement District’s (the “District”) financial performance provides an overview of the District’s financial activities for the fiscal year ended December 31, 2023. Please read it in conjunction with the District’s financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

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

**WESTWOOD MAGNOLIA PARKWAY
IMPROVEMENT DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District’s financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$235,574 as of December 31, 2023.

The following is a comparative analysis of government-wide changes in net position:

**WESTWOOD MAGNOLIA PARKWAY
IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2023	2022	Change Positive (Negative)
Current and Other Assets	\$ 26,274,837	\$ 29,428,905	\$ (3,154,068)
Capital Assets (Net of Accumulated Depreciation)	8,103,670	4,438,146	3,665,524
Total Assets	\$ 34,378,507	\$ 33,867,051	\$ 511,456
Deferred Outflows of Resources	\$ 162,348	\$ 180,459	\$ (18,111)
Due to Developer	\$ 1,828,062	\$ 2,105,354	\$ 277,292
Long-Term Liabilities	30,296,502	31,569,167	1,272,665
Other Liabilities	2,369,954	1,771,155	(598,799)
Total Liabilities	\$ 34,494,518	\$ 35,445,676	\$ 951,158
Deferred Inflows of Resources	\$ 281,911	\$ -0-	\$ (281,911)
Net Position:			
Net Investment in Capital Assets	\$ (10,755,676)	\$ (10,787,227)	\$ 31,551
Restricted	3,431,639	3,457,753	(26,114)
Unrestricted	7,088,463	5,931,308	1,157,155
Total Net Position	\$ (235,574)	\$ (1,398,166)	\$ 1,162,592

The following table provides a summary of the District's operations for the year ending December 31, 2023, and December 31, 2022.

	Summary of Changes in the Statement of Activities		
	2023	2022	Change Positive (Negative)
Revenues:			
Sales Tax Revenues	\$ 7,357,688	\$ 7,258,162	\$ 99,526
Share to City of Conroe	(2,537,562)	(2,347,337)	(190,225)
Special Assesment Revenues	281,911	282,869	(958)
Other Revenues	1,277,798	430,596	847,202
Total Revenues	\$ 6,379,835	\$ 5,624,290	\$ 755,545
Expenses for Services	5,217,243	2,833,410	(2,383,833)
Change in Net Position	\$ 1,162,592	\$ 2,790,880	\$ (1,628,288)
Net Position, Beginning of Year	(1,398,166)	(4,189,046)	2,790,880
Net Position, End of Year	\$ (235,574)	\$ (1,398,166)	\$ 1,162,592

**WESTWOOD MAGNOLIA PARKWAY
IMPROVEMENT DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

FINANCIAL ANALYSIS OF THE DISTRICT’S GOVERNMENTAL FUNDS

The District’s combined fund balances as of December 31, 2023, were \$23,652,744, a decrease of \$4,035,881 from the prior year.

The General Fund fund balance increased by \$1,157,155 due to sales tax and special assessment revenues exceeding current year operating costs, capital outlay and transfers to the Debt Service Fund.

The Debt Service Fund fund balance decreased by \$27,217 due to the structure of the District’s outstanding debt offset by a transfer from the General Fund.

The Capital Projects Fund fund balance decreased by \$5,165,819 due to disbursement of previously issued bond proceeds for capital outlay.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors annually adopts an unappropriated budget for the General Fund and did not amend the budget during the current fiscal year. Actual revenues were \$412,176 less than budgeted revenues; transfers out were \$227,278 less than budgeted transfers; and actual expenditures were \$36,866 more than budgeted expenditures. Overall, the District finished the year with a negative budget variance of \$221,764.

CAPITAL ASSETS

The District only owns drainage assets as of December 31, 2023. Below is a summary of the District’s capital assets at December 31, 2023:

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2023	2022	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Construction in Progress	\$ 7,382,100	\$ 3,696,102	\$ 3,685,998
Capital Assets, Net of Accumulated Depreciation:			
Drainage System	721,570	742,044	(20,474)
Total Net Capital Assets	\$ 8,103,670	\$ 4,438,146	\$ 3,665,524

Additional information on the District’s capital assets can be found in Note 5 of this report.

**WESTWOOD MAGNOLIA PARKWAY
IMPROVEMENT DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

LONG TERM DEBT ACTIVITY

At the end of the current fiscal year, the District had total long-term debt payable of \$29,825,000. The changes in the debt position of the District during the fiscal year ended December 31, 2023, are summarized as follows:

Bond Debt Payable, January 1, 2023	\$ 31,080,000
Less: Bond Principal Paid	<u>1,255,000</u>
Bond Debt Payable, December 31, 2023	<u>\$ 29,825,000</u>

The District’s Sales Tax Revenue Bonds Series 2013, Sales Tax Revenue and Refunding Bonds Series 2017, and Sales Tax Revenue and Refunding Bonds Series 2020 are not rated. The Sales Tax Revenue Bonds Series 2021 have an underlying rating of “A3” and carry an insured rating from Standard and Poor’s of “AA” by virtue of bond insurance issued by Build America Mutual. The above ratings reflect all changes during the fiscal year ended December 31, 2023.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The adopted budget for fiscal year 2024 projects an increase of \$1,583,678 in General Fund fund balance. Fiscal year 2024 revenues are budgeted to be \$8,200,000, while expenditures are budgeted to be \$6,616,322.

CONTACTING THE DISTRICT’S MANAGEMENT

This financial report is designed to provide a general overview of the District’s finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Westwood Magnolia Parkway Improvement District, c/o Mitchell, Zientek & Scruggs LLP, 24624 Interstate 45N, Suite 200, The Woodlands, Texas 77386

**WESTWOOD MAGNOLIA PARKWAY
IMPROVEMENT DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2023**

	General Fund	Debt Service Fund
ASSETS		
Cash	\$ 24,451	\$
Investments	6,719,070	3,361,411
Receivables:		
Sales Tax Revenues	945,305	
Special Assessments	274,531	
Accrued Interest	46,242	
Prepaid Costs	76,228	
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	\$ 8,085,827	\$ 3,361,411
 DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Refunding Bonds	\$ - 0 -	\$ - 0 -
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 8,085,827	\$ 3,361,411

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

<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 10,528	\$ 34,979	\$	\$ 34,979
14,817,071	24,897,552		24,897,552
	945,305		945,305
	274,531		274,531
	46,242		46,242
	76,228		76,228
		7,382,100	7,382,100
		721,570	721,570
<u>\$ 14,827,599</u>	<u>\$ 26,274,837</u>	<u>\$ 8,103,670</u>	<u>\$ 34,378,507</u>
<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 162,348</u>	<u>\$ 162,348</u>
<u>\$ 14,827,599</u>	<u>\$ 26,274,837</u>	<u>\$ 8,266,018</u>	<u>\$ 34,540,855</u>

