

**BAUER LANDING WATER CONTROL
AND IMPROVEMENT DISTRICT**

HARRIS COUNTY, TEXAS

FINANCIAL REPORT

December 31, 2022

Table of Contents

	<u>Schedule</u>	<u>Page</u>
Independent Auditor's Report		1
Management's Discussion and Analysis		7
BASIC FINANCIAL STATEMENTS		
Statement of Net Position and Governmental Funds Balance Sheet		16
Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances		17
Notes to Financial Statements		19
REQUIRED SUPPLEMENTARY INFORMATION		
Budgetary Comparison Schedule – General Fund		34
Notes to Required Supplementary Information		35
TEXAS SUPPLEMENTARY INFORMATION		
Services and Rates	TSI-1	38
General Fund Expenditures	TSI-2	40
Investments	TSI-3	41
Taxes Levied and Receivable	TSI-4	42
Long-Term Debt Service Requirements by Years	TSI-5	43
Change in Long-Term Bonded Debt	TSI-6	50
Comparative Schedule of Revenues and Expenditures – General Fund	TSI-7a	52
Comparative Schedule of Revenues and Expenditures – Debt Service Fund	TSI-7b	54
Board Members, Key Personnel and Consultants	TSI-8	56

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Houston, Texas 77092

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, 2022, 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, 2022, 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 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.

W. G. Math & Co, P.C.

Houston, Texas
May 10, 2023

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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, 2022***

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, 2022. 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, 2022***

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, 2022, was negative \$2,331,126. A comparative summary of the District's overall financial position, as of December 31, 2022 and 2021, is as follows:

	2022	2021
Current and other assets	\$ 4,823,460	\$ 3,604,218
Capital assets	12,097,822	11,322,969
Total assets	<u>16,921,282</u>	<u>14,927,187</u>
 Total deferred outflows of resources	 <u>132,906</u>	 <u> </u>
 Current liabilities	 578,240	 456,835
Long-term liabilities	16,632,135	15,036,212
Total liabilities	<u>17,210,375</u>	<u>15,493,047</u>
 Total deferred inflows of resources	 <u>2,174,939</u>	 <u>1,529,791</u>
 Net position		
Net investment in capital assets	(4,007,358)	(3,114,279)
Restricted	454,587	244,720
Unrestricted	1,221,645	773,908
Total net position	<u>\$ (2,331,126)</u>	<u>\$ (2,095,651)</u>

***Bauer Landing Water Control and Improvement District
Management's Discussion and Analysis
December 31, 2022***

The total net position of the District decreased during the current fiscal year by \$235,475. A comparative summary of the District's *Statement of Activities* for the past two years is as follows:

	<u>2022</u>	<u>2021</u>
Revenues		
Property taxes, penalties and interest	\$ 1,538,240	\$ 1,176,543
Other	50,160	2,156
Total revenues	<u>1,588,400</u>	<u>1,178,699</u>
Expenses		
Operating and administrative	426,760	349,258
Debt interest and fees	418,352	443,748
Developer interest	337,699	
Debt issuance costs	443,160	
Depreciation	197,904	183,883
Total expenses	<u>1,823,875</u>	<u>976,889</u>
Change in net position	(235,475)	201,810
Net position, beginning of year	<u>(2,095,651)</u>	<u>(2,297,461)</u>
Net position, end of year	<u>\$ (2,331,126)</u>	<u>\$ (2,095,651)</u>

Financial Analysis of the District's Funds

The District's combined fund balances, as of December 31, 2022, were \$2,564,758, which consists of \$1,220,825 in the General Fund, \$599,884 in the Debt Service Fund, and \$744,049 in the Capital Projects Fund.

General Fund

A comparative summary of the General Fund's financial position as of December 31, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Total assets	<u>\$ 2,239,518</u>	<u>\$ 1,553,336</u>
Total liabilities	\$ 64,478	\$ 85,923
Total deferred inflows	954,215	693,505
Total fund balance	<u>1,220,825</u>	<u>773,908</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 2,239,518</u>	<u>\$ 1,553,336</u>

***Bauer Landing Water Control and Improvement District
Management's Discussion and Analysis
December 31, 2022***

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

	<u>2022</u>	<u>2021</u>
Total revenues	\$ 715,839	\$ 458,323
Total expenditures	<u>(268,922)</u>	<u>(275,064)</u>
Revenues over expenditures	<u>\$ 446,917</u>	<u>\$ 183,259</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 2021 levy was recognized as revenues in the 2022 fiscal year, while the 2020 levy was recognized in the 2021 fiscal year (to the extent that these amounts were collected). Property tax revenues increased from prior year because the District increased the maintenance and operations component of the levy and because assessed values increased from prior year.

