

**BAUER LANDING WATER CONTROL
AND IMPROVEMENT DISTRICT**

HARRIS COUNTY, TEXAS

FINANCIAL REPORT

December 31, 2021

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Independent Auditor's Report

Board of Directors
Bauer Landing Water Control and Improvement District
Harris County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Bauer Landing Water Control and Improvement District (the "District"), as of and for the year ended December 31, 2021, 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 Bauer Landing Water Control and Improvement District, as of December 31, 2021, 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.

***Board of Directors
Bauer Landing Water Control and Improvement District
Harris County, Texas***

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
Bauer Landing Water Control and Improvement District
Harris 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 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 are fairly stated in all material respects in relation to the basic financial statements as a whole.

W.C. Galt & Co., P.C.

Houston, Texas
May 11, 2022

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Management's Discussion and Analysis

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***Bauer Landing Water Control and Improvement District
Management's Discussion and Analysis
December 31, 2021***

Using this Annual Report

Within this section of the financial report of Bauer Landing Water Control and Improvement District (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 December 31, 2021. 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.

***Bauer Landing Water Control and Improvement District
Management's Discussion and Analysis
December 31, 2021***

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 December 31, 2021, was negative \$2,095,651. A comparative summary of the District's overall financial position, as of December 31, 2021 and 2020, is as follows:

	2021	2020
Current and other assets	\$ 3,604,218	\$ 2,905,895
Capital assets	11,322,969	11,506,852
Total assets	<u>14,927,187</u>	<u>14,412,747</u>
Current liabilities	456,835	306,640
Long-term liabilities	15,036,212	15,230,433
Total liabilities	<u>15,493,047</u>	<u>15,537,073</u>
Total deferred inflows of resources	<u>1,529,791</u>	<u>1,173,135</u>
Net position		
Net investment in capital assets	(3,114,279)	(3,002,280)
Restricted	244,720	112,588
Unrestricted	773,908	592,231
Total net position	<u>\$ (2,095,651)</u>	<u>\$ (2,297,461)</u>

***Bauer Landing Water Control and Improvement District
Management's Discussion and Analysis
December 31, 2021***

The total net position of the District increased during the current fiscal year by \$201,810. A comparative summary of the District's *Statement of Activities* for the past two years is as follows:

	<u>2021</u>	<u>2020</u>
Revenues		
Property taxes, penalties and interest	\$ 1,176,543	\$ 930,780
Other	2,156	9,820
Total revenues	<u>1,178,699</u>	<u>940,600</u>
Expenses		
Operating and administrative	349,258	315,665
Debt interest and fees	443,748	357,269
Developer interest		143,577
Debt issuance costs		397,299
Depreciation	183,883	183,883
Total expenses	<u>976,889</u>	<u>1,397,693</u>
Change in net position	201,810	(457,093)
Net position, beginning of year	<u>(2,297,461)</u>	<u>(1,840,368)</u>
Net position, end of year	<u>\$ (2,095,651)</u>	<u>\$ (2,297,461)</u>

Financial Analysis of the District's Funds

The District's combined fund balances, as of December 31, 2021, were \$1,963,781, which consists of \$773,908 in the General Fund, \$390,909 in the Debt Service Fund, and \$798,964 in the Capital Projects Fund.

General Fund

A comparative summary of the General Fund's financial position as of December 31, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
Total assets	<u>\$ 1,553,336</u>	<u>\$ 1,088,618</u>
Total liabilities	\$ 85,923	\$ 39,321
Total deferred inflows	693,505	458,648
Total fund balance	<u>773,908</u>	<u>590,649</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 1,553,336</u>	<u>\$ 1,088,618</u>

***Bauer Landing Water Control and Improvement District
Management's Discussion and Analysis
December 31, 2021***

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

	<u>2021</u>	<u>2020</u>
Total revenues	\$ 458,323	\$ 424,876
Total expenditures	<u>(275,064)</u>	<u>(346,703)</u>
Revenues over expenditures	<u>\$ 183,259</u>	<u>\$ 78,173</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. The 2020 levy was recognized as revenues in the 2021 fiscal year, while the 2019 levy was recognized in the 2020 fiscal year (to the extent that these amounts were collected). While the District decreased its maintenance tax levy, property tax revenues increased because assessed values in the District increased from the prior year.

Debt Service Fund

A comparative summary of the Debt Service Fund's financial position as of December 31, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
Total assets	<u>\$ 1,238,394</u>	<u>\$ 962,907</u>
Total liabilities	\$ 11,199	\$ 7,345
Total deferred inflows	836,286	717,968
Total fund balance	<u>390,909</u>	<u>237,594</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 1,238,394</u>	<u>\$ 962,907</u>

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

	<u>2021</u>	<u>2020</u>
Total revenues	\$ 723,280	\$ 511,674
Total expenditures	<u>(569,965)</u>	<u>(487,033)</u>
Revenues over expenditures	<u>\$ 153,315</u>	<u>\$ 24,641</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.