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

**WESTWOOD MAGNOLIA PARKWAY
IMPROVEMENT DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2023**

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	\$ 615,453	\$
Accrued Interest Payable		
Due to Developer		
Retainage Payable		
Long-Term Liabilities:		
Due Within One Year		
Due After One Year		
TOTAL LIABILITIES	\$ 615,453	\$ - 0 -
 DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows:		
Special Assessments	\$ 281,911	\$ - 0 -
 FUND BALANCES		
Nonspendable -		
Prepaid Costs	\$ 76,228	\$
Restricted for:		
Authorized Construction		
Debt Service		3,361,411
Operation Costs	100,000	
Unassigned	7,012,235	
TOTAL FUND BALANCES	\$ 7,188,463	\$ 3,361,411
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 8,085,827	\$ 3,361,411
 NET POSITION		
Net Investment in Capital Assets		
Restricted for:		
Debt Service		
Operations		
Unrestricted		
TOTAL NET POSITION		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$ 1,310,286	\$ 1,925,739	\$	\$ 1,925,739
		29,772	29,772
414,443	414,443	1,828,062	1,828,062
		1,285,000	1,285,000
		<u>29,011,502</u>	<u>29,011,502</u>
<u>\$ 1,724,729</u>	<u>\$ 2,340,182</u>	<u>\$ 32,154,336</u>	<u>\$ 34,494,518</u>
<u>\$ - 0 -</u>	<u>\$ 281,911</u>	<u>\$ - 0 -</u>	<u>\$ 281,911</u>
\$	\$ 76,228	\$ (76,228)	\$
13,102,870	13,102,870	(13,102,870)	
	3,361,411	(3,361,411)	
	100,000	(100,000)	
	<u>7,012,235</u>	<u>(7,012,235)</u>	
<u>\$ 13,102,870</u>	<u>\$ 23,652,744</u>	<u>\$ (23,652,744)</u>	<u>\$ - 0 -</u>
<u>\$ 14,827,599</u>	<u>\$ 26,274,837</u>		
		\$ (10,755,676)	\$ (10,755,676)
		3,331,639	3,331,639
		100,000	100,000
		<u>7,088,463</u>	<u>7,088,463</u>
		<u>\$ (235,574)</u>	<u>\$ (235,574)</u>

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

**WESTWOOD MAGNOLIA PARKWAY
IMPROVEMENT DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2023**

Total Fund Balances - Governmental Funds \$ 23,652,744

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

Capital Assets and construction in progress used in governmental activities are not a current financial resource and, therefore, are not reported as an asset in the governmental funds. 8,103,670

The difference between the net carrying amount of refunded bonds and the reacquisition price is recorded as a deferred outflow of resources in the governmental activities and systematically charged to interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter. 162,348

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

Due to Developer	\$ (1,828,062)	
Accrued Interest Payable	(29,772)	
Bonds Payable	<u>(30,296,502)</u>	<u>(32,154,336)</u>

Total Net Position - Governmental Activities \$ (235,574)

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

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**WESTWOOD MAGNOLIA PARKWAY
IMPROVEMENT DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2023**

	General Fund	Debt Service Fund
REVENUES		
Sales Tax Revenues	\$ 7,357,688	\$
Share to City of Conroe	(2,537,562)	
Special Assesment Revenues	281,911	
Investment Revenues	265,787	201,311
TOTAL REVENUES	\$ 5,367,824	\$ 201,311
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 292,305	\$
Contracted Services	914,663	1,250
Economic Development	787,700	
Depreciation		
Other	171,710	
Capital Outlay	277,291	
Conveyance of Assets		
Debt Service:		
Bond Principal		1,255,000
Bond Interest		739,278
TOTAL EXPENDITURES/EXPENSES	\$ 2,443,669	\$ 1,995,528
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ 2,924,155	\$ (1,794,217)
OTHER FINANCING SOURCES (USES)		
Transfers In (Out)	\$ (1,767,000)	\$ 1,767,000
NET CHANGE IN FUND BALANCES	\$ 1,157,155	\$ (27,217)
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - JANUARY 1, 2023	6,031,308	3,388,628
FUND BALANCES/NET POSITION - DECEMBER 31, 2023	\$ 7,188,463	\$ 3,361,411

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

<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
\$	\$ 7,357,688	\$	\$ 7,357,688
	(2,537,562)		(2,537,562)
	281,911		281,911
<u>810,700</u>	<u>1,277,798</u>	<u></u>	<u>1,277,798</u>
\$ 810,700	\$ 6,379,835	\$ - 0 -	\$ 6,379,835
\$ 104,338	\$ 396,643	\$	\$ 396,643
	915,913		915,913
	787,700		787,700
		20,474	20,474
	171,710		171,710
5,872,181	6,149,472	(6,149,472)	
		2,186,183	2,186,183
	1,255,000	(1,255,000)	
	<u>739,278</u>	<u>(658)</u>	<u>738,620</u>
\$ 5,976,519	\$ 10,415,716	\$ (5,198,473)	\$ 5,217,243
\$ (5,165,819)	\$ (4,035,881)	\$ 4,035,881	\$ - 0 -
\$ -0-	\$ - 0 -	\$ - 0 -	\$ - 0 -
\$ (5,165,819)	\$ (4,035,881)	\$ 4,035,881	\$
		1,162,592	1,162,592
<u>18,268,689</u>	<u>27,688,625</u>	<u>(29,086,791)</u>	<u>(1,398,166)</u>
\$ <u>13,102,870</u>	\$ <u>23,652,744</u>	\$ <u>(23,888,318)</u>	\$ <u>(235,574)</u>

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

**WESTWOOD MAGNOLIA PARKWAY
IMPROVEMENT DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023**

Net Change in Fund Balances - Governmental Funds \$ (4,035,881)

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

Governmental funds do not account for depreciation. However, in the government-wide financial statements, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities. (20,474)

Governmental funds report capital asset costs as expenditures in the period purchased. However, in the government-wide financial statements, capital assets are increased by new purchases that meet the District's threshold for capitalization, and are owned and maintained by the District. All other capital asset purchases are expensed in the Statement of Activities. 6,149,472

Assets conveyed to other governmental entities are recorded as expenses in the Statement of Activities. (2,186,183)

Governmental funds report principal payments on long-term liabilities as expenditures. However, in the government-wide financial statements, principal payments decrease long-term liabilities and the Statement of Activities is not affected. 1,255,000

Governmental funds report interest payments on long-term liabilities as expenditures in the year paid. However, in the government-wide financial statements, interest is accrued on the long-term liabilities through fiscal year-end. 658

Change in Net Position - Governmental Activities \$ 1,162,592

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

**WESTWOOD MAGNOLIA PARKWAY
IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1. CREATION OF DISTRICT

Southwest Montgomery County Improvement District located in Montgomery County, Texas (the “District”) was created pursuant to H.B. 3562, Acts of the 78th Legislative Session on June 18, 2003 and operating pursuant to the applicable provisions of Sections 52 and 52-a, Article III and Section 59 Article XVI, Texas Constitution. The District was confirmed by an election held within the District in 2005. The name of the District was changed to Westwood Magnolia Parkway Improvement District on August 24, 2005. The District is a conservation and reclamation district operating under Chapter 375 of the Texas Water Code. The sales tax election occurred on November 2, 2010.