Debt Service Fund

A comparative summary of the Debt Service Fund's financial position as of December 31, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Total assets	<u>\$ 1,830,774</u>	<u>\$ 1,238,394</u>
Total liabilities	\$ 8,359	\$ 11,199
Total deferred inflows	1,222,531	836,286
Total fund balance	<u>599,884</u>	<u>390,909</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 1,830,774</u>	<u>\$ 1,238,394</u>

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

	<u>2022</u>	<u>2021</u>
Total revenues	\$ 856,850	\$ 723,280
Total expenditures	<u>(862,929)</u>	<u>(569,965)</u>
Revenues over/(under) expenditures	(6,079)	153,315
Other changes in fund balance	<u>215,054</u>	<u></u>
Net change in fund balance	<u>\$ 208,975</u>	<u>\$ 153,315</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 changes 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

***Bauer Landing Water Control and Improvement District
Management’s Discussion and Analysis
December 31, 2022***

cash flows in the Debt Service Fund to ensure that the District will be able to meet its future debt service requirements.

During the current year, the District issued \$5,440,000 in refunding bonds to refund \$5,175,000 of its outstanding Series 2017 bonds. This refunding will save the District \$579,093 in future debt service requirements.

Capital Projects Fund

A comparative summary of the Capital Projects Fund’s financial position as of December 31, 2022 and 2021 is as follows:

	2022	2021
Total assets	<u>\$ 753,168</u>	<u>\$ 812,488</u>
Total liabilities	\$ 9,119	\$ 13,524
Total fund balance	<u>744,049</u>	<u>798,964</u>
Total liabilities and fund balance	<u>\$ 753,168</u>	<u>\$ 812,488</u>

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

	2022	2021
Total revenues	\$ 13,904	\$ 576
Total expenditures	<u>(2,788,819)</u>	<u>(47,913)</u>
Revenues under expenditures	(2,774,915)	(47,337)
Other changes in fund balance	<u>2,720,000</u>	
Net change in fund balance	<u>\$ (54,915)</u>	<u>\$ (47,337)</u>

The District’s capital asset activity in the current year was financed with proceeds from the issuance of its Series 2022A Unlimited Tax Bonds. The District did not have significant capital asset activity in the prior year.

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 \$187,153 greater than budgeted. The *Budgetary Comparison Schedule* on page 34 of this report provides variance information per financial statement line item.

***Bauer Landing Water Control and Improvement District
Management’s Discussion and Analysis
December 31, 2022***

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.

Capital assets held by the District at December 31, 2022 and 2021 are summarized as follows:

	<u>2022</u>	<u>2021</u>
Capital assets not being depreciated		
Land and improvements	\$ 4,235,628	\$ 3,893,854
Capital assets being depreciated		
Drainage facilities	8,905,723	8,274,740
Less accumulated depreciation	<u>(1,043,529)</u>	<u>(845,625)</u>
Depreciable capital assets, net	<u>7,862,194</u>	<u>7,429,115</u>
Capital assets, net	<u>\$ 12,097,822</u>	<u>\$ 11,322,969</u>

Capital asset additions during the current year include the following:

- Utilities and paving to serve Bauer Landing Section 8 and Reserve
- Detention basin Phase III Eastern portion (11.327 acres)
- Detention basin Phase III Western portion (4.937 acres)

Long-Term Debt

At December 31, 2022 and 2021, the District had total bonded debt outstanding as shown below:

<u>Series</u>	<u>2022</u>	<u>2021</u>
2017	\$ 150,000	\$ 5,450,000
2019	4,045,000	4,120,000
2020	4,675,000	4,675,000
2022 Refunding	5,440,000	
2022A	<u>2,720,000</u>	
	<u>\$ 17,030,000</u>	<u>\$ 14,245,000</u>

During the current year, the District issued \$5,440,000 in unlimited tax refunding bonds and \$2,720,000 in unlimited tax bonds. At December 31, 2022, the District had \$32,785,000 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, 2022***

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>2022 Actual</u>	<u>2023 Budget</u>
Total revenues	\$ 715,839	\$ 923,172
Total expenditures	<u>(268,922)</u>	<u>(257,160)</u>
Revenues over expenditures	446,917	666,012
Beginning fund balance	<u>773,908</u>	<u>1,220,825</u>
Ending fund balance	<u><u>\$ 1,220,825</u></u>	<u><u>\$ 1,886,837</u></u>

Property Taxes

The District’s property tax base increased approximately \$94,518,000 for the 2022 tax year from \$203,418,744 to \$297,936,894. This increase was primarily due to new construction in the District and increased property values. For the 2022 tax year, the District has levied a maintenance tax rate of \$0.32 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 \$0.73 per \$100 of assessed value. Tax rates for the 2021 tax year were \$0.34 per \$100 for maintenance and operations and \$0.41 per \$100 for debt service for a combined total of \$0.75 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, 2022