***Bauer Landing Water Control and Improvement District
Management's Discussion and Analysis
December 31, 2021***

Capital Projects Fund

A comparative summary of the Capital Projects Fund's financial position as of December 31, 2021 and 2020 is as follows:

	2021	2020
Total assets	<u>\$ 812,488</u>	<u>\$ 854,370</u>
Total liabilities	\$ 13,524	\$ 8,069
Total fund balance	<u>798,964</u>	<u>846,301</u>
Total liabilities and fund balance	<u>\$ 812,488</u>	<u>\$ 854,370</u>

A comparative summary of activities in the Capital Projects Fund for the current and prior fiscal year is as follows:

	2021	2020
Total revenues	\$ 576	\$ 1,067
Total expenditures	<u>(47,913)</u>	<u>(3,908,682)</u>
Revenues under expenditures	(47,337)	(3,907,615)
Other changes in fund balance		4,641,065
Net change in fund balance	<u>\$ (47,337)</u>	<u>\$ 733,450</u>

The District did not have any significant capital asset activity in the current year. During the previous fiscal year, capital asset activity was financed with proceeds from the issuance of its Series 2020 Unlimited Tax Bonds.

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 \$18,853 greater than budgeted. The *Budgetary Comparison Schedule* on page 32 of this report provides variance information per financial statement line item.

Capital Assets

The District has entered into financing agreements with its developer for the financing of the construction of capital assets within the District. The developer will be reimbursed from proceeds of future bond issues or other lawfully available funds. These developer funded capital assets are recorded on the District's financial statements upon completion of construction.

***Bauer Landing Water Control and Improvement District
Management's Discussion and Analysis
December 31, 2021***

Capital assets held by the District at December 31, 2021 and 2020 are summarized as follows:

	<u>2021</u>	<u>2020</u>
Capital assets not being depreciated		
Land and improvements	<u>\$ 3,893,854</u>	<u>\$ 3,893,854</u>
Capital assets being depreciated		
Drainage facilities	8,274,740	8,274,740
Less accumulated depreciation	<u>(845,625)</u>	<u>(661,742)</u>
Depreciable capital assets, net	<u>7,429,115</u>	<u>7,612,998</u>
Capital assets, net	<u><u>\$ 11,322,969</u></u>	<u><u>\$ 11,506,852</u></u>

Long-Term Debt and Related Liabilities

As of December 31, 2021, the District owes approximately \$1,129,897 to its developer for completed projects. The initial cost of the completed project and related liability is estimated based on actual construction costs plus 10-15% for engineering and other fees and is recorded on the District's financial statements upon completion of construction. As discussed in Note 6, the District has an additional commitment in the amount of \$412,599 for projects under construction by the developer. As noted, the District will owe its developer for these projects upon completion of construction. The District intends to reimburse the developer from proceeds of future bond issues or other lawfully available funds. The estimated cost of amounts owed to the developer is trued up when the developer is reimbursed.

At December 31, 2021 and 2020, the District had total bonded debt outstanding as shown below:

<u>Series</u>	<u>2021</u>	<u>2020</u>
2017	\$ 5,450,000	\$ 5,575,000
2019	4,120,000	4,120,000
2020	<u>4,675,000</u>	<u>4,675,000</u>
	<u><u>\$ 14,245,000</u></u>	<u><u>\$ 14,370,000</u></u>

At December 31, 2021, the District had \$35,505,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the drainage systems within the District. Additionally, the District's voters have authorized the issuance of unlimited tax refunding bonds in an amount equal to one and one half times the outstanding principal amount of new money tax bonds.

***Bauer Landing Water Control and Improvement District
 Management’s Discussion and Analysis
 December 31, 2021***

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>2021 Actual</u>	<u>2022 Budget</u>
Total revenues	\$ 458,323	\$ 507,834
Total expenditures	<u>(275,064)</u>	<u>(248,070)</u>
Revenues over expenditures	183,259	259,764
Beginning fund balance	<u>590,649</u>	<u>773,908</u>
Ending fund balance	<u><u>\$ 773,908</u></u>	<u><u>\$ 1,033,672</u></u>

Property Taxes

The District’s property tax base increased approximately \$51,855,000 for the 2021 tax year from \$152,117,336 to \$203,972,204. This increase was primarily due to new construction in the District and increased property values. For the 2021 tax year, the District has levied a maintenance tax rate of \$0.34 per \$100 of assessed value and a debt service tax rate of \$0.41 per \$100 of assessed value, for a total combined tax rate of \$0.75 per \$100. Tax rates for the 2020 tax year were \$0.30 per \$100 for maintenance and operations and \$0.47 per \$100 for debt service for a combined total of \$0.77 per \$100 of assessed value.

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Basic Financial Statements

Bauer Landing Water Control and Improvement District
Statement of Net Position and Governmental Funds Balance Sheet
December 31, 2021