The District was created to promote, develop, encourage and maintain employment, commerce, economic development, and the public welfare in the area of the District. The District will secure expanded and improved transportation and pedestrian facilities and system; provide needed funding to preserve, maintain, and enhance the economic health and vitality of the District as a community and commerce center; promote the health, safety, welfare, education, convenience, and enjoyment of the public by improving, landscaping and developing certain areas and by providing public services and facilities in and adjacent to the District.

The Board of Directors held its first meeting on July 15, 2003 and sold its first bonds on March 27, 2012.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

**WESTWOOD MAGNOLIA PARKWAY
IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation

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

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

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

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

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. The District’s Statement of Net Position and Statement of Activities are combined with the governmental fund financial statements. The District is viewed as a special-purpose government and has the option of combining these financial statements.

The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Any amounts recorded due to and due from other funds are eliminated in the Statement of Net Position.

**WESTWOOD MAGNOLIA PARKWAY
IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements (Continued)

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any, are eliminated by adjustment to obtain net total revenues and expenses of the government-wide Statement of Activities.

Fund Financial Statements

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

Governmental Funds

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

General Fund – To account for resources not required to be accounted for in another fund, sales tax receipts, costs and general expenditures.

Debt Service Fund – To account for ad valorem taxes and other financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes.

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

Basis of Accounting

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

**WESTWOOD MAGNOLIA PARKWAY
IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. During the year ended December 31, 2023, the General Fund transferred \$1,767,000 to the Debt Service Fund to fund debt service obligations.

Capital Assets

Capital assets, which include property, and infrastructure assets, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their estimated acquisition value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset. Assets are capitalized, including infrastructure assets, if they have an original cost greater than \$5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Estimated useful life of the drainage system is 45 years.

As road, street or bridge infrastructure assets are constructed or acquired they are conveyed to Montgomery County, Texas for maintenance.

Budgeting

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was not amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the original and revised budget amounts, if revised, compared to the actual amounts of revenues and expenditures for the current year.

Pensions

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

**WESTWOOD MAGNOLIA PARKWAY
IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets, liabilities, and deferred inflows and outflows of resources associated with the activities are reported. Fund equity is classified as net position.

Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the Governmental Funds Balance Sheet, and the reported fund balances provide an indication of available spendable or appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources. Fund balances in governmental funds are classified using the following hierarchy:

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

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

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

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

Unassigned: all other spendable amounts in the General Fund.

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

**WESTWOOD MAGNOLIA PARKWAY
IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Estimates

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

NOTE 3. LONG-TERM DEBT

	Series 2013	Series 2017
Amount Outstanding – December 31, 2023	\$ 1,490,000	\$ 4,445,000
Interest Rates	3.35%	2.62%
Maturity Dates – Beginning/Ending	December 15, 2024/2028	December 15, 2024/2032
Interest Payment Dates	June 15/ December 15	June 15/ December 15
Callable Dates	December 15, 2023*	December 15, 2025*
	Series 2020	Series 2021
Amount Outstanding – December 31, 2023	\$ 8,350,000	\$ 15,540,000
Interest Rates	1.20%	2.125%-4.00%
Maturity Dates – Beginning/Ending	December 15, 2024/2034	June 15/ 2024/2050
Interest Payment Dates	June 15/ December 15	June 15/ December 15
Callable Dates	December 15, 2030*	June 15, 2031*

* Or any date thereafter, at the option of the District, in whole or in part, at par plus accrued interest to the date fixed for redemption. Series 2013 term bonds maturing on December 15, 2028, are subject to mandatory redemption beginning December 15, 2014, by lot or other random selection method. Series 2017 term bonds maturing on December 15, 2032, are subject to mandatory redemption beginning December 15, 2018, by lot or other random selection method. Series 2020 term bonds maturing on December 15, 2034, are subject to mandatory redemption beginning December 15, 2020, by lot or other random selection method. Series 2021 term bonds maturing on June 15, 2032, June 15, 2034, June 15, 2046 and June 15, 2050 are subject to mandatory redemption beginning June 15, 2031, June 15, 2033, June 15, 2042 and June 15, 2047 by lot or other random selection method.

**WESTWOOD MAGNOLIA PARKWAY
IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3. LONG-TERM DEBT (Continued)

The following is a summary of transactions regarding the changes in the long-term liabilities for the year ended December 31, 2023:

	January 1, 2023	Additions	Retirements	December 31, 2023
Bonds Payable	\$ 31,080,000	\$	\$ 1,255,000	\$ 29,825,000
Unamortized Discounts	(297,834)		(10,756)	(287,078)
Unamortized Premiums	787,001		28,421	758,580
Bonds Payable, Net	\$ 31,569,167	\$ -0-	\$ 1,272,665	\$ 30,296,502
		Amount Due Within One Year		\$ 1,285,000
		Amount Due After One Year		29,011,502
		Bonds Payable, Net		\$ 30,296,502

As of December 31, 2023, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 1,285,000	\$ 712,718	\$ 1,997,718
2025	1,310,000	682,373	1,992,373
2026	1,340,000	651,300	1,991,300
2027	1,380,000	619,468	1,999,468
2028	1,405,000	586,697	1,991,697
2029-2033	7,420,000	2,492,305	9,912,305
2034-2038	4,445,000	1,883,521	6,328,521
2039-2043	4,240,000	1,203,712	5,443,712
2044-2048	4,875,000	576,561	5,451,561
2049-2050	2,125,000	53,437	2,178,437
	\$ 29,825,000	\$ 9,462,092	\$ 39,287,092

The bonds are payable from a sales and use tax levied upon all businesses within the District. The following are certain requirements and provisions of the bond resolution:

- A. The District is required to maintain a Pledged Revenue Fund. Sales and Use tax receipts actually received by the District from the Comptroller of the State of Texas, less any amount payable to the City of Conroe are to be deposited into this fund. These funds are to be applied in the following manner and order of priority;