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	\$ 52,155	\$ 1,708,471	\$ 47,536	\$ 1,808,162	\$ -	\$ 1,808,162
Investments	1,164,942	608,829	784,259	2,558,030		2,558,030
Taxes receivable	200,473	256,795		457,268		457,268
Internal balances	821,948	(743,321)	(78,627)			
Capital assets not being depreciated					4,235,628	4,235,628
Capital assets, net					7,862,194	7,862,194
Total Assets	<u>\$ 2,239,518</u>	<u>\$ 1,830,774</u>	<u>\$ 753,168</u>	<u>\$ 4,823,460</u>	<u>12,097,822</u>	<u>16,921,282</u>
Deferred Outflows of Resources						
Deferred difference on refunding					132,906	132,906
Liabilities						
Accounts payable	\$ 64,478	\$ -	\$ 9,119	\$ 73,597		73,597
Other payables		5,141		5,141		5,141
Accrued interest payable		3,218		3,218	146,284	149,502
Long-term debt						
Due within one year					350,000	350,000
Due after one year					16,632,135	16,632,135
Total Liabilities	<u>64,478</u>	<u>8,359</u>	<u>9,119</u>	<u>81,956</u>	<u>17,128,419</u>	<u>17,210,375</u>
Deferred Inflows of Resources						
Deferred property taxes	954,215	1,222,531		2,176,746	(1,807)	2,174,939
Fund Balances/Net Position						
Fund Balances						
Restricted		599,884	744,049	1,343,933	(1,343,933)	
Unassigned	1,220,825			1,220,825	(1,220,825)	
Total Fund Balances	<u>1,220,825</u>	<u>599,884</u>	<u>744,049</u>	<u>2,564,758</u>	<u>(2,564,758)</u>	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,239,518</u>	<u>\$ 1,830,774</u>	<u>\$ 753,168</u>	<u>\$ 4,823,460</u>		
Net Position						
Net investment in capital assets					(4,007,358)	(4,007,358)
Restricted for debt service					454,587	454,587
Unrestricted					1,221,645	1,221,645
Total Net Position					<u>\$ (2,331,126)</u>	<u>\$ (2,331,126)</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, 2022

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Property taxes	\$ 691,534	\$ 833,028	\$ -	\$ 1,524,562	\$ 1,807	\$ 1,526,369
Penalties and interest		11,871		11,871		11,871
Miscellaneous	2,400	588		2,988		2,988
Investment earnings	21,905	11,363	13,904	47,172		47,172
Total Revenues	715,839	856,850	13,904	1,586,593	1,807	1,588,400
Expenditures/Expenses						
Operating and administrative						
Professional fees	74,867		122,308	197,175		197,175
Contracted services	18,625	28,657		47,282		47,282
Repairs and maintenance	160,595			160,595		160,595
Administrative	14,135	6,448	425	21,008		21,008
Other	700			700		700
Capital outlay			2,102,654	2,102,654	(2,102,654)	
Debt service						
Principal		200,000		200,000	(200,000)	
Interest and fees		410,397		410,397	7,955	418,352
Developer interest			337,699	337,699		337,699
Debt issuance costs		217,427	225,733	443,160		443,160
Depreciation					197,904	197,904
Total Expenditures/Expenses	268,922	862,929	2,788,819	3,920,670	(2,096,795)	1,823,875
Revenues Over/(Under) Expenditures	446,917	(6,079)	(2,774,915)	(2,334,077)	2,334,077	
Other Financing Sources/(Uses)						
Proceeds from sale of refunding bonds		5,440,000		5,440,000	(5,440,000)	
Proceeds from sale of bonds			2,720,000	2,720,000	(2,720,000)	
Bond discount		(49,946)		(49,946)	49,946	
Debt service - principal		(5,175,000)		(5,175,000)	5,175,000	
Net Change in Fund Balances	446,917	208,975	(54,915)	600,977	(600,977)	
Change in Net Position					(235,475)	(235,475)
Fund Balance/Net Position						
Beginning of the year	773,908	390,909	798,964	1,963,781	(4,059,432)	(2,095,651)
End of the year	\$ 1,220,825	\$ 599,884	\$ 744,049	\$ 2,564,758	\$ (4,895,884)	\$ (2,331,126)

See notes to basic financial statements.

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Bauer Landing Water Control and Improvement District
Notes to Financial Statements
December 31, 2022

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 Texas Water Code, Chapters 49 and 54. 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, 2022

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's 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, 2022

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, 2022, 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 2022 property tax levy are not considered current year revenues and, consequently, are also reported as deferred property taxes.