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	\$ 2,689	\$ 375,476	\$ 890	\$ 379,055	\$ -	\$ 379,055
Investments	855,579	400,236	826,832	2,082,647		2,082,647
Taxes receivable	517,941	624,575		1,142,516		1,142,516
Internal balances	177,127	(161,893)	(15,234)			
Capital assets not being depreciated					3,893,854	3,893,854
Capital assets, net					7,429,115	7,429,115
Total Assets	<u>\$ 1,553,336</u>	<u>\$ 1,238,394</u>	<u>\$ 812,488</u>	<u>\$ 3,604,218</u>	<u>11,322,969</u>	<u>14,927,187</u>
Liabilities						
Accounts payable	\$ 85,923	\$ -	\$ 13,524	\$ 99,447		99,447
Other payables		11,199		11,199		11,199
Accrued interest payable					146,189	146,189
Due to developer					1,129,897	1,129,897
Long-term debt						
Due within one year					200,000	200,000
Due after one year					13,906,315	13,906,315
Total Liabilities	<u>85,923</u>	<u>11,199</u>	<u>13,524</u>	<u>110,646</u>	<u>15,382,401</u>	<u>15,493,047</u>
Deferred Inflows of Resources						
Deferred property taxes	<u>693,505</u>	<u>836,286</u>		<u>1,529,791</u>		<u>1,529,791</u>
Fund Balances/Net Position						
Fund Balances						
Restricted		390,909	798,964	1,189,873	(1,189,873)	
Unassigned	773,908			773,908	(773,908)	
Total Fund Balances	<u>773,908</u>	<u>390,909</u>	<u>798,964</u>	<u>1,963,781</u>	<u>(1,963,781)</u>	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,553,336</u>	<u>\$ 1,238,394</u>	<u>\$ 812,488</u>	<u>\$ 3,604,218</u>		
Net Position						
Net investment in capital assets					(3,114,279)	(3,114,279)
Restricted for debt service					244,720	244,720
Unrestricted					773,908	773,908
Total Net Position					<u>\$ (2,095,651)</u>	<u>\$ (2,095,651)</u>

See notes to basic financial statements.

***Bauer Landing Water Control and Improvement District
Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2021***

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Property taxes	\$ 457,231	\$ 716,996	\$ -	\$ 1,174,227	\$ (3,480)	\$ 1,170,747
Penalties and interest		5,796		5,796		5,796
Miscellaneous	426	60		486		486
Investment earnings	666	428	576	1,670		1,670
Total Revenues	458,323	723,280	576	1,182,179	(3,480)	1,178,699
Expenditures/Expenses						
Operating and administrative						
Professional fees	93,684		44,988	138,672		138,672
Contracted services	16,575	23,365		39,940		39,940
Repairs and maintenance	148,866			148,866		148,866
Administrative	13,129	2,916	125	16,170		16,170
Other	2,810			2,810		2,810
Capital outlay			2,800	2,800		2,800
Debt service						
Principal		125,000		125,000	(125,000)	
Interest and fees		418,684		418,684	25,064	443,748
Depreciation					183,883	183,883
Total Expenditures/Expenses	275,064	569,965	47,913	892,942	83,947	976,889
Revenues Over/(Under) Expenditures	183,259	153,315	(47,337)	289,237	(289,237)	
Change in Net Position					201,810	201,810
Fund Balance/Net Position						
Beginning of the year	590,649	237,594	846,301	1,674,544	(3,972,005)	(2,297,461)
End of the year	\$ 773,908	\$ 390,909	\$ 798,964	\$ 1,963,781	\$ (4,059,432)	\$ (2,095,651)

See notes to basic financial statements.

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Bauer Landing Water Control and Improvement District
Notes to Financial Statements
December 31, 2021

Note 1 – Summary of Significant Accounting Policies

The accounting policies of Bauer Landing Water Control and Improvement District (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 Commission on Environmental Quality dated August 5, 2014, and operates in accordance with Article XVI, Section 59 of the Texas Constitution and the Texas Water Code, Chapters 49 and 51. The Board of Directors held its first meeting on August 8, 2014, and the first bonds were issued on August 10, 2017.

The District’s primary activities include construction, maintenance and operation of drainage facilities. 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*.

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 three governmental funds, which are all considered major funds.

Bauer Landing Water Control and Improvement District
Notes to Financial Statements
December 31, 2021

Note 1 – Summary of Significant Accounting Policies (continued)

Government-Wide and Fund Financial Statements (continued)

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 sources 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.
- The Capital Projects Fund is used to account for the expenditures of bond proceeds for the construction of the District's drainage facilities.

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.

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.

Bauer Landing Water Control and Improvement District
Notes to Financial Statements
December 31, 2021

Note 1 – Summary of Significant Accounting Policies (continued)

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 December 31, 2021, 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 are recorded at historical cost or estimated historical cost. Donated 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 drainage facilities, are depreciated using the straight-line method over an estimated useful life of 45 years. The District's detention facilities and drainage channels are considered improvements to land and are non-depreciable.

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.

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. Additionally, collections of the 2021 property tax levy are not considered current year revenues and, consequently, are also reported as deferred property taxes.

Deferred inflows of financial resources at the government-wide level consist of the 2021 property tax levy, which was levied to finance the 2022 fiscal year.

Bauer Landing Water Control and Improvement District
Notes to Financial Statements
December 31, 2021

Note 1 – Summary of Significant Accounting Policies (continued)

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 unspent bond proceeds in the Capital Projects Fund and 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.

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.

Bauer Landing Water Control and Improvement District
Notes to Financial Statements
December 31, 2021

Note 1 – Summary of Significant Accounting Policies (continued)

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; the useful lives and impairment of capital assets; the value of amounts due to developer and the value of capital assets for which the developer has not been fully reimbursed. 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.

