

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 44

BRAZORIA COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

MAY 31, 2024

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-8
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET	9-10
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION	11
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE	12-13
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES	14
NOTES TO THE FINANCIAL STATEMENTS	15-26
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND	28
SUPPLEMENTARY INFORMATION – REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE	
NOTES REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE (Included in the notes to the financial statements)	
SERVICES AND RATES	30-32
GENERAL FUND EXPENDITURES	33
INVESTMENTS	34
TAXES LEVIED AND RECEIVABLE	35-36
LONG-TERM DEBT SERVICE REQUIREMENTS	37
CHANGES IN LONG-TERM BOND DEBT	38-39
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES GENERAL FUND AND DEBT SERVICE FUND - THREE YEARS	40-43
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS	44-45

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Brazoria County Municipal Utility District No. 44
Brazoria County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Brazoria County Municipal Utility District No. 44 (the "District") as of and for the year ended May 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the District as of May 31, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Board of Directors
Brazoria County Municipal Utility District No. 44

Supplementary Information

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

A handwritten signature in black ink that reads "McCall Gibson Swedlund Barfoot PLLC". The signature is written in a cursive, flowing style.

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

September 19, 2024

**BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 44
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2024**

Management’s discussion and analysis of the financial performance of Brazoria County Municipal Utility District No. 44 (the “District”) provides an overview of the District’s financial activities for the year ended May 31, 2024.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

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

**BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 44
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2024**

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, liabilities exceeded assets by \$13,676,058 as of May 31, 2024. A portion of the District's net position reflects its net investment in capital assets which includes the water, wastewater and detention facilities less any debt used to acquire those assets that is still outstanding.

**BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 44
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2024**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The following table summarizes the Statement of Net Position for the years ended May 31, 2024, and May 31, 2023.

	Summary of Changes in the Statement of Net Position		
	2024	2023	Change Positive (Negative)
Current and Other Assets	\$ 1,252,797	\$ 358,833	\$ 893,964
Capital Assets (Net of Accumulated Depreciation)	<u>9,455,277</u>	<u>8,966,705</u>	<u>488,572</u>
Total Assets	<u>\$ 10,708,074</u>	<u>\$ 9,325,538</u>	<u>\$ 1,382,536</u>
Due to Developer	\$ 17,263,143	\$ 21,844,446	\$ 4,581,303
Bonds Payable	6,860,000		(6,860,000)
Other Liabilities	<u>260,989</u>	<u>147,252</u>	<u>(113,737)</u>
Total Liabilities	<u>\$ 24,384,132</u>	<u>\$ 21,991,698</u>	<u>\$ (2,392,434)</u>
Net Position:			
Net Investment in Capital Assets	\$ (13,989,299)	\$ (12,370,596)	\$ (1,618,703)
Restricted	168,093		168,093
Unrestricted	<u>145,148</u>	<u>(295,564)</u>	<u>440,712</u>
Total Net Position	<u>\$ (13,676,058)</u>	<u>\$ (12,666,160)</u>	<u>\$ (1,009,898)</u>

The following table summarizes the District's operations for the years ended May 31, 2024, and May 31, 2023.

	Summary of Changes in the Statement of Activities		
	2024	2023	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 639,453	\$ 68,019	\$ 571,434
Charges for Services	861,692	535,761	325,931
Other Revenues	<u>22,266</u>	<u>433</u>	<u>21,833</u>
Total Revenues	<u>\$ 1,523,411</u>	<u>\$ 604,213</u>	<u>\$ 919,198</u>
Expenses for Services	<u>2,533,309</u>	<u>9,647,096</u>	<u>7,113,787</u>
Change in Net Position	\$ (1,009,898)	\$ (9,042,883)	\$ 8,032,985
Net Position, Beginning of Year	<u>(12,666,160)</u>	<u>(3,623,277)</u>	<u>(9,042,883)</u>
Net Position, End of Year	<u>\$ (13,676,058)</u>	<u>\$ (12,666,160)</u>	<u>\$ (1,009,898)</u>

**BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 44
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2024**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of May 31, 2024, were \$1,087,627, an increase of \$876,046 from the prior year.

The General Fund fund balance increased by \$440,712, primarily due to property tax revenues and service revenues exceeding the costs of purchased services, administrative costs, and professional fees.

The Debt Service Fund fund balance increased by \$263,912, primarily due to the receipt of capitalized interest from the sale of Series 2023 Road Bonds and the payment of Series 2023 Road Bond interest.

The Capital Projects Fund fund balance increased by \$171,422. The District sold its Series 2023 Road Bonds and used a portion of the proceeds to reimburse its developer, as more fully discussed in Note 13.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors adopted a General Fund budget for the current fiscal year. The budget was amended to reflect increases in anticipated property tax revenues, purchased services, and maintenance costs as well as a decrease in anticipated developer advances. Actual revenues were \$442,045 more than budgeted revenues and actual expenditures were \$13,183 more than budgeted expenditures which resulted in a positive budget variance of \$428,862. See the budget to actual comparison for more information.

CAPITAL ASSETS

Capital assets as of May 31, 2024, total \$9,455,277 (net of accumulated depreciation) and include the water, wastewater and detention systems. Additions to capital assets included the Pradera Oaks Lift Station.