Note 1 – Summary of Significant Accounting Policies (continued)

Deferred Inflows and Outflows of Financial Resources (continued)

Deferred outflows of financial resources at the government-wide level are from a refunding bond transaction 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. Deferred inflows of financial resources at the government-wide level consist of the 2022 property tax levy, which was levied to finance the 2023 fiscal year.

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.

Bauer Landing Water Control and Improvement District
Notes to Financial Statements
December 31, 2022

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Balances – Governmental Funds (continued)

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; 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.

Bauer Landing Water Control and Improvement District
Notes to Financial Statements
December 31, 2022

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		\$ 2,564,758
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.

Historical cost		\$ 13,141,351
Less accumulated depreciation		<u>(1,043,529)</u>
Change due to capital assets		12,097,822

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 *Statement of Net Position* and amortized to interest expense. It is not recorded in the fund statements because it is not a financial resource.

132,906

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		(16,982,135)
Interest payable on bonds		<u>(146,284)</u>
Change due to long-term debt		(17,128,419)

The unavailable portion of property taxes receivable and collections of the 2022 property tax levy are reported as deferred inflows in the fund financial statements. In the government wide statements, however, deferred inflows consist of the entire 2022 property tax levy.

Fund level deferred property taxes		2,176,746
Government wide level deferred property taxes		<u>(2,174,939)</u>
		1,807

Total net position - governmental activities		<u><u>\$ (2,331,126)</u></u>
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Bauer Landing Water Control and Improvement District
Notes to Financial Statements
December 31, 2022

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	\$	600,977
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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.		1,807
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Governmental funds report capital outlays for developer reimbursements and construction costs as expenditures in the funds; however, in the *Statement of Activities*, the cost of capital assets is charged to expense over the estimated useful life of the asset.

Capital outlays	\$ 2,102,654		
Depreciation expense	<u>(197,904)</u>		1,904,750

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.

Issuance of long-term debt	(8,160,000)		
Principal payments	5,375,000		
Bond discount	49,946		
Interest expense accrual	<u>(7,955)</u>		(2,743,009)

Change in net position of governmental activities	\$	<u><u>(235,475)</u></u>
---	----	-------------------------

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, 2022

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, 2022, the District’s investments consist of the following:

Type	Fund	Carrying Value	Rating	Weighted Average Maturity
Texas CLASS	General	\$ 1,164,942		
	Debt Service	608,829		
	Capital Projects	784,259		
Total		<u>\$ 2,558,030</u>	AAAm	33 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, 2022*

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, 2022, consist of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amounts</u>	<u>Purpose</u>
General Fund	Debt Service Fund	\$ 743,321	Maintenance tax collections not remitted as of year end
General Fund	Capital Projects Fund	78,627	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, 2022

Note 5 – Capital Assets

A summary of changes in capital assets, for the year ended December 31, 2022, is as follows:

	Beginning Balances	Additions/ Adjustments	Ending Balances
Capital assets not being depreciated			
Land and improvements	\$ 3,893,854	\$ 341,774	\$ 4,235,628
Capital assets being depreciated			
Drainage facilities	8,274,740	630,983	8,905,723
Less accumulated depreciation	(845,625)	(197,904)	(1,043,529)
Subtotal depreciable capital assets, net	7,429,115	433,079	7,862,194
Capital assets, net	\$ 11,322,969	\$ 774,853	\$ 12,097,822

Depreciation expense for the current year was \$197,904.

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.

Changes in the estimated amounts due to developer during the year are as follows:

Due to developer, beginning of year	\$ 1,129,897
Developer reimbursements	(2,102,654)
Developer funded construction and adjustments	972,757
Due to developer, end of year	\$ -

Bauer Landing Water Control and Improvement District
Notes to Financial Statements
December 31, 2022

Note 7 – Long-Term Debt

Long-term debt is comprised of the following:

Bonds payable	\$ 17,030,000
Unamortized discounts	<u>(47,865)</u>
	<u>\$ 16,982,135</u>
Due within one year	<u>\$ 350,000</u>

The District's bonds payable at December 31, 2022, 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	\$ 150,000	\$ 5,700,000	2.00% - 3.875%	March 1, 2020/2045	March 1, September 1,	March 1, 2022
2019	4,045,000	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
2022 Refunding	5,440,000	5,440,000	2.00% - 3.00%	March 1, 2023/2045	March 1, September 1,	March 1, 2027
2022A	2,720,000	2,720,000	4.00% - 6.50%	March 1, 2025/2048	March 1, September 1,	March 1, 2027
	<u>\$ 17,030,000</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, 2022, the District had authorized but unissued bonds in the amount of \$32,785,000 for drainage improvements. 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 amounts of new money tax bonds.