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		\$ 1,963,781
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
Historical cost	\$ 12,168,594	
Less accumulated depreciation	<u>(845,625)</u>	
Change due to capital assets		11,322,969
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	(14,106,315)	
Interest payable on bonds	<u>(146,189)</u>	
Change due to long-term debt		(14,252,504)
Amounts due to the District's developer for prefunded construction are recorded as a liability in the <i>Statement of Net Position</i> .		(1,129,897)
Total net position - governmental activities		<u><u>\$ (2,095,651)</u></u>

Bauer Landing Water Control and Improvement District
Notes to Financial Statements
December 31, 2021

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	\$ 289,237
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.	(3,480)
In the <i>Statement of Activities</i> , the cost of capital assets is charged to depreciation expense over the estimated useful life of the asset.	(183,883)
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	\$ 125,000
Interest expense accrual	(25,064)
	99,936
Change in net position of governmental activities	\$ 201,810

Note 3 – Deposits and Investments

Deposit Custodial Credit Risk

Custodial credit risk as it applies to deposits (i.e. cash) 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.

Bauer Landing Water Control and Improvement District
Notes to Financial Statements
December 31, 2021

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 December 31, 2021, the District’s investments consist of the following:

<u>Type</u>	<u>Fund</u>	<u>Carrying Value</u>	<u>Rating</u>	<u>Weighted Average Maturity</u>
Texas CLASS	General	\$ 855,579		
	Debt Service	400,236		
	Capital Projects	826,832		
Total		<u>\$ 2,082,647</u>	AAAm	43 days

Texas CLASS

The District participates in Texas Cooperative Liquid Assets Securities System (Texas CLASS). Texas CLASS is managed by an elected Board of Trustees consisting of members of the pool. Additionally, the Board of Trustees has established an advisory board, the function of which is to provide guidance on investment policies and strategies. The Board of Trustees has selected Public Trust Advisors, LLC as the program administer and UMB Bank N.A., as the custodian.

Bauer Landing Water Control and Improvement District
Notes to Financial Statements
December 31, 2021

Note 3 – Deposits and Investments (continued)

Texas CLASS (continued)

The District’s investment in Texas CLASS is reported at fair value because Texas CLASS uses fair value to report investments (other than repurchase agreements which are valued at amortized cost). Governmental accounting standards establish the following hierarchy of inputs used to measure fair value: Level 1 inputs are based on quoted prices in active markets, Level 2 inputs are based on significant other observable inputs, and Level 3 inputs are based on significant unobservable inputs. The District’s investment in Texas CLASS is measured using published fair value per share (level 1 inputs).

Investments in Texas CLASS 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 December 31, 2021, consist of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amounts</u>	<u>Purpose</u>
General Fund	Debt Service Fund	\$ 161,893	Maintenance tax collections not remitted as of year end
General Fund	Capital Projects Fund	15,234	Bond application fees 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.

Bauer Landing Water Control and Improvement District
Notes to Financial Statements
December 31, 2021

Note 5 – Capital Assets

A summary of changes in capital assets, for the year ended December 31, 2021, is as follows:

	Beginning Balances	Additions	Ending Balances
Capital assets not being depreciated			
Land and improvements	\$ 3,893,854	\$ -	\$ 3,893,854
Capital assets being depreciated			
Drainage facilities	8,274,740		8,274,740
Less accumulated depreciation	(661,742)	(183,883)	(845,625)
Subtotal depreciable capital assets, net	7,612,998	(183,883)	7,429,115
Capital assets, net	<u>\$ 11,506,852</u>	<u>\$ (183,883)</u>	<u>\$ 11,322,969</u>

Depreciation expense for the current year was \$183,883.

Note 6 – Due to Developer

The District has entered into financing agreements with its developer for the financing of the construction of drainage improvements. Under the agreements, the developer will advance funds for the construction of facilities to serve the District. The developer will be reimbursed from proceeds of future bond issues or other lawfully available funds, subject to approval by TCEQ, as applicable. The District does not record the capital asset and related liability on the government-wide statements until construction of the facilities is complete. The initial cost is estimated based on construction costs plus 10-15% for engineering and other fees. Estimates are trued up when the developer is reimbursed.

The amount due to developer at December 31, 2021 is approximately \$1,129,897. There was no change in this liability from the prior year.

In addition, the District will owe the developer approximately \$412,599, which is included in the following schedule of contractual commitments. The exact amount is not known until approved by the TCEQ and verified by the District's auditor. As previously noted, these projects will be reported in the government-wide financial statements upon completion of construction.

	Contract Amount	Percent Complete
Bauer Landing Section 8 and Reserve - utilities and paving	\$ 412,599	75.9%

* District's share of contract

Bauer Landing Water Control and Improvement District
Notes to Financial Statements
December 31, 2021

Note 7 – Long-Term Debt

Long-term debt is comprised of the following:

Bonds payable	\$ 14,245,000
Unamortized discounts	<u>(138,685)</u>
	<u>\$ 14,106,315</u>
Due within one year	<u>\$ 200,000</u>

The District’s bonds payable at December 31, 2021, consists of unlimited tax bonds as follows:

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/ Ending	Interest Payment Dates	Call Dates
2017	\$ 5,450,000	\$ 5,700,000	2.00% - 3.875%	March 1, 2020/2045	March 1, September 1,	March 1, 2022
2019	4,120,000	4,120,000	3.00% - 4.50%	March 1, 2022/2046	March 1, September 1,	March 1, 2024
2020	4,675,000	4,675,000	2.00% - 2.25%	March 1, 2023/2047	March 1, September 1,	March 1, 2025
	<u>\$ 14,245,000</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 December 31, 2021, the District had authorized but unissued bonds in the amount of \$35,505,000 for drainage improvements. Additionally, the District’s voters have authorized the issuance of unlimited bonds in an amount equal to one and one half times the outstanding principal amount of new money tax bonds.

