

**GALVESTON COUNTY MUNICIPAL  
UTILITY DISTRICT NO. 39**

**GALVESTON COUNTY, TEXAS**

**FINANCIAL REPORT**

*August 31, 2024*



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# **McGRATH & CO., PLLC**

*Certified Public Accountants*

2900 North Loop West, Suite 880

Houston, Texas 77092

## **Independent Auditor's Report**

Board of Directors  
Galveston County Municipal Utility District No. 39  
Galveston County, Texas

### **Opinions**

We have audited the accompanying financial statements of the governmental activities and each major fund of Galveston County Municipal Utility District No. 39 (the "District"), as of and for the year ended August 31, 2024, 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 Galveston County Municipal Utility District No. 39, as of August 31, 2024, and the respective changes in financial position thereof 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 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. We have applied

**Board of Directors**  
**Galveston County Municipal Utility District No. 39**  
**Galveston County, Texas**

certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The Texas Supplementary Information schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Texas Supplementary Information schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.



Houston, Texas  
December 3, 2024

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## **Management's Discussion and Analysis**

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***Galveston County Municipal Utility District No. 39  
Management's Discussion and Analysis  
August 31, 2024***

## **Using this Annual Report**

Within this section of the financial report of Galveston County Municipal Utility District No. 39 (the "District"), the District's Board of Directors provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended August 31, 2024. This analysis should be read in conjunction with the independent auditor's report and the basic financial statements that follow this section.

In addition to this discussion and analysis, this annual report consists of:

- The District's basic financial statements;
- Notes to the basic financial statements, which provide additional information essential to a full understanding of the data provided in the financial statements;
- Supplementary information required by the Governmental Accounting Standards Board (GASB) concerning the District's budget; and
- Other Texas supplementary information required by the District's state oversight agency, the Texas Commission on Environmental Quality (TCEQ).

## **Overview of the Financial Statements**

The District prepares its basic financial statements using a format that combines fund financial statements and government-wide statements onto one financial statement. The combined statements are the *Statement of Net Position and Governmental Funds Balance Sheet* and the *Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances*. Each statement contains an adjustments column which quantifies the differences between the government-wide and fund level statements. Additional details of the adjustments are provided in Note 2 to the basic financial statements.

## **Government-Wide Financial Statements**

The focus of government-wide financial statements is on the overall financial position and activities of the District, both long-term and short-term. The District's government-wide financial statements consist of the *Statement of Net Position* and the *Statement of Activities*, which are prepared using the accrual basis of accounting. The *Statement of Net Position* includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the residual reported as net position. Over time, changes in net position may provide a useful indicator of whether the financial position of the District as a whole is improving or deteriorating.

Accounting standards establish three components of net position. The net investment in capital assets component represents the District's investments in capital assets, less any outstanding debt or other borrowings used to acquire those assets. Resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The restricted component of net position consists of financial resources that are restricted for a specific purpose by enabling legislation or external parties. The unrestricted component of net position represents resources not included in the other components.

***Galveston County Municipal Utility District No. 39  
Management's Discussion and Analysis  
August 31, 2024***

The *Statement of Activities* reports how the District's net position has changed during the fiscal year. All revenues and expenses are included on this statement, regardless of whether cash has been received or paid.

**Fund Financial Statements**

The fund financial statements include the *Governmental Funds Balance Sheet* and the *Governmental Funds Revenues, Expenditures and Changes in Fund Balances*. The focus of fund financial statements is on specific activities of the District rather than the District as a whole, reported using modified accrual accounting. These statements report on the District's use of available financial resources and the balances of available financial resources at the end of the year. Except for the General Fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties, governmental statutes or regulations.

For further discussion on the government-wide and fund financial statements, please refer to Note 1 in the financial statements.

**Financial Analysis of the District as a Whole**

The District's net position at August 31, 2024, was negative \$9,301,598. The District's net position is negative because the District incurs debt to construct water, sewer and drainage facilities which it conveys to the City of League City. A comparative summary of the District's overall financial position, as of August 31, 2024 and 2023, is as follows:

	2024	2023
Current and other assets	\$ 2,434,994	\$ 2,154,634
Capital assets	1,788,997	1,959,119
Total assets	<u>4,223,991</u>	<u>4,113,753</u>
 Total deferred outflows of resources	 <u>338,135</u>	 <u>406,288</u>
 Current liabilities	 1,628,266	 1,564,682
Long-term liabilities	12,235,458	13,866,833
Total liabilities	<u>13,863,724</u>	<u>15,431,515</u>
 Net position		
Net investment in capital assets	(309,436)	(373,624)
Restricted	1,745,229	1,670,962
Unrestricted	(10,737,391)	(12,208,812)
Total net position	<u>\$ (9,301,598)</u>	<u>\$ (10,911,474)</u>

**Galveston County Municipal Utility District No. 39**  
**Management's Discussion and Analysis**  
**August 31, 2024**

The total net position of the District increased during the current fiscal year by \$1,609,876. A comparative summary of the District's *Statement of Activities* for the past two years is as follows:

	<u>2024</u>	<u>2023</u>
Revenues		
Property taxes, penalties and interest	\$ 2,252,546	\$ 2,282,097
Other	165,625	125,760
Total revenues	<u>2,418,171</u>	<u>2,407,857</u>
Expenses		
Operating and administrative	138,441	115,555
Debt interest and fees	499,732	545,747
Depreciation and amortization	170,122	170,122
Total expenses	<u>808,295</u>	<u>831,424</u>
Change in net position	1,609,876	1,576,433
Net position, beginning of year	<u>(10,911,474)</u>	<u>(12,487,907)</u>
Net position, end of year	<u>\$ (9,301,598)</u>	<u>\$ (10,911,474)</u>

**Financial Analysis of the District's Funds**

The District's combined fund balances, as of August 31, 2024, were \$2,313,046, which consists of \$665,446 in the General Fund and \$1,647,600 in the Debt Service Fund.

*General Fund*

A comparative summary of the General Fund's financial position as of August 31, 2024 and 2023, is as follows:

	<u>2024</u>	<u>2023</u>
Total assets	<u>\$ 687,593</u>	<u>\$ 481,666</u>
Total liabilities	\$ 16,094	\$ 7,676
Total deferred inflows	6,053	5,501
Total fund balance	<u>665,446</u>	<u>468,489</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 687,593</u>	<u>\$ 481,666</u>

***Galveston County Municipal Utility District No. 39  
Management's Discussion and Analysis  
August 31, 2024***

A comparative summary of the General Fund's activities for the current and prior fiscal year is as follows:

	<u>2024</u>	<u>2023</u>
Total revenues	\$ 277,820	\$ 292,195
Total expenditures	<u>(80,863)</u>	<u>(67,192)</u>
Revenues over expenditures	<u>\$ 196,957</u>	<u>\$ 225,003</u>

The District manages its activities with the objectives of ensuring that expenditures will be adequately covered by revenues each year and that an adequate fund balance is maintained. The District's primary financial resources in the General Fund are from a property tax levy, which is dependent upon assessed values in the District and the maintenance tax rate set by the District. While assessed values in the District increased from the prior year, property tax revenues decreased because the District decreased the maintenance component of the levy.