**WESTWOOD MAGNOLIA PARKWAY
IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3. LONG-TERM DEBT (Continued)

- (1) First, on or before the last day of each month, the District will deposit an amount equal to 1/6 of the amount needed to accumulate the next interest payment and 1/12 of the amount needed to accumulate the next principal payment, and an amount required to prevent or restore any deficiency in the Debt Service Fund for payment of debt service on the bonds,
 - (2) Second, to the Debt Service Reserve Fund amounts required to attain the reserve requirement,
 - (3) Third, to the Operating Reserve Fund amounts required to attain the reserve requirement,
 - (4) Fourth, to any other fund or account held at any place or places, or to any payee required by any other resolution of the Board of Directors subordinate to the lien created with the Series 2012 and Series 2013 bonds, and
 - (5) Fifth, to the Operating Fund for any lawful purpose.
- B. The Resolutions also call for the establishment of a Debt Service Fund. See A(1) above for the requirements of this fund. During the current fiscal year, \$1,767,000 was transferred to the Debt Service Fund.
- C. The Resolutions also call for the establishment of a Debt Service Reserve Fund. The Reserve Fund requirement shall be computed after the issuance of any series of bonds and shall be the lesser of (i) the maximum annual debt service (calculated on a fiscal year basis) of the bonds then outstanding, or (ii) the maximum amount in a reasonably required reserve fund that can be invested without restriction as to yield pursuant to Subsection (d) of Section 148 of the Code and the regulations promulgated thereunder. The Series 2021 bond resolution required a Debt Service Reserve Fund of \$2,003,883, which was fully funded as of the closing date of the Series 2021 bonds. As of December 31, 2023, the Reserve Fund balance was sufficient.
- D. The Resolutions also call for the establishment of an Operating Reserve Fund. The Operating Reserve Fund was established at \$100,000 from proceeds from the Series 2012 bond proceeds. The fund will be maintained at \$100,000 for the two-year period from the closing date of the Series 2021 bonds, after which this amount may be reduced to 1/3 of the District's annual operating expenditures, or if the District assumes the responsibility to maintain any roads, an amount equal to the District's annual operating expenditures.

**WESTWOOD MAGNOLIA PARKWAY
IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3. LONG-TERM DEBT (Continued)

- E. The Revenue Fund, Debt Service Fund, and Debt Service Reserve Fund constitute a trust fund which will be held in trust for the owners of the bonds and any additional bonds and the proceeds of which will be pledged to the payment of the bonds and any additional bonds.
- F. All investments and any profits realized from or interest accruing on investments shall belong to the fund from which the moneys for such investments were taken; provided, however, that in the discretion of the Board of Directors of the District, the profits realized from the interest accruing on investments made from any fund may be transferred to the Debt Service Fund.
- G. The District has covenanted that it will take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross proceeds of the Bonds, within the meaning of section 148(f) of the Internal Revenue Code, be rebated to the federal government. The minimum requirement for determination of the rebatable amount is on the fifth anniversary date of the bond issue.

NOTE 4. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes.

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation ("FDIC") or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year-end, the carrying amount of the District's deposits was \$2,848,443 and the bank balance was \$2,852,843. The District was not exposed to custodial credit risk at year-end.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at December 31, 2023, as listed below:

**WESTWOOD MAGNOLIA PARKWAY
IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 4. DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

	Cash	Certificates of Deposit	Total
GENERAL FUND	\$ 24,451	\$ 2,813,464	\$ 2,837,915
CAPITAL PROJECTS FUND	10,528		10,528
TOTAL DEPOSITS	\$ 34,979	\$ 2,813,464	\$ 2,848,443

Investments

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

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

The District invests in the Texas Short Term Asset Reserve Program (“TexSTAR”), an external public funds investment pool that is not SEC-registered. J. P. Morgan Investment Management Inc. provides investment management and Hilltop Securities Inc., provides participant services and marketing under an agreement with the TexSTAR Board of Directors. Custodial, fund accounting and depository services are provided by JPMorgan Chase Bank, N.A. and/or its subsidiary J.P. Morgan Investors Services Co. Investments held by TexSTAR are marked to market daily. The investments are considered to be Level I investments because their fair value is measured by quoted prices in active markets. The fair value of the District’s position in the pool is the same as the value of the pool shares. There are no limitations or restrictions on withdrawals from TexSTAR.

**WESTWOOD MAGNOLIA PARKWAY
IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 4. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Certificates of deposit are valued at acquisition cost at the date of purchase.

As of December 31, 2023, the District had the following investments:

<u>Fund and Investment Type</u>	<u>Fair Value</u>	<u>Maturities of Less Than 1 Year</u>
<u>GENERAL FUND</u>		
TexSTAR	\$ 3,905,606	\$ 3,905,606
Certificates of Deposit	2,813,464	2,813,464
<u>DEBT SERVICE FUND</u>		
TexSTAR	3,361,411	3,361,411
<u>CAPITAL PROJECTS FUND</u>		
TexSTAR	<u>14,817,071</u>	<u>14,817,071</u>
TOTAL INVESTMENTS	<u>\$ 24,897,552</u>	<u>\$ 24,897,552</u>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At December 31, 2023, the District’s investments in TexSTAR were rated “AAAm” by Standard and Poor’s. The District also manages credit risk by investing in certificates of deposit covered by FDIC insurance.

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

Restrictions

All cash and investments of the Debt Service Fund are restricted for the payment of debt service. All cash and investments of the Capital Projects Fund are restricted for the purchase of capital assets.

**WESTWOOD MAGNOLIA PARKWAY
IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2023:

	January 1, 2023	Increases	Decreases	December 31, 2023
Capital Assets Not Being Depreciated				
Construction in Progress	\$ 3,696,102	\$ 3,685,998	\$ -0-	\$ 7,382,100
Capital Assets Subject to Depreciation				
Drainage System	\$ 818,947	\$ - 0 -	\$ -0-	\$ 818,947
Accumulated Depreciation				
Drainage System	\$ 76,903	\$ 20,474	\$ - 0 -	\$ 97,377
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 742,044</u>	<u>\$ (20,474)</u>	<u>\$ -0-</u>	<u>\$ 721,570</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 4,438,146</u>	<u>\$ 3,665,524</u>	<u>\$ -0-</u>	<u>\$ 8,103,670</u>

As roadways are completed, the assets are conveyed to Montgomery County for maintenance.

NOTE 6. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 7. STRATEGIC PARTNERSHIP AGREEMENT

The District has entered into a Strategic Partnership Agreement (“SPA”) with the City of Conroe, Texas (the “City”), providing for full purpose annexation of the District and for the continuation of the District as a limited district following full purpose annexation. The City exercised its right to annex the District for limited purposes on November 9, 2011. After the date of the limited purpose annexation, the District shall pay to the City an amount equal to 50% of the sales and use tax revenues that are reported on the monthly sales tax report provided by the Texas State Comptroller. In return, the City will provide the following services: fire marshall services, maintenance and development of FM 1488 and economic development in the District and the FM 1488 corridor in general.

**WESTWOOD MAGNOLIA PARKWAY
IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 7. STRATEGIC PARTNERSHIP AGREEMENT (Continued)

The City agreed to not annex the District within its full purpose boundaries prior to the earlier of: (1) the date on which all debts of the District are fully paid and the District has fully reimbursed any developer within the District or (2) December 31, 2036. Upon the full purpose annexation conversion date, the land included within the boundaries of the District shall be deemed to be within the full purpose boundary limits of the City without the need for any further action. Upon such date, all taxable property within the territory of the District shall become subject to ad valorem taxation by the City.