Bauer Landing Water Control and Improvement District
Notes to Financial Statements
December 31, 2022

Note 7 – Long-Term Debt (continued)

On March 3, 2022, the District issued its \$5,440,000 Series 2022 Unlimited Tax Refunding Bonds at a net effective interest 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. As of December 31, 2022, the bonds have all been redeemed and are no longer outstanding.

On November 10, 2022, the District issued its \$2,720,000 Series 2022A Unlimited Tax Bonds at a net effective interest rate of 4.83283%. Proceeds of the bonds were used to reimburse its developer for the cost of capital assets constructed within the District plus interest expense at the net effective interest rate of the bonds and the acquisition of land for certain District facilities.

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

Bonds payable, beginning of year	\$	14,245,000
Bonds issued		8,160,000
Bonds retired		(200,000)
Bonds refunded		<u>(5,175,000)</u>
Bonds payable, end of year	\$	<u><u>17,030,000</u></u>

Bauer Landing Water Control and Improvement District
Notes to Financial Statements
December 31, 2022

Note 7 – Long-Term Debt (continued)

As of December 31, 2022, annual debt service requirements on bonds outstanding are as follows:

Year	Principal	Interest	Totals
2023	\$ 350,000	\$ 483,417	\$ 833,417
2024	375,000	494,173	869,173
2025	440,000	481,061	921,061
2026	500,000	465,723	965,723
2027	525,000	449,148	974,148
2028	530,000	433,247	963,247
2029	525,000	419,198	944,198
2030	605,000	404,972	1,009,972
2031	610,000	389,525	999,525
2032	610,000	373,780	983,780
2033	640,000	357,013	997,013
2034	685,000	338,558	1,023,558
2035	690,000	319,157	1,009,157
2036	715,000	298,814	1,013,814
2037	740,000	277,304	1,017,304
2038	770,000	254,613	1,024,613
2039	795,000	230,728	1,025,728
2040	825,000	205,868	1,030,868
2041	850,000	180,105	1,030,105
2042	905,000	153,064	1,058,064
2043	930,000	124,742	1,054,742
2044	960,000	95,548	1,055,548
2045	1,040,000	64,629	1,104,629
2046	735,000	36,363	771,363
2047	500,000	16,362	516,362
2048	180,000	4,275	184,275
	<u>\$ 17,030,000</u>	<u>\$ 7,347,112</u>	<u>\$ 24,197,112</u>

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, 2022

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 2022 fiscal year was financed through the 2021 tax levy, pursuant to which the District levied property taxes of \$0.75 per \$100 of assessed value, of which \$0.34 was allocated to maintenance and operations and \$0.41 was allocated to debt service. The resulting tax levy was \$1,525,641 on the adjusted taxable value of \$203,418,744.

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, 2022 levy collections in the amount of \$1,719,480 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 2022 tax levy of \$2,174,939 is reported as deferred inflows. These amounts will be recognized as revenue in 2023.

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.

Required Supplementary Information

Bauer Landing Water Control and Improvement District
Required Supplementary Information - Budgetary Comparison Schedule - General Fund
For the Year Ended December 31, 2022

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Property taxes	\$ 507,654	\$ 691,534	\$ 183,880
Miscellaneous		2,400	2,400
Investment earnings	180	21,905	21,725
Total Revenues	<u>507,834</u>	<u>715,839</u>	<u>208,005</u>
Expenditures			
Operating and administrative			
Professional fees	85,500	74,867	10,633
Contracted services	16,800	18,625	(1,825)
Repairs and maintenance	130,240	160,595	(30,355)
Administrative	15,230	14,135	1,095
Other	300	700	(400)
Total Expenditures	<u>248,070</u>	<u>268,922</u>	<u>(20,852)</u>
Revenues Over Expenditures	259,764	446,917	187,153
Fund Balance			
Beginning of the year	773,908	773,908	
End of the year	<u>\$ 1,033,672</u>	<u>\$ 1,220,825</u>	<u>\$ 187,153</u>

*Bauer Landing Water Control and Improvement District
Notes to Required Supplementary Information
December 31, 2022*

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, 2022

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, 2022***

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 to customers:	<u> N/A </u>	(Gallons billed / Gallons pumped)
		<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: 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, 2022

Professional fees	
Legal	\$ 30,593
Audit	10,000
Engineering	32,474
Financial advisor	1,800
	<u>74,867</u>
Contracted services	
Bookkeeping	<u>18,625</u>
Repairs and maintenance	<u>160,595</u>
Administrative	
Directors fees	3,750
Printing and office supplies	1,580
Insurance	4,143
Other	4,662
	<u>14,135</u>
Other	<u>700</u>
Total expenditures	<u>\$ 268,922</u>

See accompanying auditors' report.