*Debt Service Fund*

A comparative summary of the Debt Service Fund's financial position as of August 31, 2024 and 2023, is as follows:

	<u>2024</u>	<u>2023</u>
Total assets	<u>\$ 1,747,401</u>	<u>\$ 1,672,968</u>
Total liabilities	\$ 2,172	\$ 2,006
Total deferred inflows	97,629	86,690
Total fund balance	<u>1,647,600</u>	<u>1,584,272</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 1,747,401</u>	<u>\$ 1,672,968</u>

A comparative summary of the Debt Service Fund's activities for the current and prior fiscal year is as follows:

	<u>2024</u>	<u>2023</u>
Total revenues	\$ 2,128,862	\$ 2,102,759
Total expenditures	<u>(2,065,534)</u>	<u>(2,082,332)</u>
Revenues over expenditures	<u>\$ 63,328</u>	<u>\$ 20,427</u>

The District's financial resources in the Debt Service Fund in both the current year and prior year are from property tax revenues. The difference between these financial resources and debt service requirements resulted in an increase in fund balance each year. It is important to note that the District sets its annual debt service tax rate as recommended by its financial advisor, who monitors projected cash flows in the Debt Service Fund to ensure that the District will be able to meet its future debt service requirements.

**Galveston County Municipal Utility District No. 39**  
**Management's Discussion and Analysis**  
**August 31, 2024**

**General Fund Budgetary Highlights**

The Board of Directors adopts an annual unappropriated budget for the General Fund prior to the beginning of each fiscal year. The Board did not amend the budget during the fiscal year.

Since the District's budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was \$27,657 greater than budgeted. The *Budgetary Comparison Schedule* on page 32 of this report provides variance information per financial statement line item.

**Capital Assets**

Capital assets held by the District at August 31, 2024 and 2023, are summarized as follows:

	2024	2023
Capital assets being depreciated/amortized		
Impact fees	\$ 2,679,541	\$ 2,679,541
Parks and recreational facilities	1,058,720	1,058,720
	3,738,261	3,738,261
Less accumulated depreciation/amortization		
Impact fees	(1,199,751)	(1,100,210)
Parks and recreational facilities	(749,513)	(678,932)
	(1,949,264)	(1,779,142)
Capital assets, net	\$ 1,788,997	\$ 1,959,119

**Long-Term Debt**

At August 31, 2024 and 2023, the District had total bonded debt outstanding as shown below:

Series	2024	2023
2014 Refunding	\$ 1,370,000	\$ 1,695,000
2014A	2,480,000	2,720,000
2015 Park	670,000	760,000
2019 Refunding	4,270,000	4,415,000
2020 Refunding	3,375,000	3,955,000
2021 Refunding	1,570,000	1,745,000
	\$ 13,735,000	\$ 15,290,000

At August 31, 2024, the District had \$4,970,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District; \$2,165,000 for parks and recreational facilities; and \$20,593,808 for refunding purposes.

***Galveston County Municipal Utility District No. 39  
 Management’s Discussion and Analysis  
 August 31, 2024***

**Next Year’s Budget**

In establishing the budget for the next fiscal year, the Board considered various economic factors that may affect the District, most notably projected revenues from property taxes and the projected cost of operating the District. A comparison of next year’s budget to current year actual amounts for the General Fund is as follows:

	<u>2024 Actual</u>	<u>2025 Budget</u>
Total revenues	\$ 277,820	\$ 259,310
Total expenditures	<u>(80,863)</u>	<u>(78,700)</u>
Revenues over expenditures	196,957	180,610
Beginning fund balance	468,489	665,446
Ending fund balance	<u>\$ 665,446</u>	<u>\$ 846,056</u>

**Property Taxes**

The District’s property tax base increased approximately \$1,073,000 for the 2024 tax year from \$553,044,111 to \$554,117,355. This increase was primarily due to increased property values. For the 2024 tax year, the District has levied a maintenance tax rate of \$0.045 per \$100 of assessed value and a debt service tax rate of \$0.335 per \$100 of assessed value, for a total combined tax rate of \$0.38 per \$100 of assessed value. Tax rates for the 2023 tax year were \$0.045 per \$100 for maintenance and operations and \$0.36 per \$100 for debt service for a combined total of \$0.405 per \$100 of assessed value.



## **Basic Financial Statements**

**Galveston County Municipal Utility District No. 39**  
**Statement of Net Position and Governmental Funds Balance Sheet**  
**August 31, 2024**

	General Fund	Debt Service Fund	Total	Adjustments	Statement of Net Position
<b>Assets</b>					
Cash	\$ 24,346	\$ 31,232	\$ 55,578	\$ -	\$ 55,578
Investments	646,255	1,628,104	2,274,359		2,274,359
Taxes receivable	6,053	97,629	103,682		103,682
Internal balances	10,939	(10,939)			
Accrued interest receivable		1,375	1,375		1,375
Capital assets, net				1,788,997	1,788,997
<b>Total Assets</b>	<b>\$ 687,593</b>	<b>\$ 1,747,401</b>	<b>\$ 2,434,994</b>	<b>1,788,997</b>	<b>4,223,991</b>
<b>Deferred Outflows of Resources</b>					
Deferred difference on refunding				338,135	338,135
<b>Liabilities</b>					
Accounts payable	\$ 16,094	\$ -	\$ 16,094		16,094
Other payables		2,172	2,172		2,172
Long-term debt					
Due within one year				1,610,000	1,610,000
Due after one year				12,235,458	12,235,458
<b>Total Liabilities</b>	<b>16,094</b>	<b>2,172</b>	<b>18,266</b>	<b>13,845,458</b>	<b>13,863,724</b>
<b>Deferred Inflows of Resources</b>					
Deferred property taxes	6,053	97,629	103,682	(103,682)	
<b>Fund Balances/Net Position</b>					
<b>Fund Balances</b>					
Restricted		1,647,600	1,647,600	(1,647,600)	
Unassigned	665,446		665,446	(665,446)	
<b>Total Fund Balances</b>	<b>665,446</b>	<b>1,647,600</b>	<b>2,313,046</b>	<b>(2,313,046)</b>	
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 687,593</b>	<b>\$ 1,747,401</b>	<b>\$ 2,434,994</b>		
<b>Net Position</b>					
Net investment in capital assets				(309,436)	(309,436)
Restricted for debt service				1,745,229	1,745,229
Unrestricted				(10,737,391)	(10,737,391)
<b>Total Net Position</b>				<b>\$ (9,301,598)</b>	<b>\$ (9,301,598)</b>

See notes to basic financial statements.