If the debt of the District remains outstanding on the full purpose annexation conversion date, then the District shall become a limited district and shall continue for a term not to exceed ten additional years, or until all outstanding debt of the limited district has been fully paid. The City may extend the existence of the limited district for successive ten-year terms for so long as any debt of the limited district remains.

NOTE 8. SALES AND USE TAX

In accordance with Section 26 of the District's creation legislation, House Bill 3562 of the Texas Legislature's 78th Regular Session, the District is authorized to adopt a limited sales and use tax upon authorization by a majority of the voters of the District voting in the election to approve the adoption of the limited sales and use tax. On November 2, 2010, the voters of the District approved the adoption of a limited sales and use tax of up to a maximum of two percent. The District also has an existing Strategic Partnership Agreement with the City of Conroe ("City") whereby, among other provisions, the District shares a portion of its sales and use tax collected with the City and portions of the collected amounts are retained by the District. See Note 7.

During the current fiscal year, the District received \$7,357,688 in sales and use tax revenues, of which \$945,305 was due from the Texas State Comptroller at December 31, 2023. During the current fiscal year, \$2,537,562 was the City's share of sales and use tax revenues, of which \$472,653 was payable to the City at December 31, 2023. The District's total net sales and use tax revenues for the current fiscal year was \$4,820,126.

**WESTWOOD MAGNOLIA PARKWAY
IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 9. INTERLOCAL AGREEMENTS

Security

On November 13, 2015, the District entered into an agreement with Montgomery County to authorize and direct two deputies to patrol the District for 100% of the deputy's working time. The District will pay the County 100% of that deputy's salary and benefits and for the cost of a secretary/receptionist at the substation. The agreement also requires the District to fund the purchase of a patrol vehicle for the use of the assigned deputy. In addition, the District will pay actual fuel costs of the vehicle. The patrol vehicle shall be owned, operated and maintained by the County in the manner customary for such vehicles used by law enforcement agencies. The term of this agreement is for one year of the effective date. Thereafter, the agreement will automatically renew for one-year terms unless terminated by either party.

During the current fiscal year, the District paid the County \$494,393 in relationship to this contract.

NOTE 10. SPECIAL ASSESSMENT

In accordance with Texas House Bill No. 3562 (2003), the District may levy assessments, or impact fees in accordance with Chapter 375 of the Texas Local Government Code to provide improvements and services for a project or activity the District is authorized to acquire, construct, improve, or provide under this Act.

On May 12, 2008, an order was adopted granting a petition for a service plan and an assessment roll for the District. The order authorized levying an annual assessment which would assure sufficient funding for the services provided under the 20-year term of the Service Plan. The resolution authorized an assessment of \$2,750 to \$6,000 per acre for properties marked Level 1 Assessment and \$2,500 to \$5,000 per acre for properties marked Level 2 Assessment of developed property to provide services and improvements in the design and construction of water, sanitary sewer and drainage/detention improvements and design and construction of Research Forest Drive between Egypt Land and FM 2978. Level 1 and Level 2 Properties are outlined in the Assessment Plan.

The District levied a 2022 assessment per acre of developed property, which resulted in an assessment of \$281,911. The 2022 assessment was fully collected during the year ended December 31, 2023.

**WESTWOOD MAGNOLIA PARKWAY
IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 10. SPECIAL ASSESSMENT (Continued)

The District levied a 2023 assessment per acre of developed property, which resulted in an assessment of \$281,911. Of the 2023 assessment, \$7,380 was collected in the current fiscal year, and the balance of the assessment was collected during the year ended December 31, 2024.

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

NOTE 11. COMMERCIAL LEASE AGREEMENT

On September 10, 2016, the District executed an operating lease for office space. The initial term of lease began November 1, 2016 and ended on November 1, 2019 with a base rent of \$1,497 due monthly. In 2019, the District exercised the option to extend the initial term of the lease for one additional period of 3 years, commencing on the last day of the initial term. In July 2022, the District renewed the operating lease for office space for an additional twenty-four months through July 8, 2024 with a base rent of \$1,497 due monthly. During the current fiscal year, the District made total lease payments in the amount of \$17,964.

The following is a schedule of remaining minimum lease payments:

Fiscal Year	Payment Amount
2024	\$ 8,982

**WESTWOOD MAGNOLIA PARKWAY
IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 12. ECONOMIC DEVELOPMENT AGREEMENTS

On April 8, 2016, the District entered into a reimbursement agreement with HEB Grocery Company, LP (“HEB”) to reimburse costs to design and construct public improvements to Magnolia Circle and traffic signal upgrades, as well as any associated administration costs. In accordance with the agreement, the amount reimbursable to HEB is not to exceed \$685,000. The District reimburses HEB from sales tax revenue generated from HEB’s store. See Note 10. Actual costs to be reimbursed were determined to be \$674,752. The District has repaid the total of \$674,752 to HEB.

On September 9, 2016, the District entered into a reimbursement agreement with Regency Centers, Inc. (“Regency”) to reimburse costs to design and construct water, sanitary sewer, and drainage improvements and road improvements to serve Research Forest Drive between Egypt Lane and FM 2978, as well as associated administration costs. In accordance with the Service Plan, the amount reimbursable to Regency included advanced funds for the project, as verified by the District’s auditor plus interest costs limited to five years at a 5% interest rate approved by the Board of Directors. The District’s auditor prepared a report dated September 9, 2016, which reflects a total amount of \$3,865,297. The District levies a special assessment on an annual basis on the Regency Property as defined in the Service Plan. See Note 10. The assessments will fund the amount reimbursable to Regency until reimbursed in full. The District began reimbursing Regency in 2016 from the net assessment proceeds, consisting of the assessment less the cost of collection. The District has paid a total of \$2,212,868 to Regency, of which \$277,291 was paid to Regency during the current fiscal year.

NOTE 13. COST SHARING AGREEMENT

On December 8, 2017, the District entered a cost sharing agreement with Egypt Land Developments (“Egypt Land”), LP, Montera Holdings, LP and the Crossing Church (“Church”) (collectively, the “Landowners”). The District and Landowners have determined that drainage improvements to the property located adjacent to Egypt Lane between Research Forest Boulevard and FM 1488 (“Facilities”) are necessary. The Landowner’s engineer designed and prepared plans and specifications for the Facilities, which were paid by the District and approved by the District’s engineer. The District and the Landowners agree to share in the construction of the Facilities based on each party’s acreage served by the Facilities. Church and Egypt Land agree to advance their pro-rata share of the construction costs plus a 10% contingency within 30 days after receipt of the notice of award of the construction contract from the District. The Landowners have advanced \$391,330 to the District for this project. The District agrees to reimburse Church and Egypt Land for their pro-rata share of the construction costs from all the sales tax revenue received from businesses located on the property owned by Church and Egypt Land for up to five years from the date of the first reimbursement. The District will own and maintain the facilities at the District’s sole expense.