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

Bonds payable, beginning of year	\$ 14,370,000
Bonds retired	<u>(125,000)</u>
Bonds payable, end of year	<u>\$ 14,245,000</u>

Bauer Landing Water Control and Improvement District
Notes to Financial Statements
December 31, 2021

Note 7 – Long-Term Debt (continued)

As of December 31, 2021, annual debt service requirements on bonds outstanding are as follows:

Year	Principal	Interest	Totals
2022	\$ 200,000	\$ 432,694	\$ 632,694
2023	325,000	425,149	750,149
2024	350,000	415,574	765,574
2025	350,000	405,888	755,888
2026	400,000	395,950	795,950
2027	425,000	384,825	809,825
2028	425,000	373,237	798,237
2029	425,000	361,432	786,432
2030	500,000	348,338	848,338
2031	500,000	333,969	833,969
2032	500,000	319,382	819,382
2033	525,000	303,928	828,928
2034	575,000	286,928	861,928
2035	575,000	269,037	844,037
2036	600,000	250,429	850,429
2037	625,000	230,819	855,819
2038	650,000	210,382	860,382
2039	675,000	189,038	864,038
2040	700,000	166,819	866,819
2041	725,000	143,725	868,725
2042	775,000	119,242	894,242
2043	800,000	93,350	893,350
2044	825,000	66,693	891,693
2045	900,000	38,535	938,535
2046	570,000	15,582	585,582
2047	325,000	3,656	328,656
	\$ 14,245,000	\$ 6,584,601	\$ 20,829,601

Note 8 – Property Taxes

On August 8, 2014, the voters of the District authorized the District’s Board of Directors to levy taxes annually for use in financing general operations without limitation. 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.

Bauer Landing Water Control and Improvement District
Notes to Financial Statements
December 31, 2021

Note 8 – Property Taxes (continued)

All property values and exempt status, if any, are determined by the Harris County 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 2021 fiscal year was financed through the 2020 tax levy, pursuant to which the District levied property taxes of \$0.77 per \$100 of assessed value, of which \$0.30 was allocated to maintenance and operations and \$0.47 was allocated to debt service. The resulting tax levy was \$1,171,303 on the adjusted taxable value of \$152,117,336.

Property taxes levied each October are intended to finance the next fiscal year and are, therefore, not considered available for the District's use during the current fiscal year. Consequently, 2021 levy collections in the amount of \$387,276 have been included with deferred property taxes and are recorded as deferred inflows of resources on the *Governmental Funds Balance Sheet*. On the government-wide *Statement of Net Position*, the full 2021 tax levy of \$1,529,791 is reported as deferred inflows. These amounts will be recognized as revenue in 2022.

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.

Note 10 – Subsequent Event

On March 3, 2022, the District issued its \$5,440,000 Series 2022 Unlimited Tax Refunding Bonds at a net effective rate of 2.96461006% to refund \$5,175,000 of outstanding Series 2017 bonds. The District refunded the bonds to reduce total debt service payments over future years by approximately \$579,093 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$417,448.

Required Supplementary Information

***Bauer Landing Water Control and Improvement District
Required Supplementary Information - Budgetary Comparison Schedule - General Fund
For the Year Ended December 31, 2021***

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Property taxes	\$ 414,538	\$ 457,231	\$ 42,693
Miscellaneous		426	426
Investment earnings	3,000	666	(2,334)
Total Revenues	<u>417,538</u>	<u>458,323</u>	<u>40,785</u>
Expenditures			
Operating and administrative			
Professional fees	84,500	93,684	(9,184)
Contracted services	19,900	16,575	3,325
Repairs and maintenance	132,355	148,866	(16,511)
Administrative	16,027	13,129	2,898
Other	350	2,810	(2,460)
Total Expenditures	<u>253,132</u>	<u>275,064</u>	<u>(21,932)</u>
Revenues Over Expenditures	164,406	183,259	18,853
Fund Balance			
Beginning of the year	590,649	590,649	
End of the year	<u>\$ 755,055</u>	<u>\$ 773,908</u>	<u>\$ 18,853</u>

Bauer Landing Water Control and Improvement District
Notes to Required Supplementary Information
December 31, 2021

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

Bauer Landing Water Control and Improvement District
TSI-1. Services and Rates
December 31, 2021

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 checked="" type="checkbox"/> Drainage |
| <input type="checkbox"/> Retail Wastewater | <input type="checkbox"/> Wholesale Wastewater | <input type="checkbox"/> Flood Control | <input type="checkbox"/> Irrigation |
| <input 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 type="checkbox"/> Other (Specify): _____ | | | |

2. Retail Service Providers

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

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate (Y / N)</u>	<u>Rate per 1,000 Gallons Over Minimum Usage</u>	<u>Usage Levels</u>
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:

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFC'S</u>
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.