**Galveston County Municipal Utility District No. 39**

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

**For the Year Ended August 31, 2024**

	General Fund	Debt Service Fund	Total	Adjustments	Statement of Activities
<b>Revenues</b>					
Property taxes	\$ 247,558	\$ 1,980,281	\$ 2,227,839	\$ 5,614	\$ 2,233,453
Penalties and interest		13,218	13,218	5,875	19,093
Investment earnings	30,262	135,363	165,625		165,625
<b>Total Revenues</b>	<u>277,820</u>	<u>2,128,862</u>	<u>2,406,682</u>	<u>11,489</u>	<u>2,418,171</u>
<b>Expenditures/Expenses</b>					
Operating and administrative					
Professional fees	51,180		51,180		51,180
Contracted services	16,175	40,017	56,192		56,192
Administrative	13,508	5,061	18,569		18,569
Other		12,500	12,500		12,500
Debt service					
Principal		1,555,000	1,555,000	(1,555,000)	
Interest and fees		452,956	452,956	46,776	499,732
Depreciation and amortization				170,122	170,122
<b>Total Expenditures/Expenses</b>	<u>80,863</u>	<u>2,065,534</u>	<u>2,146,397</u>	<u>(1,338,102)</u>	<u>808,295</u>
<b>Revenues Over Expenditures</b>	196,957	63,328	260,285	(260,285)	
				1,609,876	1,609,876
<b>Change in Net Position</b>					
Fund Balance/Net Position					
Beginning of the year	468,489	1,584,272	2,052,761	(12,964,235)	(10,911,474)
<b>End of the year</b>	<u>\$ 665,446</u>	<u>\$ 1,647,600</u>	<u>\$ 2,313,046</u>	<u>\$ (11,614,644)</u>	<u>\$ (9,301,598)</u>

See notes to basic financial statements.

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***Galveston County Municipal Utility District No. 39***  
***Notes to Financial Statements***  
***August 31, 2024***

**Note 1 – Summary of Significant Accounting Policies**

The accounting policies of Galveston County Municipal Utility District No. 39 (the “District”) conform with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (“GASB”). The following is a summary of the most significant policies:

**Creation**

The District was organized, created and established pursuant to an order of the Texas Natural Resource Conservation Commission, statutory predecessor to the Texas Commission on Environmental Quality dated September 12, 2001, and operates in accordance with the Texas Water Code, Chapters 49 and 54. The Board of Directors held its first meeting on September 13, 2001 and the first bonds were issued on July 8, 2003.

The District’s primary activities include construction of water, sewer and drainage, and park and recreational facilities. As further discussed in Note 8, the District transfers water, sewer and drainage facilities to the City of League City upon completion of construction. The District has contracted with various consultants to provide services to operate and administer the affairs of the District. The District has no employees, related payroll or pension costs.

**Reporting Entity**

The District is a political subdivision of the State of Texas governed by an elected five-member board. The GASB has established the criteria for determining the reporting entity for financial statement reporting purposes. To qualify as a primary government, a government must have a separately elected governing body, be legally separate, and be fiscally independent of other state and local governments, while a component unit is a legally separate government for which the elected officials of a primary government are financially accountable. Fiscal independence implies that the government has the authority to adopt a budget, levy taxes, set rates, and/or issue bonds without approval from other 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 statements as component units.

**Government-Wide and Fund Financial Statements**

Government-wide financial statements display information about the District as a whole. These statements focus on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Interfund activity, if any, has been removed from these statements. These aggregated statements consist of the *Statement of Net Position* and the *Statement of Activities*.

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Government-Wide and Fund Financial Statements (continued)**

Fund financial statements display information at the individual fund level. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for a specific purpose. Each fund is considered to be a separate accounting entity. Most governments typically have many funds; however, governmental financial statements focus on the most important or “major” funds with non-major funds aggregated in a single column. The District has two governmental funds, which are both considered major funds.

The following is a description of the various funds used by the District:

- The General Fund is used to account for the operations of the District and all other financial transactions not reported in other funds. The principal source of revenue are property taxes. Expenditures include costs associated with the daily operations of the District.
- The Debt Service Fund is used to account for the payment of interest and principal on the District’s general long-term debt. The primary source of revenue for debt service is property taxes. Expenditures include costs incurred in assessing and collecting these taxes.

As a special-purpose government engaged in a single governmental program, the District has opted to combine its government-wide and fund financial statements in a columnar format showing an adjustments column for reconciling items between the two.

**Measurement Focus and Basis of Accounting**

The government-wide financial statements use the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year for which they are levied.

The fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized in the accounting period in which it becomes both available and measurable to finance expenditures of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Revenues susceptible to accrual include property taxes and interest earned on investments. Property taxes receivable at the end of the fiscal year are treated as deferred inflows because they are not considered available to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due.

Note 2 further details the adjustments from the governmental fund presentation to the government-wide presentation.

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Use of Restricted Resources**

When both restricted and unrestricted resources are available for use, the District uses restricted resources first, then unrestricted resources as they are needed.

**Receivables**

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Receivables from and payables to external parties are reported separately and are not offset, unless a legal right of offset exists. At August 31, 2024, an allowance for uncollectible accounts was not considered necessary.

**Interfund Activity**

During the course of operations, transactions occur between individual funds. This can include internal transfers, payables and receivables. This activity is combined as internal balances and is eliminated in both the government-wide and fund financial statement presentation.

**Capital Assets**

Capital assets do not provide financial resources at the fund level, and, therefore, are reported only in the government-wide statements. The District defines capital assets as assets with an initial cost of \$50,000 or more and an estimated useful life in excess of one year. Capital assets that individually are below the capitalization threshold but, in the aggregate, are above the threshold are capitalized. Subsequent replacements of these assets are not capitalized. Capital assets are recorded at historical cost or estimated historical cost. Capital assets are recorded at acquisition value, which is the price that would be paid to acquire the asset on the acquisition date. The District has not capitalized interest incurred during the construction of its capital assets. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Depreciable capital assets, which primarily consist of impact fees paid to the City of League City and parks and recreational facilities, are depreciated or amortized using the straight-line method as follows:

Assets	Useful Life
Impact fees	Remaining life of contract
Parks and recreational facilities	15 years

**Deferred Inflows and Outflows of Financial Resources**

A deferred inflow of financial resources is the acquisition of resources in one period that is applicable to a future period, while a deferred outflow of financial resources is the consumption of financial resources in one period that is applicable to a future period. A deferred inflow results from the acquisition of an asset without a corresponding revenue or assumption of a liability. A deferred outflow results from the use of an asset without a corresponding expenditure or reduction of a liability.

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Deferred Inflows and Outflows of Financial Resources (continued)**

At the fund level, property taxes receivable not collected within 60 days of fiscal year end do not meet the availability criteria required for revenue recognition and are recorded as deferred inflows of financial resources.