**WESTWOOD MAGNOLIA PARKWAY
IMPROVEMENT DISTRICT**

REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2023

**WESTWOOD MAGNOLIA PARKWAY
IMPROVEMENT DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Sales Tax Revenues	\$ 8,000,000	\$ 7,357,688	\$ (642,312)
Share to City of Conroe	(2,250,000)	(2,537,562)	(287,562)
Special Assesment Revenues		281,911	281,911
Investment Revenues	<u>30,000</u>	<u>265,787</u>	<u>235,787</u>
TOTAL REVENUES	<u>\$ 5,780,000</u>	<u>\$ 5,367,824</u>	<u>\$ (412,176)</u>
EXPENDITURES			
Services Operations:			
Professional Fees	\$ 285,000	\$ 292,305	\$ (7,305)
Contracted Services	1,026,265	914,663	111,602
Economic Development	832,670	787,700	44,970
Other	159,380	171,710	(12,330)
Capital Outlay	<u>103,488</u>	<u>277,291</u>	<u>(173,803)</u>
TOTAL EXPENDITURES	<u>\$ 2,406,803</u>	<u>\$ 2,443,669</u>	<u>\$ (36,866)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 3,373,197</u>	<u>\$ 2,924,155</u>	<u>\$ (449,042)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	<u>\$ (1,994,278)</u>	<u>\$ (1,767,000)</u>	<u>\$ 227,278</u>
NET CHANGE IN FUND BALANCE	\$ 1,378,919	\$ 1,157,155	\$ (221,764)
FUND BALANCE - JANUARY 1, 2023	<u>6,031,308</u>	<u>6,031,308</u>	<u> </u>
FUND BALANCE - DECEMBER 31, 2023	<u>\$ 7,410,227</u>	<u>\$ 7,188,463</u>	<u>\$ (221,764)</u>

See accompanying independent auditor's report.

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**WESTWOOD MAGNOLIA PARKWAY
IMPROVEMENT DISTRICT**

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

DECEMBER 31, 2023

**WESTWOOD MAGNOLIA PARKWAY
IMPROVEMENT DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED DECEMBER 31, 2023**

5. LOCATION OF DISTRICT: (Continued)

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

Entirely X Partly Not at all

City of Conroe, Texas and City of Magnolia, Texas

Are Board Members appointed by an office outside the District?

Yes X No

See accompanying independent auditor's report.

**WESTWOOD MAGNOLIA PARKWAY
IMPROVEMENT DISTRICT
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2023**

PROFESSIONAL FEES:	
Auditing	\$ 18,000
Engineering	58,309
Legal	<u>215,996</u>
TOTAL PROFESSIONAL FEES	<u>\$ 292,305</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 24,600
Sales Tax Consultant	65,900
Security	<u>824,163</u>
TOTAL CONTRACTED SERVICES	<u>\$ 914,663</u>
UTILITIES	<u>\$ 1,113</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 34,482
Dues	325
Insurance	18,144
Office Supplies and Postage	48,159
Payroll Taxes	2,638
Rent and Leases	17,964
Other	<u>48,885</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 170,597</u>
CAPITAL OUTLAY	<u>\$ 277,291</u>
ECONOMIC DEVELOPMENT	<u>\$ 787,700</u>
TOTAL EXPENDITURES	<u>\$ 2,443,669</u>

See accompanying independent auditor's report.

**WESTWOOD MAGNOLIA PARKWAY
IMPROVEMENT DISTRICT
INVESTMENTS
DECEMBER 31, 2023**

Fund	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
<u>GENERAL FUND</u>					
TexSTAR	XXXX2220	Varies	Daily	\$ 3,905,606	\$
Certificate of Deposit	XXXX3651	4.80%	05/24/24	226,777	6,591
Certificate of Deposit	XXXX8326	4.89%	05/08/24	230,000	7,303
Certificate of Deposit	XXXX2028	5.10%	05/31/24	230,000	6,877
Certificate of Deposit	XXXX3950	5.07%	07/22/24	230,000	5,175
Certificate of Deposit	XXXX7658	5.00%	08/11/24	230,000	4,474
Certificate of Deposit	XXXX0664	5.25%	08/24/24	230,000	4,268
Certificate of Deposit	XXXX0450	5.39%	08/26/24	230,000	4,313
Certificate of Deposit	XXXX0541	5.12%	11/18/24	230,000	1,387
Certificate of Deposit	XXXX1282	5.35%	11/18/24	230,000	1,450
Certificate of Deposit	XXXX9913	5.35%	11/18/24	230,000	1,450
Certificate of Deposit	XXXX1060	5.35%	05/22/24	516,687	2,954
TOTAL GENERAL FUND				<u>\$ 6,719,070</u>	<u>\$ 46,242</u>
<u>DEBT SERVICE FUND</u>					
TexSTAR	XXXX3330	Varies	Daily	\$ 1,222,658	\$
TexSTAR	XXXX3331	Varies	Daily	<u>2,138,753</u>	\$
TOTAL DEBT SERVICE FUND				<u>\$ 3,361,411</u>	<u>\$ - 0 -</u>
<u>CAPITAL PROJECTS FUND</u>					
TexSTAR	XXXX4440	Varies	Daily	\$ 14,745,454	\$
TexSTAR	XXXX4441	Varies	Daily	<u>71,617</u>	\$
TOTAL CAPITAL PROJECTS FUND				<u>\$ 14,817,071</u>	<u>\$ -0-</u>
TOTAL - ALL FUNDS				<u>\$ 24,897,552</u>	<u>\$ 46,242</u>

See accompanying independent auditor's report.

**WESTWOOD MAGNOLIA PARKWAY
IMPROVEMENT DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2023**

S E R I E S - 2 0 1 3

Due During Fiscal Years Ending December 31	Principal Due December 15	Interest Due June 15/ December 15	Total
2024	\$ 280,000	\$ 49,915	\$ 329,915
2025	290,000	40,535	330,535
2026	295,000	30,820	325,820
2027	305,000	20,938	325,938
2028	320,000	10,720	330,720
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
	<u>\$ 1,490,000</u>	<u>\$ 152,928</u>	<u>\$ 1,642,928</u>

See accompanying independent auditor's report.

**WESTWOOD MAGNOLIA PARKWAY
IMPROVEMENT DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2023**

S E R I E S - 2 0 1 7

Due During Fiscal Years Ending December 31	Principal Due December 15	Interest Due June 15/ December 15	Total
2024	\$ 475,000	\$ 116,459	\$ 591,459
2025	490,000	104,014	594,014
2026	500,000	91,176	591,176
2027	515,000	78,076	593,076
2028	530,000	64,583	594,583
2029	545,000	50,697	595,697
2030	555,000	36,418	591,418
2031	570,000	21,877	591,877
2032	265,000	6,943	271,943
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
	<u>\$ 4,445,000</u>	<u>\$ 570,243</u>	<u>\$ 5,015,243</u>

See accompanying independent auditor's report.