Bauer Landing Water Control and Improvement District
TSI-3. Investments
December 31, 2022

Fund	Interest Rate	Maturity Date	Balance at End of Year
General			
Texas CLASS	Variable	N/A	<u>\$ 1,164,942</u>
Debt Service			
Texas CLASS	Variable	N/A	<u>608,829</u>
Capital Projects			
Texas CLASS	Variable	N/A	<u>784,259</u>
Total - All Funds			<u><u>\$ 2,558,030</u></u>

See accompanying auditors' report.

***Bauer Landing Water Control and Improvement District
TSI-4. Taxes Levied and Receivable
December 31, 2022***

	Maintenance Taxes	Debt Service Taxes	Totals	
Taxes Receivable, Beginning of Year	\$ 517,941	\$ 624,575	\$ 1,142,516	
Adjustments to Prior Year Tax Levy	(1,882)	(2,268)	(4,150)	
Adjusted Receivable	516,059	622,307	1,138,366	
2022 Original Tax Levy	902,216	1,155,964	2,058,180	
Adjustments	51,182	65,577	116,759	
Adjusted Tax Levy	953,398	1,221,541	2,174,939	
Total to be accounted for	1,469,457	1,843,848	3,313,305	
Tax collections:				
Current year	753,745	965,735	1,719,480	
Prior years	515,239	621,318	1,136,557	
Total Collections	1,268,984	1,587,053	2,856,037	
Taxes Receivable, End of Year	\$ 200,473	\$ 256,795	\$ 457,268	
Taxes Receivable, By Years				
2022	\$ 199,653	\$ 255,806	\$ 455,459	
2021	820	989	1,809	
Taxes Receivable, End of Year	\$ 200,473	\$ 256,795	\$ 457,268	
	2022	2021	2020	2019
Property Valuations:				
Land	\$ 52,075,342	\$ 43,474,247	\$ 32,239,251	\$ 26,087,497
Improvements	249,122,301	162,464,622	121,440,133	95,020,262
Personal Property	1,535,040	1,235,230	1,009,239	765,106
Exemptions	(4,795,789)	(3,755,355)	(2,571,287)	(1,520,096)
Total Property Valuations	\$ 297,936,894	\$ 203,418,744	\$ 152,117,336	\$ 120,352,769
Tax Rates per \$100 Valuation:				
Maintenance tax rates	\$ 0.32	\$ 0.34	\$ 0.30	\$ 0.35
Debt service tax rates	0.41	0.41	0.47	0.42
Total Tax Rates per \$100 Valuation	\$ 0.73	\$ 0.75	\$ 0.77	\$ 0.77
Adjusted Tax Levy:	\$ 2,174,939	\$ 1,525,641	\$ 1,171,303	\$ 926,716
Percentage of Taxes Collected to Taxes Levied **	79.06%	99.88%	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, 2022*

Due During Fiscal Years Ending	Principal Due March 1	Interest Due March 1, September 1	Total
<u>2023</u>	<u>\$ 150,000</u>	<u>\$ 1,763</u>	<u>\$ 151,763</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, 2022

<u>Due During Fiscal Years Ending</u>	<u>Principal Due March 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
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>\$ 4,045,000</u>	<u>\$ 1,982,553</u>	<u>\$ 6,027,553</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, 2022

<u>Due During Fiscal Years Ending</u>	<u>Principal Due March 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
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>\$ 1,559,189</u>	<u>\$ 6,234,189</u>

See accompanying auditors' report.

*Bauer Landing Water Control and Improvement District
 TSI-5. Long-Term Debt Service Requirements
 Series 2022 Refunding--by Years
 December 31, 2022*

<u>Due During Fiscal Years Ending</u>	<u>Principal Due March 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2023	\$ 25,000	\$ 135,873	\$ 160,873
2024	175,000	132,873	307,873
2025	175,000	127,623	302,623
2026	205,000	121,923	326,923
2027	205,000	115,773	320,773
2028	205,000	110,648	315,648
2029	200,000	106,598	306,598
2030	225,000	102,347	327,347
2031	225,000	97,847	322,847
2032	220,000	93,398	313,398
2033	245,000	88,441	333,441
2034	240,000	82,985	322,985
2035	240,000	77,585	317,585
2036	260,000	71,635	331,635
2037	255,000	65,197	320,197
2038	255,000	58,631	313,631
2039	275,000	51,609	326,609
2040	275,000	44,321	319,321
2041	295,000	36,769	331,769
2042	290,000	29,017	319,017
2043	310,000	21,067	331,067
2044	310,000	12,852	322,852
2045	330,000	4,372	334,372
	<u>\$ 5,440,000</u>	<u>\$ 1,789,384</u>	<u>\$ 7,229,384</u>

See accompanying auditors' report.