Deferred outflows of financial resources at the government-wide level are from refunding bond transactions in which the amount required to repay the old debt exceeded the net carrying amount of the old debt. This amount is being amortized to interest expense.

**Net Position – Governmental Activities**

Governmental accounting standards establish the following three components of net position:

Net investment in capital assets – represents the District’s investments in capital assets, less any outstanding debt or other borrowings used to acquire those assets.

Restricted – consists of financial resources that are restricted for a specific purpose by enabling legislation or external parties.

Unrestricted – resources not included in the other components.

**Fund Balances – Governmental Funds**

Governmental accounting standards establish the following fund balance classifications:

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

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. The District’s restricted fund balances consist of property taxes levied for debt service in the Debt Service Fund.

Committed - amounts that can be used only for specific purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The District does not have any committed fund balances.



*Galveston County Municipal Utility District No. 39*  
*Notes to Financial Statements*  
*August 31, 2024*

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Fund Balances – Governmental Funds (continued)**

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 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.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses/expenditures during the period reported. These estimates include, among others, the collectability of receivables and the useful lives and impairment of capital assets. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

**Galveston County Municipal Utility District No. 39**  
**Notes to Financial Statements**  
**August 31, 2024**

**Note 2 – Adjustment from Governmental to Government-wide Basis**

**Reconciliation of the *Governmental Funds Balance Sheet* to the *Statement of Net Position***

Total fund balance, governmental funds		\$ 2,313,046
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
Historical cost	\$ 3,738,261	
Less accumulated depreciation/amortization	<u>(1,949,264)</u>	
Change due to capital assets		1,788,997
The difference between the face amount of bonds refunded and the amount paid to the escrow agent is recorded as a deferred difference on refunding in the <i>Statement of Net Position</i> and amortized to interest expense. It is not recorded in the fund statements because it is not a financial resource.		
		338,135
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. The difference consists of bonds payable, net.		
		(13,845,458)
Property taxes receivable and related penalties and interest have been levied and are due, but are not available soon enough to pay current period expenditures and, therefore, are deferred in the funds.		
Property taxes receivable	64,448	
Penalty and interest receivable	<u>39,234</u>	
Change due to property taxes		103,682
Total net position - governmental activities		<u><u>\$ (9,301,598)</u></u>

**Galveston County Municipal Utility District No. 39**  
**Notes to Financial Statements**  
**August 31, 2024**

**Note 2 – Adjustment from Governmental to Government-wide Basis (continued)**

**Reconciliation of the *Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances* to the *Statement of Activities***

Net change in fund balances - total governmental funds	\$ 260,285
--	------------

Governmental funds do not report revenues that are not available to pay current obligations. In contrast, such revenues are reported in the <i>Statement of Activities</i> when earned. The difference is for property taxes and related penalties and interest.	11,489
--	--------

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal uses current financial resources. However, neither transaction has any effect on net assets. Other elements of debt financing are reported differently between the fund and government wide statements.

Principal payments	\$ 1,555,000	
Interest expense	<u>(46,776)</u>	
		1,508,224

In the <i>Statement of Activities</i> , the cost of capital assets is charged to depreciation/amortization expense over the estimated useful life of the asset.	(170,122)
---	-----------

Change in net position of governmental activities	<u><u>\$ 1,609,876</u></u>
---	----------------------------

**Note 3 – Deposits and Investments**

**Deposit Custodial Credit Risk**

Custodial credit risk as it applies to deposits (i.e. cash certificates of deposit) is the risk that, in the event of the failure of the depository institution, a government will not be able to recover its deposits or will not be able to recover collateral securities. The *Public Funds Collateral Act* (Chapter 2257, Texas Government Code) requires that all of the District’s deposits with financial institutions be covered by federal depository insurance and, if necessary, pledged collateral held by a third-party custodian. The act further specifies the types of securities that can be used as collateral. The District’s written investment policy establishes additional requirements for collateralization of deposits.

**Galveston County Municipal Utility District No. 39**  
**Notes to Financial Statements**  
**August 31, 2024**

**Note 3 – Deposits and Investments (continued)**

**Investments**

The District is authorized by the *Public Funds Investment Act* (Chapter 2256, Texas Government Code) to invest in the following: (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including Federal Home Loan Banks, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) certain collateralized mortgage obligations, (4) other obligations, which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies or instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States, (5) certain A rated or higher obligations of states and political subdivisions of any state, (6) bonds issued, assumed or guaranteed by the State of Israel, (7) certain insured or collateralized certificates of deposit and share certificates, (8) certain fully collateralized repurchase agreements, (9) bankers’ acceptances with limitations, (10) commercial paper rated A-1 or P-1 or higher and a maturity of 270 days or less, (11) no-load money market mutual funds and no-load mutual funds, with limitations, (12) certain guaranteed investment contracts, (13) certain qualified governmental investment pools and (14) a qualified securities lending program.

The District has adopted a written investment policy to establish the principles by which the District’s investment program should be managed. This policy further restricts the types of investments in which the District may invest.

As of August 31, 2024, the District’s investments consist of the following:

Type	Fund	Carrying Value	Percentage of Total	Rating	Weighted Average Maturity
Certificates of deposit	Debt Service	\$ 242,275	11%		
TexSTAR	General	646,255			
	Debt Service	1,385,829			
		<u>2,032,084</u>	<u>89%</u>	AAAm	29 days
Total		<u>\$ 2,274,359</u>	<u>100%</u>		

The District’s investments in certificates of deposit are reported at cost.

**TexSTAR**

The Texas Short Term Asset Reserve fund (“TexSTAR”) is managed by Hilltop Securities, and J.P. Morgan Investment Management, Inc. Hilltop Securities provides participant and marketing services while J.P. Morgan provides investment management services. Custodial and depository services are provided by J.P. Morgan Chase Bank N.A. or its subsidiary.

*Galveston County Municipal Utility District No. 39*  
*Notes to Financial Statements*  
*August 31, 2024*

**Note 3 – Deposits and Investments (continued)**

**TexSTAR (continued)**

TexSTAR uses amortized cost rather than fair value to report net assets to compute share price. Accordingly, investments in TexSTAR are stated at amortized cost which approximates fair value. Investments in TexSTAR may be withdrawn via wire transfer on a same day basis, as long as the transaction is executed by 4 p.m. ACH withdrawals made by 4 p.m. will settle on the next business day.

**Investment Credit and Interest Rate Risk**

Investment credit risk is the risk that the investor may not recover the value of an investment from the issuer, while interest rate risk is the risk that the value of an investment will be adversely affected by changes in interest rates. The District’s investment policies do not address investment credit and interest rate risk beyond the rating and maturity restrictions established by state statutes.