Bauer Landing Water Control and Improvement District
TSI-1. Services and Rates
December 31, 2021

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

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

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: Harris County

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

City(ies) in which the District is located: _____

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

Entirely Partly Not at all

ETJs in which the District is located: City of Houston

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

If Yes, by whom? _____

See accompanying auditors' report.

*Bauer Landing Water Control and Improvement District
 TSI-2 General Fund Expenditures
 For the Year Ended December 31, 2021*

Professional fees	
Legal	\$ 60,182
Audit	9,500
Engineering	22,802
Financial advisor	1,200
	<u>93,684</u>
Contracted services	
Bookkeeping	<u>16,575</u>
Repairs and maintenance	<u>148,866</u>
Administrative	
Directors fees	4,650
Printing and office supplies	2,171
Insurance	3,693
Other	2,615
	<u>13,129</u>
Other	<u>2,810</u>
Total expenditures	<u>\$ 275,064</u>

See accompanying auditors' report.

Bauer Landing Water Control and Improvement District
TSI-3. Investments
December 31, 2021

<u>Fund</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>
General			
Texas CLASS	Variable	N/A	<u>\$ 855,579</u>
Debt Service			
Texas CLASS	Variable	N/A	<u>400,236</u>
Capital Projects			
Texas CLASS	Variable	N/A	<u>826,832</u>
Total - All Funds			<u><u>\$ 2,082,647</u></u>

See accompanying auditors' report.

***Bauer Landing Water Control and Improvement District
TSI-4. Taxes Levied and Receivable
December 31, 2021***

	Maintenance Taxes	Debt Service Taxes	Totals	
Taxes Receivable, Beginning of Year	\$ 36,952	\$ 57,314	\$ 94,266	
Adjustments to Prior Year Tax Levy	(463)	(971)	(1,434)	
Adjusted Receivable	36,489	56,343	92,832	
2021 Original Tax Levy	627,150	756,270	1,383,420	
Adjustments	66,355	80,016	146,371	
Adjusted Tax Levy	693,505	836,286	1,529,791	
Total to be accounted for	729,994	892,629	1,622,623	
Tax collections:				
Current year	175,564	211,712	387,276	
Prior years	36,489	56,342	92,831	
Total Collections	212,053	268,054	480,107	
Taxes Receivable, End of Year	\$ 517,941	\$ 624,575	\$ 1,142,516	
Taxes Receivable, By Years				
2021	\$ 517,941	\$ 624,575	\$ 1,142,516	
	2021	2020	2019	2018
Property Valuations:				
Land	\$ 43,892,883	\$ 32,239,251	\$ 26,087,497	\$ 18,241,261
Improvements	162,464,622	121,440,133	95,020,262	75,369,793
Personal Property	793,321	805,351	674,580	504,323
Exemptions	(3,178,622)	(2,367,399)	(1,429,386)	(777,374)
Total Property Valuations	\$ 203,972,204	\$ 152,117,336	\$ 120,352,953	\$ 93,338,003
Tax Rates per \$100 Valuation:				
Maintenance tax rates	\$ 0.34	\$ 0.30	\$ 0.35	\$ 0.45
Debt service tax rates	0.41	0.47	0.42	0.32
Total Tax Rates per \$100 Valuation	\$ 0.75	\$ 0.77	\$ 0.77	\$ 0.77
Adjusted Tax Levy:	\$ 1,529,791	\$ 1,171,303	\$ 926,718	\$ 718,703
Percentage of Taxes Collected to Taxes Levied **	25.32%	100.00%	100.00%	100.00%

* Unlimited Maintenance Tax Rate Approved by Voters on November 6, 2014.

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

See accompanying auditors' report.

Bauer Landing Water Control and Improvement District
TSI-5. Long-Term Debt Service Requirements
Series 2017--by Years
December 31, 2021

<u>Due During Fiscal Years Ending</u>	<u>Principal Due March 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2022	\$ 125,000	\$ 189,813	\$ 314,813
2023	150,000	186,644	336,644
2024	150,000	183,006	333,006
2025	150,000	179,069	329,069
2026	175,000	174,381	349,381
2027	175,000	169,131	344,131
2028	175,000	163,794	338,794
2029	175,000	158,238	333,238
2030	200,000	152,019	352,019
2031	200,000	145,244	345,244
2032	200,000	138,344	338,344
2033	225,000	130,766	355,766
2034	225,000	122,609	347,609
2035	225,000	114,453	339,453
2036	250,000	105,688	355,688
2037	250,000	96,313	346,313
2038	250,000	86,938	336,938
2039	275,000	77,094	352,094
2040	275,000	66,781	341,781
2041	300,000	56,000	356,000
2042	300,000	44,563	344,563
2043	325,000	32,453	357,453
2044	325,000	19,859	344,859
2045	350,000	6,778	356,778
	<u>\$ 5,450,000</u>	<u>\$ 2,799,978</u>	<u>\$ 8,249,978</u>

See accompanying auditors' report.