**WESTWOOD MAGNOLIA PARKWAY
IMPROVEMENT DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2023**

S E R I E S - 2 0 2 0

Due During Fiscal Years Ending December 31	Principal Due December 15	Interest Due June 15/ December 15	Total
2024	\$ 410,000	\$ 100,200	\$ 510,200
2025	410,000	95,280	505,280
2026	425,000	90,360	515,360
2027	430,000	85,260	515,260
2028	425,000	80,100	505,100
2029	760,000	75,000	835,000
2030	775,000	65,880	840,880
2031	785,000	56,580	841,580
2032	1,115,000	47,160	1,162,160
2033	1,400,000	33,780	1,433,780
2034	1,415,000	16,980	1,431,980
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
	<u>\$ 8,350,000</u>	<u>\$ 746,580</u>	<u>\$ 9,096,580</u>

See accompanying independent auditor's report.

**WESTWOOD MAGNOLIA PARKWAY
IMPROVEMENT DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2023**

S E R I E S - 2 0 2 1

Due During Fiscal Years Ending December 31	Principal Due June 15	Interest Due June 15/ December 15	Total
2024	\$ 120,000	\$ 446,144	\$ 566,144
2025	120,000	442,544	562,544
2026	120,000	438,944	558,944
2027	130,000	435,194	565,194
2028	130,000	431,294	561,294
2029	130,000	427,394	557,394
2030	130,000	423,494	553,494
2031	130,000	419,594	549,594
2032	130,000	415,694	545,694
2033	130,000	411,794	541,794
2034	130,000	407,894	537,894
2035	695,000	395,519	1,090,519
2036	715,000	374,369	1,089,369
2037	735,000	355,834	1,090,834
2038	755,000	332,925	1,087,925
2039	785,000	302,125	1,087,125
2040	820,000	270,025	1,090,025
2041	850,000	236,625	1,086,625
2042	880,000	208,625	1,088,625
2043	905,000	186,312	1,091,312
2044	925,000	163,437	1,088,437
2045	950,000	140,000	1,090,000
2046	975,000	115,937	1,090,937
2047	1,000,000	91,250	1,091,250
2048	1,025,000	65,937	1,090,937
2049	1,050,000	40,000	1,090,000
2050	1,075,000	13,437	1,088,437
	<u>\$ 15,540,000</u>	<u>\$ 7,992,341</u>	<u>\$ 23,532,341</u>

See accompanying independent auditor's report.

**WESTWOOD MAGNOLIA PARKWAY
IMPROVEMENT DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2023**

ANNUAL REQUIREMENTS
FOR ALL SERIES

Due During Fiscal Years Ending December 31	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2024	\$ 1,285,000	\$ 712,718	\$ 1,997,718
2025	1,310,000	682,373	1,992,373
2026	1,340,000	651,300	1,991,300
2027	1,380,000	619,468	1,999,468
2028	1,405,000	586,697	1,991,697
2029	1,435,000	553,091	1,988,091
2030	1,460,000	525,792	1,985,792
2031	1,485,000	498,051	1,983,051
2032	1,510,000	469,797	1,979,797
2033	1,530,000	445,574	1,975,574
2034	1,545,000	424,874	1,969,874
2035	695,000	395,519	1,090,519
2036	715,000	374,369	1,089,369
2037	735,000	355,834	1,090,834
2038	755,000	332,925	1,087,925
2039	785,000	302,125	1,087,125
2040	820,000	270,025	1,090,025
2041	850,000	236,625	1,086,625
2042	880,000	208,625	1,088,625
2043	905,000	186,312	1,091,312
2044	925,000	163,437	1,088,437
2045	950,000	140,000	1,090,000
2046	975,000	115,937	1,090,937
2047	1,000,000	91,250	1,091,250
2048	1,025,000	65,937	1,090,937
2049	1,050,000	40,000	1,090,000
2050	1,075,000	13,437	1,088,437
	<u>\$ 29,825,000</u>	<u>\$ 9,462,092</u>	<u>\$ 39,287,092</u>

See accompanying independent auditor's report.

**WESTWOOD MAGNOLIA PARKWAY
IMPROVEMENT DISTRICT
CHANGE IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED DECEMBER 31, 2023**

Description	Original Bonds Issued	Bonds Outstanding January 1, 2023
Westwood Magnolia Parkway Improvement District Sales Tax Revenue Bonds - Series 2013	\$ 3,800,000	\$ 1,760,000
Westwood Magnolia Parkway Improvement District Sales Tax Revenue and Refunding Bonds - Series 2017	5,850,000	4,695,000
Westwood Magnolia Parkway Improvement District Sales Tax Revenue and Refunding Bonds - Series 2020	9,995,000	8,970,000
Westwood Magnolia Parkway Improvement District Sales Tax Revenue Bonds - Series 2021	<u>15,655,000</u>	<u>15,655,000</u>
TOTAL	<u><u>\$ 35,300,000</u></u>	<u><u>\$ 31,080,000</u></u>
Debt Service Fund cash and investment balances as of December 31, 2023:		<u><u>\$ 3,361,411</u></u>
Average annual debt service payment (principal and interest) for remaining term of all debt:		<u><u>\$ 1,455,077</u></u>

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

See accompanying independent auditor's report.

<u>Current Year Transactions</u>				
<u>Bonds Sold</u>	<u>Retirements</u>		<u>Bonds Outstanding December 31, 2023</u>	<u>Paying Agent</u>
	<u>Principal</u>	<u>Interest</u>		
\$	\$ 270,000	\$ 58,960	\$ 1,490,000	Amegy Bank, N.A. Houston, TX
	250,000	123,009	4,445,000	Amegy Bank, N.A. Houston, TX
	620,000	107,640	8,350,000	Amegy Bank, N.A. Houston, TX
	<u>115,000</u>	<u>449,669</u>	<u>15,540,000</u>	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
<u>\$ - 0 -</u>	<u>\$ 1,255,000</u>	<u>\$ 739,278</u>	<u>\$ 29,825,000</u>	

See accompanying independent auditor's report.