*Bauer Landing Water Control and Improvement District
 TSI-5. Long-Term Debt Service Requirements
 Series 2022A--by Years
 December 31, 2022*

<u>Due During Fiscal Years Ending</u>	<u>Principal Due March 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2023	\$ -	\$ 107,276	\$ 107,276
2024		128,732	128,732
2025	65,000	126,619	191,619
2026	70,000	122,231	192,231
2027	70,000	117,681	187,681
2028	75,000	113,156	188,156
2029	75,000	109,406	184,406
2030	80,000	106,306	186,306
2031	85,000	102,953	187,953
2032	90,000	99,344	189,344
2033	95,000	95,410	190,410
2034	95,000	91,254	186,254
2035	100,000	86,988	186,988
2036	105,000	82,438	187,438
2037	110,000	77,601	187,601
2038	115,000	72,538	187,538
2039	120,000	67,175	187,175
2040	125,000	61,509	186,509
2041	130,000	55,611	185,611
2042	140,000	49,368	189,368
2043	145,000	42,778	187,778
2044	150,000	35,862	185,862
2045	160,000	28,500	188,500
2046	165,000	20,781	185,781
2047	175,000	12,706	187,706
2048	180,000	4,275	184,275
	<u>\$ 2,720,000</u>	<u>\$ 2,018,498</u>	<u>\$ 4,738,498</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, 2022***

Due During Fiscal Years Ending	Principal Due March 1	Interest Due March 1, September 1	Total
2023	\$ 350,000	\$ 483,417	\$ 833,417
2024	375,000	494,173	869,173
2025	440,000	481,061	921,061
2026	500,000	465,723	965,723
2027	525,000	449,148	974,148
2028	530,000	433,247	963,247
2029	525,000	419,198	944,198
2030	605,000	404,972	1,009,972
2031	610,000	389,525	999,525
2032	610,000	373,780	983,780
2033	640,000	357,013	997,013
2034	685,000	338,558	1,023,558
2035	690,000	319,157	1,009,157
2036	715,000	298,814	1,013,814
2037	740,000	277,304	1,017,304
2038	770,000	254,613	1,024,613
2039	795,000	230,728	1,025,728
2040	825,000	205,868	1,030,868
2041	850,000	180,105	1,030,105
2042	905,000	153,064	1,058,064
2043	930,000	124,742	1,054,742
2044	960,000	95,548	1,055,548
2045	1,040,000	64,629	1,104,629
2046	735,000	36,363	771,363
2047	500,000	16,362	516,362
2048	180,000	4,275	184,275
	<u>\$ 17,030,000</u>	<u>\$ 7,351,387</u>	<u>\$ 24,381,387</u>

See accompanying auditors' report.

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***Bauer Landing Water Control and Improvement District
TSI-6. Change in Long-Term Bonded Debt
December 31, 2022***

	Bond Issue			
	Series 2017	Series 2019	Series 2020	Series 2022 Refunding
Interest rate	2.00% - 3.875%	3.00% - 4.50%	2.00% - 2.25%	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	3/1/20 - 3/1/45	3/1/22 - 3/1/46	3/1/23 - 3/1/47	3/1/23 - 3/1/45
Beginning bonds outstanding	\$ 5,450,000	\$ 4,120,000	\$ 4,675,000	\$ -
Bonds issued				5,440,000
Bonds refunded	(5,175,000)			
Bonds retired	(125,000)	(75,000)		
Ending bonds outstanding	<u>\$ 150,000</u>	<u>\$ 4,045,000</u>	<u>\$ 4,675,000</u>	<u>\$ 5,440,000</u>
Interest paid during fiscal year	<u>\$ 98,399</u>	<u>\$ 140,631</u>	<u>\$ 102,250</u>	<u>\$ 68,124</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			
All other Series	The Bank of New York Mellon Trust Company, N.A., Dallas, Texas			

Bond Authority:	Water, Sewer and Drainage Bonds
Amount Authorized by Voters	\$ 50,000,000
Amount Issued	(17,215,000)
Remaining To Be Issued	<u>\$ 32,785,000</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, 2022:	<u>\$ 2,317,300</u>
Average annual debt service payment (principal and interest) for remaining term of all debt:	<u>\$ 937,746</u>

See accompanying auditors' report.