Bauer Landing Water Control and Improvement District
TSI-5. Long-Term Debt Service Requirements
Series 2019--by Years
December 31, 2021

<u>Due During Fiscal Years Ending</u>	<u>Principal Due March 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2022	\$ 75,000	\$ 140,631	\$ 215,631
2023	75,000	137,255	212,255
2024	100,000	133,318	233,318
2025	100,000	129,569	229,569
2026	100,000	126,569	226,569
2027	125,000	123,194	248,194
2028	125,000	119,443	244,443
2029	125,000	115,694	240,694
2030	150,000	111,569	261,569
2031	150,000	107,069	257,069
2032	150,000	102,569	252,569
2033	150,000	97,881	247,881
2034	175,000	92,600	267,600
2035	175,000	86,803	261,803
2036	175,000	80,897	255,897
2037	175,000	74,881	249,881
2038	200,000	68,319	268,319
2039	200,000	61,319	261,319
2040	200,000	54,194	254,194
2041	200,000	46,944	246,944
2042	225,000	39,241	264,241
2043	225,000	31,084	256,084
2044	225,000	22,928	247,928
2045	250,000	14,319	264,319
2046	270,000	4,894	274,894
	<u>\$ 4,120,000</u>	<u>\$ 2,123,184</u>	<u>\$ 6,243,184</u>

See accompanying auditors' report.

Bauer Landing Water Control and Improvement District
TSI-5. Long-Term Debt Service Requirements
Series 2020--by Years
December 31, 2021

<u>Due During Fiscal Years Ending</u>	<u>Principal Due March 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2022	\$ -	\$ 102,250	\$ 102,250
2023	100,000	101,250	201,250
2024	100,000	99,250	199,250
2025	100,000	97,250	197,250
2026	125,000	95,000	220,000
2027	125,000	92,500	217,500
2028	125,000	90,000	215,000
2029	125,000	87,500	212,500
2030	150,000	84,750	234,750
2031	150,000	81,656	231,656
2032	150,000	78,469	228,469
2033	150,000	75,281	225,281
2034	175,000	71,719	246,719
2035	175,000	67,781	242,781
2036	175,000	63,844	238,844
2037	200,000	59,625	259,625
2038	200,000	55,125	255,125
2039	200,000	50,625	250,625
2040	225,000	45,844	270,844
2041	225,000	40,781	265,781
2042	250,000	35,438	285,438
2043	250,000	29,813	279,813
2044	275,000	23,906	298,906
2045	300,000	17,438	317,438
2046	300,000	10,688	310,688
2047	325,000	3,656	328,656
	<u>\$ 4,675,000</u>	<u>\$ 1,661,439</u>	<u>\$ 6,336,439</u>

See accompanying auditors' report.

Bauer Landing Water Control and Improvement District
TSI-5. Long-Term Debt Service Requirements
All Bonded Debt Series--by Years
December 31, 2021

<u>Due During Fiscal Years Ending</u>	<u>Principal Due March 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2022	\$ 200,000	\$ 432,694	\$ 632,694
2023	325,000	425,149	750,149
2024	350,000	415,574	765,574
2025	350,000	405,888	755,888
2026	400,000	395,950	795,950
2027	425,000	384,825	809,825
2028	425,000	373,237	798,237
2029	425,000	361,432	786,432
2030	500,000	348,338	848,338
2031	500,000	333,969	833,969
2032	500,000	319,382	819,382
2033	525,000	303,928	828,928
2034	575,000	286,928	861,928
2035	575,000	269,037	844,037
2036	600,000	250,429	850,429
2037	625,000	230,819	855,819
2038	650,000	210,382	860,382
2039	675,000	189,038	864,038
2040	700,000	166,819	866,819
2041	725,000	143,725	868,725
2042	775,000	119,242	894,242
2043	800,000	93,350	893,350
2044	825,000	66,693	891,693
2045	900,000	38,535	938,535
2046	570,000	15,582	585,582
2047	325,000	3,656	328,656
	<u>\$ 14,245,000</u>	<u>\$ 6,584,601</u>	<u>\$ 20,829,601</u>

See accompanying auditors' report.

***Bauer Landing Water Control and Improvement District
TSI-6. Change in Long-Term Bonded Debt
December 31, 2021***

	Bond Issue			Totals
	Series 2017	Series 2019	Series 2020	
Interest rate	2.00% - 3.875%	3.00% - 4.50%	2.00% - 2.25%	
Dates interest payable	3/1; 9/1	3/1; 9/1	3/1; 9/1	
Maturity dates	3/1/20 - 3/1/45	3/1/22 - 3/1/46	3/1/23 - 3/1/47	
Beginning bonds outstanding	\$ 5,575,000	\$ 4,120,000	\$ 4,675,000	\$ 14,370,000
Bonds retired	(125,000)			(125,000)
Ending bonds outstanding	<u>\$ 5,450,000</u>	<u>\$ 4,120,000</u>	<u>\$ 4,675,000</u>	<u>\$ 14,245,000</u>
Interest paid during fiscal year	<u>\$ 192,531</u>	<u>\$ 142,319</u>	<u>\$ 85,208</u>	<u>\$ 420,058</u>
Paying agent's name and city				
Series 2017	Amegy Bank, a division of ZB, N.A., Houston, Texas			
Series 2019	Zions Bancorporation, N.A., Houston, Texas			
Series 2020	The Bank of New York Mellon Trust Company, N.A., Dallas, Texas			

	Water, Sewer and Drainage Bonds
Bond Authority:	
Amount Authorized by Voters	\$ 50,000,000
Amount Issued	(14,495,000)
Remaining To Be Issued	<u>\$ 35,505,000</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 December 31, 2021: \$ 775,712

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 801,139

See accompanying auditors' report.