**WESTWOOD MAGNOLIA PARKWAY
IMPROVEMENT DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS**

	Amounts		
	2023	2022	2021
REVENUES			
Sales Tax Revenues	\$ 7,357,688	\$ 7,258,162	\$ 6,363,647
Share to City of Conroe	(2,537,562)	(2,347,337)	(2,177,579)
Special Assesment Revenues	281,911	282,869	281,911
Investment Revenues	265,787	63,816	7,994
TOTAL REVENUES	\$ 5,367,824	\$ 5,257,510	\$ 4,475,973
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 292,305	\$ 201,097	\$ 304,065
Contracted Services	914,663	933,013	1,392,110
Economic Development	787,700	709,175	26,811
Other	171,710	147,682	135,914
Capital Outlay	277,291	416,000	590,073
TOTAL EXPENDITURES	\$ 2,443,669	\$ 2,406,967	\$ 2,448,973
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ 2,924,155	\$ 2,850,543	\$ 2,027,000
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	\$ (1,767,000)	\$ (1,710,103)	\$ (1,438,119)
NET CHANGE IN FUND BALANCE	\$ 1,157,155	\$ 1,140,440	\$ 588,881
BEGINNING FUND BALANCE	6,031,308	4,890,868	4,301,987
ENDING FUND BALANCE	\$ 7,188,463	\$ 6,031,308	\$ 4,890,868

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2020	2019	2023	2022	2021	2020	2019
\$ 5,081,445	\$ 4,060,754	137.1 %	138.1 %	142.2 %	144.3 %	161.1 %
(1,874,405)	(1,899,661)	(47.4)	(44.7)	(48.7)	(53.2)	(75.4)
281,911	281,911	5.3	5.4	6.3	8.0	11.2
32,234	77,219	5.0	1.2	0.2	0.9	3.1
<u>\$ 3,521,185</u>	<u>\$ 2,520,223</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 195,313	\$ 252,154	5.4 %	3.8 %	6.8 %	5.5 %	10.0 %
915,819	795,488	17.0	17.7	31.1	26.0	31.6
167,278	39,925	14.8	13.6	0.6	4.8	1.6
106,352	131,522	3.2	2.8	3.0	3.0	5.2
688,558	346,559	5.2	7.9	13.2	19.6	13.8
<u>\$ 2,073,320</u>	<u>\$ 1,565,648</u>	<u>45.6 %</u>	<u>45.8 %</u>	<u>54.7 %</u>	<u>58.9 %</u>	<u>62.2 %</u>
\$ 1,447,865	\$ 954,575	54.4 %	54.2 %	45.3 %	41.1 %	37.8 %
<u>\$ (982,473)</u>	<u>\$ (921,916)</u>					
\$ 465,392	\$ 32,659					
<u>3,836,595</u>	<u>3,803,936</u>					
<u>\$ 4,301,987</u>	<u>\$ 3,836,595</u>					

See accompanying independent auditor's report.

**WESTWOOD MAGNOLIA PARKWAY
IMPROVEMENT DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS**

	Amounts		
	2023	2022	2021
REVENUES			
Investment Revenues	\$ 201,311	\$ 63,828	\$ 475
EXPENDITURES			
Tax Collection Expenditures	\$	\$	\$ 76
Debt Service Principal	1,255,000	1,120,000	700,000
Debt Service Interest and Fees	740,528	885,569	329,198
Bond Issuance Costs			
TOTAL EXPENDITURES	\$ 1,995,528	\$ 2,005,569	\$ 1,029,274
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ (1,794,217)	\$ (1,941,741)	\$ (1,028,799)
OTHER FINANCING SOURCES (USES)			
Long-Term Debt Issued	\$	\$	\$ 1,331,541
Payment to Refunded Bond Escrow Agent Transfers In (Out)	1,767,000	1,767,000	1,497,119
TOTAL OTHER FINANCING SOURCES (USES)	\$ 1,767,000	\$ 1,767,000	\$ 2,828,660
NET CHANGE IN FUND BALANCE	\$ (27,217)	\$ (174,741)	\$ 1,799,861
BEGINNING FUND BALANCE	3,388,628	3,563,369	1,763,508
ENDING FUND BALANCE	\$ 3,361,411	\$ 3,388,628	\$ 3,563,369

See accompanying independent auditor's report.

		Percentage of Total Revenues				
<u>2020</u>	<u>2019</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
\$ 6,317	\$ 7,194	%				
\$ 194	\$ 394	%	%	%	%	%
670,000	625,000					
307,157	297,826					
3,414						
\$ 980,765	\$ 923,220	%	%	%	%	%
\$ (974,448)	\$ (916,026)	N/A %	N/A %	N/A %	N/A %	N/A %
\$ 1,529,481	\$					
(781,586)						
982,473	921,916					
\$ 1,730,368	\$ 921,916					
\$ 755,920	\$ 5,890					
1,007,588	1,001,698					
\$ 1,763,508	\$ 1,007,588					

See accompanying independent auditor's report.

**WESTWOOD MAGNOLIA PARKWAY
IMPROVEMENT DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
DECEMBER 31, 2023**

District Mailing Address - Westwood Magnolia Parkway Improvement District
c/o Mitchell, Zientek & Scruggs, LLP
24624 Interstate 45 North, Suite 200
The Woodlands, TX 77386

District Telephone Number - (281) 719-1990

Board Members	Term of Office (Appointed)	Fees of Office for the year ended <u>December 31, 2023</u>	Expense Reimbursements for the year ended <u>December 31, 2023</u>	<u>Title</u>
Brent Everson	06/21 06/25 (Appointed)	\$ 7,200	\$ -0-	Chairman
David Wallace	06/21 06/25 (Appointed)	\$ 5,644	\$ -0-	Vice Chairman
Tom Grayson	06/21 06/25 (Appointed)	\$ 7,200	\$ -0-	Treasurer/ Assistant Secretary
Gary Squyres	06/21 06/25 (Appointed)	\$ 4,460	\$ -0-	Secretary
Robert Barnwell	06/23 06/27 (Appointed)	\$ 2,605	\$ -0-	Director
Pat Robertson	06/23 06/27 (Appointed)	\$ 2,684	\$ -0-	Director
Timothy Weems	06/23 06/27 (Appointed)	\$ 4,689	\$ -0-	Director

Notes: No Director has any business or family relationships that violate the District's controlling legislation of Chapter 375 of the Local Government Code with major landowners in the District, with the District's developers or with any of the District's consultants.

Submission date of most recent District Registration Form: August 12, 2022

The Board has set limits on fees of office a director may receive in a fiscal year per TWC Section 49.060. Fees of Office are the amounts actually paid to a Director during the District's current fiscal year.

See accompanying independent auditor's report.

**WESTWOOD MAGNOLIA PARKWAY
IMPROVEMENT DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
DECEMBER 31, 2023**

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended December 31,2023</u>	<u>Title</u>
Mitchell, Zientek & Scruggs, LLP	08/01/20	\$ 226,443	General Counsel
McCall Gibson Swedlund Barfoot PLLC	01/17/12	\$ 18,000	Auditor
Myrtle Cruz, Inc.	03/24/11	\$ 29,690	Bookkeeper
LJA Engineering & Surveying, Inc.	06/14/10	\$ 1,270,599	Engineer
Hutchinson, Shockey, Erley & Co.	05/11/18	\$ -0-	Financial Advisor
Huntington Securities, Inc.		\$ -0-	Financial Advisor
Mary Jarmon	03/24/11	\$ -0-	Investment Officer
Sales Revenue, Inc.	03/01/13	\$ 74,400	Sales Tax Consultant
Wheeler & Associates, Inc.	05/08/15	\$ 8,500	Tax Assessor- Collector
Special District Management	01/01/21	\$ 773,533	Executive Director
District Management Services, L.L.C.	07/14/17	\$ -0-	Economic Development

See accompanying independent auditor's report.