**Note 4 – Interfund Balances and Transactions**

Amounts due to/from other funds at August 31, 2024, consist of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amounts</u>	<u>Purpose</u>
General Fund	Debt Service Fund	\$ 939	Maintenance tax collections not remitted as of year end
General Fund	Debt Service Fund	10,000	Arbitrage rebate analysis costs paid by the General Fund

Amounts reported as internal balances between funds are considered temporary balances and will be paid during the following fiscal year.

**Galveston County Municipal Utility District No. 39**  
**Notes to Financial Statements**  
**August 31, 2024**

**Note 5 – Capital Assets**

A summary of changes in capital assets, for the year ended August 31, 2024, is as follows:

	Beginning Balances	Additions	Ending Balances
Capital assets being depreciated/amortized			
Impact fees	\$ 2,679,541	\$ -	\$ 2,679,541
Parks and recreational facilities	1,058,720		1,058,720
	<u>3,738,261</u>		<u>3,738,261</u>
Less accumulated depreciation/amortization			
Impact fees	(1,100,210)	(99,541)	(1,199,751)
Parks and recreational facilities	(678,932)	(70,581)	(749,513)
	<u>(1,779,142)</u>	<u>(170,122)</u>	<u>(1,949,264)</u>
Capital assets, net	<u>\$ 1,959,119</u>	<u>\$ (170,122)</u>	<u>\$ 1,788,997</u>

Depreciation/amortization expense for the current fiscal year was \$170,122.

**Note 6 – Long-Term Debt**

Long-term debt is comprised of the following:

Bonds payable	\$ 13,735,000
Unamortized discounts	(71,185)
Unamortized premiums	181,643
	<u>\$ 13,845,458</u>
Due within one year	<u>\$ 1,610,000</u>

**Galveston County Municipal Utility District No. 39**  
**Notes to Financial Statements**  
**August 31, 2024**

**Note 6 – Long-Term Debt (continued)**

The District’s bonds payable at August 31, 2024, consists of unlimited tax bonds as follows:

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/ Ending	Interest Payment Dates	Call Dates
2014 Refunding	\$ 1,370,000	\$ 3,770,000	2.00% - 3.25%	September 1, 2015/2032	March 1, September 1	September 1, 2022
2014A	2,480,000	4,390,000	2.00% - 3.50%	September 1, 2015/2032	March 1, September 1	September 1, 2022
2015 Park	670,000	1,450,000	2.00% - 3.25%	September 1, 2016/2032	March 1, September 1	September 1, 2022
2019 Refunding	4,270,000	4,970,000	2.00% - 3.00%	September 1, 2020/2032	March 1, September 1	September 1, 2025
2020 Refunding	3,375,000	5,170,000	2.00% - 4.00%	September 1, 2021/2030	March 1, September 1	September 1, 2026
2021 Refunding	1,570,000	2,080,000	1.50% - 4.00%	September 1, 2022/2032	March 1, September 1	September 1, 2026
	<u>\$ 13,735,000</u>					

Payments of principal and interest on all series of bonds are to be provided from taxes levied on all properties within the District. Investment income realized by the Debt Service Fund from investment of idle funds will be used to pay outstanding bond principal and interest. The District is in compliance with the terms of its bond resolutions.

At August 31, 2024, the District had authorized but unissued bonds in the amount of \$4,970,000 for water, sewer and drainage facilities; \$2,165,000 for park and recreational facilities and \$20,593,808 for refunding purposes.

The change in the District’s long-term debt during the year is as follows:

Bonds payable, beginning of year	\$ 15,290,000
Bonds retired	<u>(1,555,000)</u>
Bonds payable, end of year	<u>\$ 13,735,000</u>

**Galveston County Municipal Utility District No. 39**  
**Notes to Financial Statements**  
**August 31, 2024**

**Note 6 – Long-Term Debt (continued)**

The debt service payment due September 1 was made during the current fiscal year. The following schedule was prepared presuming this practice will continue. As of August 31, 2024, annual debt service requirements on bonds outstanding are as follows:

Year	Principal	Interest	Totals
2025	\$ 1,610,000	\$ 395,782	\$ 2,005,782
2026	1,665,000	340,606	2,005,606
2027	1,720,000	283,057	2,003,057
2028	1,760,000	242,800	2,002,800
2029	1,790,000	200,250	1,990,250
2030	1,755,000	151,475	1,906,475
2031	1,840,000	102,525	1,942,525
2032	1,595,000	47,892	1,642,892
	<u>\$ 13,735,000</u>	<u>\$ 1,764,387</u>	<u>\$ 15,499,387</u>

**Note 7 – Property Taxes**

On November 6, 2001, the voters of the District authorized the District’s Board of Directors to levy taxes annually for use in financing general operations limited to \$1.50 per \$100 of assessed value. The District’s bond resolutions require that property taxes be levied for use in paying interest and principal on long-term debt and for use in paying the cost of assessing and collecting taxes. Taxes levied to finance debt service requirements on long-term debt are without limitation as to rate or amount.

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

Property taxes are collected based on rates adopted in the year of the levy. The District’s 2024 fiscal year was financed through the 2023 tax levy, pursuant to which the District levied property taxes of \$0.405 per \$100 of assessed value, of which \$0.045 was allocated to maintenance and operations and \$0.36 was allocated to debt service. The resulting tax levy was \$2,239,829 on the adjusted taxable value of \$553,044,111.

Property taxes receivable, at August 31, 2024, consisted of the following:

Current year taxes receivable	\$ 18,721
Prior years taxes receivable	45,727
	<u>64,448</u>
Penalty and interest receivable	39,234
Property taxes receivable	<u>\$ 103,682</u>



*Galveston County Municipal Utility District No. 39*  
*Notes to Financial Statements*  
*August 31, 2024*

**Note 8 – Utility Agreement with the City of League City**

In November 2001, the District entered into a utility agreement with the City of League City (the “City”) for construction and extension of water distribution lines, sanitary sewer collection systems, and drainage facilities to serve the District. As the system is acquired or constructed, the District shall transfer the system to the City but will reserve a security interest in the system and provide service to all users in the District. The term of the agreement is 40 years. Water and sewer rates charged by the City to users in the District, shall be the same rates charged to similar users within the City. All revenue derived from these charges belongs to the City.