***Bauer Landing Water Control and Improvement District
TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund
For the Last Five Fiscal Years***

	Amounts				
	2021	2020	2019	2018	2017
Revenues					
Property taxes	\$ 457,231	\$ 419,195	\$ 420,254	\$ 347,325	\$ 377,781
Miscellaneous	426				
Investment earnings	666	5,681	12,327	7,857	
Total Revenues	<u>458,323</u>	<u>424,876</u>	<u>432,581</u>	<u>355,182</u>	<u>377,781</u>
Expenditures					
Operating and administrative					
Professional fees	93,684	65,080	92,713	62,255	90,180
Contracted services	16,575	17,618	16,420	17,698	13,570
Repairs and maintenance	148,866	170,762	178,547	136,269	8,776
Administrative	13,129	13,593	9,531	12,738	12,813
Other	2,810	1,675	2,100		
Capital outlay		77,975			
Total Expenditures	<u>275,064</u>	<u>346,703</u>	<u>299,311</u>	<u>228,960</u>	<u>125,339</u>
Revenues Over Expenditures	<u>\$ 183,259</u>	<u>\$ 78,173</u>	<u>\$ 133,270</u>	<u>\$ 126,222</u>	<u>\$ 252,442</u>

*Percentage is negligible

See accompanying auditors' report.

Percent of Fund Total Revenues

2021	2020	2019	2018	2017
100%	99%	97%	98%	100%
*				
*	1%	3%	2%	
100%	100%	100%	100%	100%
20%	16%	22%	18%	24%
4%	4%	4%	5%	4%
33%	41%	42%	39%	2%
3%	3%	2%	4%	3%
1%	*	*		
	18%			
61%	82%	70%	66%	33%
39%	18%	30%	34%	67%

***Bauer Landing Water Control and Improvement District
TSI-7b. Comparative Schedule of Revenues and Expenditures - Debt Service Fund
For the Last Five Fiscal Years***

	Amounts				
	2021	2020	2019	2018	2017
Revenues					
Property taxes	\$ 716,996	\$ 503,289	\$ 298,832	\$ 195,077	\$ -
Penalties and interest	5,796	5,313	2,675	9,802	27,062
Accrued interest on bonds sold					4,909
Miscellaneous	60				38
Investment earnings	428	3,072	6,342	2,809	
Total Revenues	<u>723,280</u>	<u>511,674</u>	<u>307,849</u>	<u>207,688</u>	<u>32,009</u>
Expenditures					
Tax collection services	26,281	23,621	17,297	19,197	23,872
Debt service					
Principal	125,000	125,000			
Interest and fees	418,684	338,412	257,329	213,242	
Total Expenditures	<u>569,965</u>	<u>487,033</u>	<u>274,626</u>	<u>232,439</u>	<u>23,872</u>
Revenues Over/(Under) Expenditures	<u>\$ 153,315</u>	<u>\$ 24,641</u>	<u>\$ 33,223</u>	<u>\$ (24,751)</u>	<u>\$ 8,137</u>

*Percentage is negligible

See accompanying auditors' report.

Percent of Fund Total Revenues

2021	2020	2019	2018	2017
99%	98%	97%	94%	
1%	1%	1%	5%	85%
*				15%
*	1%	2%	1%	*
100%	100%	100%	100%	100%
4%	5%	6%	9%	75%
17%	24%			
58%	66%	84%	103%	
79%	95%	90%	112%	75%
21%	5%	10%	(12%)	25%

***Bauer Landing Water Control and Improvement District
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended December 31, 2021***

Complete District Mailing Address: 2929 Allen Parkway, Suite 3150, Houston, TX 77019-7100
 District Business Telephone Number: (713) 489-8977
 Submission Date of the most recent District Registration Form
 (TWC Sections 36.054 and 49.054): June 2, 2020
 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
Board Members				
Donn Land	05/20 - 05/24	\$ 1,350	\$ 1,784	President
Don R. Riggs	05/20 - 05/24	750	63	Vice President
Juan M. Olivo	10/19 - 05/22	600		Treasurer
Kameron Pugh	09/20 - 05/24	450	18	Secretary
Keith Arrant	05/21 - 05/22	450	62	Assistant Secretary
Carl D. McConnell	05/18 - 05/21	150		Former Director
Consultants				
Johnson Petrov LLP <i>General legal fees</i>	2014	<u>\$ 50,117</u>		Attorney
Champions Hydro Lawn		127,741		Landscape Maintenance
McLennan & Associates, L.P.	2014	20,234		Bookkeeper
Bob Leared Interests	2014	11,682		Tax Collector
Harris County Appraisal District	Legislation	9,547		Property Valuation
Perdue, Brandon, Fielder, Collins, & Mott, LP	2014	2,137		Delinquent Tax Attorney
Pape-Dawson Engineers, Inc.	2014	42,744		Engineer
McGrath & Co., PLLC	2016	15,250		Auditor
The GMS Group, L.L.C.	2014			Financial Advisor

* *Fees of Office* are the amounts actually paid to a director during the District's fiscal year.
 See accompanying auditors' report.