<u>Bond Issue</u>	
<u>Series 2022A</u>	<u>Totals</u>
4.00% - 6.50%	
3/1; 9/1	
3/1/25 - 3/1/48	
\$ -	\$ 14,245,000
2,720,000	8,160,000
	(5,175,000)
	(200,000)
<u>\$ 2,720,000</u>	<u>\$ 17,030,000</u>
<u>\$ -</u>	<u>\$ 409,404</u>

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

	Amounts				
	2022	2021	2020	2019	2018
Revenues					
Property taxes	\$ 691,534	\$ 457,231	\$ 419,195	\$ 420,254	\$ 347,325
Miscellaneous	2,400	426			
Investment earnings	21,905	666	5,681	12,327	7,857
Total Revenues	<u>715,839</u>	<u>458,323</u>	<u>424,876</u>	<u>432,581</u>	<u>355,182</u>
Expenditures					
Operating and administrative					
Professional fees	74,867	93,684	65,080	92,713	62,255
Contracted services	18,625	16,575	17,618	16,420	17,698
Repairs and maintenance	160,595	148,866	170,762	178,547	136,269
Administrative	14,135	13,129	13,593	9,531	12,738
Other	700	2,810	1,675	2,100	
Capital outlay			77,975		
Total Expenditures	<u>268,922</u>	<u>275,064</u>	<u>346,703</u>	<u>299,311</u>	<u>228,960</u>
Revenues Over Expenditures	<u>\$ 446,917</u>	<u>\$ 183,259</u>	<u>\$ 78,173</u>	<u>\$ 133,270</u>	<u>\$ 126,222</u>

*Percentage is negligible

See accompanying auditors' report.

Percent of Fund Total Revenues

2022	2021	2020	2019	2018
97%	100%	99%	97%	98%
*	*			
3%	*	1%	3%	2%
100%	100%	100%	100%	100%
11%	20%	16%	22%	18%
3%	4%	4%	4%	5%
23%	33%	41%	42%	39%
2%	3%	3%	2%	4%
*	1%	*	*	
		18%		
39%	61%	82%	70%	66%
61%	39%	18%	30%	34%

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				
	2022	2021	2020	2019	2018
Revenues					
Property taxes	\$ 833,028	\$ 716,996	\$ 503,289	\$ 298,832	\$ 195,077
Penalties and interest	11,871	5,796	5,313	2,675	9,802
Miscellaneous	588	60			
Investment earnings	11,363	428	3,072	6,342	2,809
Total Revenues	<u>856,850</u>	<u>723,280</u>	<u>511,674</u>	<u>307,849</u>	<u>207,688</u>
Expenditures					
Tax collection services	35,105	26,281	23,621	17,297	19,197
Debt service					
Principal	200,000	125,000	125,000		
Interest and fees	410,397	418,684	338,412	257,329	213,242
Debt issuance cost	217,427				
Total Expenditures	<u>862,929</u>	<u>569,965</u>	<u>487,033</u>	<u>274,626</u>	<u>232,439</u>
Revenues Over/(Under) Expenditures	<u>\$ (6,079)</u>	<u>\$ 153,315</u>	<u>\$ 24,641</u>	<u>\$ 33,223</u>	<u>\$ (24,751)</u>

*Percentage is negligible

See accompanying auditors' report.

Percent of Fund Total Revenues

2022	2021	2020	2019	2018
98%	99%	98%	97%	94%
1%	1%	1%	1%	5%
*	*			
1%	*	1%	2%	1%
100%	100%	100%	100%	100%
4%	4%	5%	6%	9%
23%	17%	24%		
48%	58%	66%	84%	103%
25%				
100%	79%	95%	90%	112%
0%	21%	5%	10%	(12%)

***Bauer Landing Water Control and Improvement District
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended December 31, 2022***

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 15, 2022
 Limit on Fees of Office that a Director may receive during a fiscal year: \$ 7,200
 (Set by Board Resolution -- TWC Section 49.0600)

<u>Names:</u>	<u>Term of Office (Elected or Appointed) or Date Hired</u>	<u>Fees of Office Paid *</u>	<u>Expense Reimburse- ments</u>	<u>Title at Year End</u>
Board Members				
Donn Land	05/20 - 05/24	\$ 900	\$ 232	President
Don R. Riggs	05/20 - 05/24	750	195	Vice President
Juan M. Olivo	05/22 - 05/26	900	205	Treasurer
Kameron Pugh	05/22 - 05/26	750	94	Secretary
Keith Arrant	05/22 - 05/26	450	115	Assistant Secretary
Consultants				
Johnson Petrov LLP	2014	<u>Amounts Paid</u>		Attorney
<i>General legal fees</i>		\$ 37,612		
<i>Bond counsel</i>		134,560		
Champions Hydro Lawn		152,367		Landscape Maintenance
McLennan & Associates, L.P.	2014	24,150		Bookkeeper
Bob Leared Interests	2014	19,407		Tax Collector
Harris County Appraisal District	Legislation	8,607		Property Valuation
Perdue, Brandon, Fielder, Collins, & Mott, LP	2014	719		Delinquent Tax Attorney
Pape-Dawson Engineers, Inc.	2014	105,153		Engineer
McGrath & Co., PLLC	2016	18,475		Auditor
The GMS Group, L.L.C.	2014	114,855		Financial Advisor

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