**Note 9 – 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 personal injuries. The risk of loss is covered by commercial insurance. There have been no significant reductions in insurance coverage from the prior year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

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## **Required Supplementary Information**

*Galveston County Municipal Utility District No. 39  
 Required Supplementary Information - Budgetary Comparison Schedule - General Fund  
 For the Year Ended August 31, 2024*

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Property taxes	\$ 240,000	\$ 247,558	\$ 7,558
Investment earnings	8,000	30,262	22,262
Total Revenues	<u>248,000</u>	<u>277,820</u>	<u>29,820</u>
<b>Expenditures</b>			
Operating and administrative			
Professional fees	49,500	51,180	(1,680)
Contracted services	17,000	16,175	825
Administrative	12,200	13,508	(1,308)
Total Expenditures	<u>78,700</u>	<u>80,863</u>	<u>(2,163)</u>
<b>Revenues Over Expenditures</b>	169,300	196,957	27,657
<b>Fund Balance</b>			
Beginning of the year	468,489	468,489	
<b>End of the year</b>	<u>\$ 637,789</u>	<u>\$ 665,446</u>	<u>\$ 27,657</u>

*Galveston County Municipal Utility District No. 39*  
*Notes to Required Supplementary Information*  
*August 31, 2024*

**Budgets and Budgetary Accounting**

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. There were no amendments to the budget during the year.

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## **Texas Supplementary Information**

**Galveston County Municipal Utility District No. 39**  
**TSI-1. Services and Rates**  
**August 31, 2024**

1. Services provided by the District During the Fiscal Year:

- |   |   |  |                                     |
|---|---|--|-------------------------------------|
| <input type="checkbox"/> Retail Water   | <input type="checkbox"/> Wholesale Water      | <input type="checkbox"/> Solid Waste/Garbage | <input type="checkbox"/> Drainage   |
| <input type="checkbox"/> Retail Wastewater  | <input type="checkbox"/> Wholesale Wastewater | <input type="checkbox"/> Flood Control       | <input type="checkbox"/> Irrigation |
| <input checked="" type="checkbox"/> Parks/Recreation  | <input type="checkbox"/> Fire Protection      | <input type="checkbox"/> Roads               | <input type="checkbox"/> Security   |
| <input type="checkbox"/> Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect) |   |  |                                     |
| <input checked="" type="checkbox"/> Other (Specify): <u>Water and sewer services provided by the City of League City</u>              |   |  |                                     |

2. Retail Service Providers

a. Retail Rates for a 5/8" meter (or equivalent):

	Minimum Charge	Minimum Usage	Flat Rate (Y / N)	Rate per 1,000 Gallons Over Minimum Usage	Usage Levels
Water:	_____	_____	_____	_____	_____ to _____
Wastewater:	_____	_____	_____	_____	_____ to _____
Surcharge:	_____	_____	_____	_____	_____ to _____

District employs winter averaging for wastewater usage?  Yes  No

Total charges per 10,000 gallons usage: Water \_\_\_\_\_ Wastewater \_\_\_\_\_

b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC'S
Unmetered	_____	_____	x 1.0	_____
less than 3/4"	_____	_____	x 1.0	_____
1"	_____	_____	x 2.5	_____
1.5"	_____	_____	x 5.0	_____
2"	_____	_____	x 8.0	_____
3"	_____	_____	x 15.0	_____
4"	_____	_____	x 25.0	_____
6"	_____	_____	x 50.0	_____
8"	_____	_____	x 80.0	_____
10"	_____	_____	x 115.0	_____
Total Water	_____	_____	_____	_____
Total Wastewater	_____	_____	x 1.0	_____

See accompanying auditor's report.



**Galveston County Municipal Utility District No. 39**  
**TSI-1. Services and Rates**  
**August 31, 2024**

3. Total Water Consumption during the fiscal year (rounded to the nearest thousand):

Gallons pumped into system:	<u>          N/A          </u>	Water Accountability Ratio:
		(Gallons billed / Gallons pumped)
Gallons billed to customers:	<u>          N/A          </u>	<u>          N/A          </u>

4. Standby Fees (authorized only under TWC Section 49.231):

Does the District have Debt Service standby fees? Yes  No

If yes, Date of the most recent commission Order: \_\_\_\_\_

Does the District have Operation and Maintenance standby fees? Yes  No

If yes, Date of the most recent commission Order: \_\_\_\_\_

5. Location of District:

Is the District located entirely within one county? Yes  No

County(ies) in which the District is located:           Galveston County          

Is the District located within a city? Entirely  Partly  Not at all

City(ies) in which the District is located:           City of League City          

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

Entirely  Partly  Not at all

ETJs in which the District is located: \_\_\_\_\_

Are Board members appointed by an office outside the district? Yes  No

If Yes, by whom? \_\_\_\_\_

See accompanying auditors' report.

*Galveston County Municipal Utility District No. 39  
TSI-2. General Fund Expenditures  
For the Year Ended August 31, 2024*

Professional fees	
Legal	\$ 37,680
Audit	<u>13,500</u>
	<u>51,180</u>
Contracted services	
Bookkeeping	<u>16,175</u>
Administrative	
Directors fees	5,746
Printing and office supplies	1,298
Insurance	5,704
Other	760
	<u>13,508</u>
Total expenditures	<u><u>\$ 80,863</u></u>

See accompanying auditors' report.

*Galveston County Municipal Utility District No. 39*  
*TSI-3. Investments*  
*August 31, 2024*

Fund	Interest Rate	Maturity Date	Balance at End of Year	Interest Receivable
General				
TexSTAR	Variable	N/A	\$ 646,255	\$ -
Debt Service				
Certificate of deposit	5.31%	01/21/25	242,275	1,375
TexSTAR	Variable	N/A	1,385,829	
			<u>1,628,104</u>	<u>1,375</u>
Total - All Funds			<u>\$ 2,274,359</u>	<u>\$ 1,375</u>

See accompanying auditors' report.

**Galveston County Municipal Utility District No. 39**  
**TSI-4. Taxes Levied and Receivable**  
**August 31, 2024**

	Maintenance Taxes	Debt Service Taxes	Totals	
Taxes Receivable, Beginning of Year	\$ 5,501	\$ 53,331	\$ 58,832	
Adjustments	(760)	(5,490)	(6,250)	
Adjusted Receivable	4,741	47,841	52,582	
2023 Original Tax Levy	236,148	1,889,182	2,125,330	
Adjustments	12,722	101,777	114,499	
Adjusted Tax Levy	248,870	1,990,959	2,239,829	
Total to be accounted for	253,611	2,038,800	2,292,411	
Tax collections:				
Current year	246,790	1,974,318	2,221,108	
Prior years	768	6,087	6,855	
Total Collections	247,558	1,980,405	2,227,963	
Taxes Receivable, End of Year	\$ 6,053	\$ 58,395	\$ 64,448	
Taxes Receivable, By Years				
2023	\$ 2,080	\$ 16,641	\$ 18,721	
2022	971	6,977	7,948	
2021	565	4,572	5,137	
2020 and prior	2,437	30,205	32,642	
Taxes Receivable, End of Year	\$ 6,053	\$ 58,395	\$ 64,448	
	2023	2022	2021	2020
Property Valuations:				
Land	\$ 76,222,947	\$ 69,926,390	\$ 69,926,390	\$ 69,926,390
Improvements	539,918,399	462,128,793	406,317,762	376,012,439
Personal Property	1,558,550	1,254,140	1,244,878	1,356,780
Exemptions	(64,655,785)	(27,528,479)	(16,198,263)	(15,439,606)
Total Property Valuations	\$ 553,044,111	\$ 505,780,844	\$ 461,290,767	\$ 431,856,003
Tax Rates per \$100 Valuation:				
Maintenance tax rates	\$ 0.045	\$ 0.055	\$ 0.055	\$ 0.05
Debt service tax rates	0.360	0.395	0.445	0.48
Total Tax Rates per \$100 Valuation	\$ 0.405	\$ 0.450	\$ 0.500	\$ 0.53
Adjusted Tax Levy:	\$ 2,239,829	\$ 2,276,014	\$ 2,306,454	\$ 2,288,837
Percentage of Taxes Collected to Taxes Levied **	99.16%	99.65%	99.78%	99.78%

\* Maximum Maintenance Tax Rate Approved by Voters: \$ 1.50 on November 6, 2001

\*\* Calculated as taxes collected for a tax year divided by taxes levied for that tax year.

See accompanying auditors' report.

*Galveston County Municipal Utility District No. 39*  
*TSI-5. Long-Term Debt Service Requirements*  
*Series 2014 Refunding--by Years*  
*August 31, 2024*

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2025	\$ 330,000	\$ 47,713	\$ 377,713
2026	340,000	36,988	376,988
2027	120,000	25,938	145,938
2028	120,000	21,738	141,738
2029	115,000	17,537	132,537
2030	115,000	13,224	128,224
2031	115,000	8,912	123,912
2032	115,000	4,455	119,455
	<u>\$ 1,370,000</u>	<u>\$ 176,505</u>	<u>\$ 1,546,505</u>

See accompanying auditors' report.

*Galveston County Municipal Utility District No. 39*  
*TSI-5. Long-Term Debt Service Requirements*  
*Series 2014A--by Years*  
*August 31, 2024*

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2025	\$ 250,000	\$ 81,106	\$ 331,106
2026	275,000	73,606	348,606
2027	285,000	65,356	350,356
2028	300,000	56,450	356,450
2029	310,000	46,700	356,700
2030	340,000	36,238	376,238
2031	350,000	24,763	374,763
2032	370,000	12,949	382,949
	<u>\$ 2,480,000</u>	<u>\$ 397,168</u>	<u>\$ 2,877,168</u>

See accompanying auditors' report.

*Galveston County Municipal Utility District No. 39*  
*TSI-5. Long-Term Debt Service Requirements*  
*Series 2015 Park--by Years*  
*August 31, 2024*

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2025	\$ 95,000	\$ 20,688	\$ 115,688
2026	85,000	17,837	102,837
2027	85,000	15,288	100,288
2028	85,000	12,737	97,737
2029	85,000	10,188	95,188
2030	85,000	7,638	92,638
2031	75,000	4,875	79,875
2032	75,000	2,438	77,438
	<u>\$ 670,000</u>	<u>\$ 91,689</u>	<u>\$ 761,689</u>

See accompanying auditors' report.

*Galveston County Municipal Utility District No. 39*  
*TSI-5. Long-Term Debt Service Requirements*  
*Series 2019 Refunding--by Years*  
*August 31, 2024*

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2025	\$ 145,000	\$ 120,050	\$ 265,050
2026	145,000	115,700	260,700
2027	375,000	112,800	487,800
2028	380,000	105,300	485,300
2029	585,000	96,750	681,750
2030	710,000	79,200	789,200
2031	1,095,000	57,900	1,152,900
2032	835,000	25,050	860,050
	<u>\$ 4,270,000</u>	<u>\$ 712,750</u>	<u>\$ 4,982,750</u>

See accompanying auditors' report.



*Galveston County Municipal Utility District No. 39*  
*TSI-5. Long-Term Debt Service Requirements*  
*Series 2020 Refunding--by Years*  
*August 31, 2024*

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2025	\$ 605,000	\$ 92,200	\$ 697,200
2026	630,000	68,000	698,000
2027	660,000	42,800	702,800
2028	680,000	29,600	709,600
2029	495,000	16,000	511,000
2030	305,000	6,100	311,100
	<u>\$ 3,375,000</u>	<u>\$ 254,700</u>	<u>\$ 3,629,700</u>

See accompanying auditors' report.

*Galveston County Municipal Utility District No. 39  
 TSI-5. Long-Term Debt Service Requirements  
 Series 2021 Refunding--by Years  
 August 31, 2024*

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2025	\$ 185,000	\$ 34,025	\$ 219,025
2026	190,000	28,475	218,475
2027	195,000	20,875	215,875
2028	195,000	16,975	211,975
2029	200,000	13,075	213,075
2030	200,000	9,075	209,075
2031	205,000	6,075	211,075
2032	200,000	3,000	203,000
	<u>\$ 1,570,000</u>	<u>\$ 131,575</u>	<u>\$ 1,701,575</u>

See accompanying auditors' report.

*Galveston County Municipal Utility District No. 39  
 TSI-5. Long-Term Debt Service Requirements  
 All Bonded Debt Series--by Years  
 August 31, 2024*

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2025	\$ 1,610,000	\$ 395,782	\$ 2,005,782
2026	1,665,000	340,606	2,005,606
2027	1,720,000	283,057	2,003,057
2028	1,760,000	242,800	2,002,800
2029	1,790,000	200,250	1,990,250
2030	1,755,000	151,475	1,906,475
2031	1,840,000	102,525	1,942,525
2032	1,595,000	47,892	1,642,892
	<u>\$ 13,735,000</u>	<u>\$ 1,764,387</u>	<u>\$ 15,499,387</u>

See accompanying auditors' report.

**Galveston County Municipal Utility District No. 39**  
**TSI-6. Change in Long-Term Bonded Debt**  
**August 31, 2024**

	Bond Issue			
	Series 2014 Refunding	Series 2014A	Series 2015 Park	Series 2019 Refunding
Interest rate	2.00% - 3.25%	2.00% - 3.50%	2.00% - 3.25%	2.00% - 3.00%
Dates interest payable	3/1; 9/1	3/1; 9/1	3/1; 9/1	3/1; 9/1
Maturity dates	9/1/15 - 9/1/32	9/1/15 - 9/1/32	9/1/16 - 9/1/32	9/1/20 - 9/1/32
Beginning bonds outstanding	\$ 1,695,000	\$ 2,720,000	\$ 760,000	\$ 4,415,000
Bonds retired	(325,000)	(240,000)	(90,000)	(145,000)
Ending bonds outstanding	<u>\$ 1,370,000</u>	<u>\$ 2,480,000</u>	<u>\$ 670,000</u>	<u>\$ 4,270,000</u>
Interest paid during fiscal year	<u>\$ 57,463</u>	<u>\$ 88,306</u>	<u>\$ 23,162</u>	<u>\$ 124,400</u>
Paying agent's name and city	Bank of New York Mellon Trust Co., N.A., Houston, Texas			
Series 2009A Park	Bank of New York Mellon Trust Co., N.A., Dallas, Texas			
All other Series	Bank of New York Mellon Trust Co., N.A., Dallas, Texas			
Bond Authority:	Water, Sewer and Drainage Bonds	Park Bonds	Refunding Bonds	
Amount Authorized by Voters	\$ 34,200,000	\$ 4,805,000	\$ 22,200,000	
Amount Issued	(29,230,000)	(2,640,000)	(1,606,192)	
Remaining To Be Issued	<u>\$ 4,970,000</u>	<u>\$ 2,165,000</u>	<u>\$ 20,593,808</u>	

All bonds are secured with tax revenues. Bonds may also be secured with other revenues in combination with taxes.

Debt Service Fund cash and investment balances as of August 31, 2024: \$ 1,659,336

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 1,937,423

See accompanying auditors' report.

Bond Issue		
Series 2020 Refunding	Series 2021 Refunding	Totals
2.00% - 4.00%	1.50% - 4.00%	
3/1; 9/1	3/1; 9/1	
9/1/21 - 9/1/30	9/1/22 - 9/1/32	
\$ 3,955,000	\$ 1,745,000	\$ 15,290,000
(580,000)	(175,000)	(1,555,000)
\$ 3,375,000	\$ 1,570,000	\$ 13,735,000
\$ 115,400	\$ 39,275	\$ 448,006

**Galveston County Municipal Utility District No. 39**  
**TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund**  
**For the Last Five Fiscal Years**

	Amounts				
	2024	2023	2022	2021	2020
Revenues					
Property taxes	\$ 247,558	\$ 275,939	\$ 254,109	\$ 215,765	\$ 162,071
Investment earnings	30,262	16,256	1,277	336	2,647
Total Revenues	277,820	292,195	255,386	216,101	164,718
Expenditures					
Operating and administrative					
Professional fees	51,180	44,176	49,452	46,764	51,821
Contracted services	16,175	17,050	16,719	14,188	13,650
Administrative	13,508	5,966	14,580	10,631	12,644
Debt service					
Interest and fees			5,807	1,100	2,850
Early extinguishment of debt			260,000	150,000	300,000
Total Expenditures	80,863	67,192	346,558	222,683	380,965
Revenues Over/(Under) Expenditures	\$ 196,957	\$ 225,003	\$ (91,172)	\$ (6,582)	\$ (216,247)

\*Percentage is negligible

See accompanying auditors' report.

Percent of Fund Total Revenues

2024	2023	2022	2021	2020
89%	94%	99%	100%	98%
11%	6%	1%	*	2%
100%	100%	100%	100%	100%
18%	15%	19%	22%	31%
6%	6%	7%	7%	8%
5%	2%	6%	5%	8%
		2%	1%	2%
		102%	69%	182%
29%	23%	136%	104%	231%
71%	77%	(36%)	(4%)	(131%)

**Galveston County Municipal Utility District No. 39**  
**TSI-7b. Comparative Schedule of Revenues and Expenditures - Debt Service Fund**  
**For the Last Five Fiscal Years**

	Amounts				
	2024	2023	2022	2021	2020
Revenues					
Property taxes	\$ 1,980,281	\$ 1,981,241	\$ 2,056,370	\$ 2,074,176	\$ 2,147,668
Penalties and interest	13,218	12,014	6,247	10,627	6,294
Miscellaneous		10			
Investment earnings	135,363	109,494	13,602	3,968	22,926
Total Revenues	<u>2,128,862</u>	<u>2,102,759</u>	<u>2,076,219</u>	<u>2,088,771</u>	<u>2,176,888</u>
Expenditures					
Tax collection services	45,078	48,363	46,069	44,855	40,587
Other	12,500		10,000	2,500	15,000
Debt service					
Principal	1,555,000	1,535,000	1,495,000	1,440,000	1,405,000
Interest and fees	452,956	498,969	543,694	639,038	726,779
Debt issuance costs				34,740	199,601
Total Expenditures	<u>2,065,534</u>	<u>2,082,332</u>	<u>2,094,763</u>	<u>2,161,133</u>	<u>2,386,967</u>
Revenues Over/(Under) Expenditures	<u>\$ 63,328</u>	<u>\$ 20,427</u>	<u>\$ (18,544)</u>	<u>\$ (72,362)</u>	<u>\$ (210,079)</u>

\*Percentage is negligible

See accompanying auditors' report.



Percent of Fund Total Revenues

2024	2023	2022	2021	2020
93%	94%	99%	99%	99%
1%	1%	*	1%	*
	*			
6%	5%	1%	*	1%
100%	100%	100%	100%	100%
2%	2%	2%	2%	2%
1%		*	*	1%
73%	73%	72%	69%	65%
21%	24%	26%	31%	33%
			2%	9%
97%	99%	100%	104%	110%
3%	1%	-%	(4%)	(10%)

**Galveston County Municipal Utility District No. 39**  
**TSI-8. Board Members, Key Personnel and Consultants**  
**For the Year Ended August 31, 2024**

Complete District Mailing Address: 3200 Southwest Freeway, Suite 2600, Houston, TX 77027  
District Business Telephone Number: (713) 860-6400  
Submission Date of the most recent District Registration Form  
(TWC Sections 36.054 and 49.054): June 4, 2024  
Limit on Fees of Office that a Director may receive during a fiscal year: \$ 7,200  
(Set by Board Resolution -- TWC Section 49.0600)

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid*	Expense Reimburse- ments	Title at Year End
<b>Board Members</b>				
David Parker	05/22 - 05/26	\$ 1,105	\$ 199	President
Courtney Boudreaux	05/24 - 05/28	1,105	27	Vice President
Donna Bane	06/24 - 05/26	663	11	Secretary
Mark Marquis	05/24 - 05/28	1,105	33	Assistant Vice President
Omar Flores	05/24 - 05/28	1,105	33	Assistant Secretary
Rebecca Murphy	05/22 - 06/24	663	119	Former Director
<b>Consultants</b>				
Allen Boone Humphries Robinson LLP <i>General legal fees</i>	2003	<u>Amounts Paid</u> \$ 33,004		Attorney
Myrtle Cruz, Inc.	2002	15,605		Bookkeeper
Bob Leared Interests, Inc.	2002	21,786		Tax Collector
Galveston Central Appraisal District	Legislation	16,201		Property Valuation
Perdue, Brandon, Fielder, Collins & Mott LLP	2003	2,031		Delinquent Tax Attorney
Vogler & Spencer Engineering	2005			Engineer
McGrath & Co., PLLC	2011	13,500		Auditor
Masterson Advisors, LLC	2018			Financial Advisor

\* *Fees of Office* are the amounts actually paid to a director during the District's fiscal year.

See accompanying auditors' report.