Capital Assets At Year-End			
	2024	2023	Change Positive (Negative)
Capital Assets Subject to Depreciation:			
Water System	\$ 1,606,338	\$ 1,606,338	\$
Wastewater System	3,781,270	3,068,815	712,455
Detention System	4,587,589	4,587,589	
Less Accumulated Depreciation	(519,920)	(296,037)	(223,883)
Total Net Capital Assets	\$ 9,455,277	\$ 8,966,705	\$ 488,572

**BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 44
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2024**

LONG-TERM DEBT ACTIVITY

As of May 31, 2024, the District had total bond debt payable of \$6,860,000. The changes in the debt position of the District during the fiscal year ended May 31, 2024, are summarized as follows:

Bond Debt Payable, June 1, 2023	\$ - 0 -
Add: Bond Sale - Series 2023	<u>6,860,000</u>
Bond Debt Payable, May 31, 2024	<u><u>\$ 6,860,000</u></u>

The District's Series 2023 Road Bonds do not carry underlying nor insured ratings.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Brazoria County Municipal Utility District No. 44, c/o Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 44
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
MAY 31, 2024

	General Fund	Debt Service Fund
ASSETS		
Cash	\$ 132,081	\$ 34,233
Investments	571,018	279,477
Receivables:		
Service Accounts	64,566	
Due from Other Funds	49,798	
Capital Assets (Net of Accumulated Depreciation)	_____	_____
TOTAL ASSETS	\$ 817,463	\$ 313,710
LIABILITIES		
Accounts Payable	\$ 150,300	\$
Accrued Interest Payable		
Due to Developer		
Due to Other Funds		49,798
Security Deposits	14,870	
Long-Term Liabilities:		
Bonds Payable, Due After One Year	_____	_____
TOTAL LIABILITIES	\$ 165,170	\$ 49,798
FUND BALANCES		
Restricted for Authorized Construction	\$	\$
Restricted for Debt Service		263,912
Unassigned	652,293	_____
TOTAL FUND BALANCES	\$ 652,293	\$ 263,912
TOTAL LIABILITIES AND FUND BALANCES	\$ 817,463	\$ 313,710
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$ 28,812	\$ 195,126	\$	\$ 195,126
142,610	993,105		993,105
	64,566		64,566
	49,798	(49,798)	
		9,455,277	9,455,277
<u>\$ 171,422</u>	<u>\$ 1,302,595</u>	<u>\$ 9,405,479</u>	<u>\$ 10,708,074</u>
\$	\$ 150,300	\$	\$ 150,300
		95,819	95,819
		17,263,143	17,263,143
	49,798	(49,798)	
	14,870		14,870
		6,860,000	6,860,000
<u>\$ -0-</u>	<u>\$ 214,968</u>	<u>\$ 24,169,164</u>	<u>\$ 24,384,132</u>
\$ 171,422	\$ 171,422	\$ (171,422)	\$
	263,912	(263,912)	
	652,293	(652,293)	
<u>\$ 171,422</u>	<u>\$ 1,087,627</u>	<u>\$ (1,087,627)</u>	<u>\$ -0-</u>
<u>\$ 171,422</u>	<u>\$ 1,302,595</u>		
		\$ (13,989,299)	\$ (13,989,299)
		168,093	168,093
		145,148	145,148
		<u>\$ (13,676,058)</u>	<u>\$ (13,676,058)</u>

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

**BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 44
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
MAY 31, 2024**

Total Fund Balances - Governmental Funds \$ 1,087,627

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

Capital assets in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. 9,455,277

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

Due to Developer	\$ (17,263,143)	
Accrued Interest Payable	(95,819)	
Bonds Payable	<u>(6,860,000)</u>	<u>(24,218,962)</u>

Total Net Position - Governmental Activities \$ (13,676,058)

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

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BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 44
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MAY 31, 2024

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	\$ 639,453	\$
Water Service	379,895	
Wastewater Service	241,376	
Penalty and Interest	8,188	
Connection and Inspection Fees	232,233	
Investment and Miscellaneous Revenues	11,775	6,956
TOTAL REVENUES	\$ 1,512,920	\$ 6,956
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 124,929	\$
Contracted Services	41,516	12,065
Purchased Services	476,078	
Repairs and Maintenance	218,716	
Depreciation		
Other	210,969	3,530
Capital Outlay		
Developer Interest		
Excess Conveyance of Assets in Prior Year		
Debt Service:		
Bond Interest		110,724
Bond Issuance Costs		
TOTAL EXPENDITURES/EXPENSES	\$ 1,072,208	\$ 126,319
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	\$ 440,712	\$ (119,363)
OTHER FINANCING SOURCES (USES)		
Proceeds from Issuance of Long-Term Debt	\$ -0-	\$ 383,275
NET CHANGE IN FUND BALANCES	\$ 440,712	\$ 263,912
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - JUNE 1, 2023	211,581	
FUND BALANCES/NET POSITION - MAY 31, 2024	\$ 652,293	\$ 263,912

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 639,453	\$	\$ 639,453
	379,895		379,895
	241,376		241,376
	8,188		8,188
	232,233		232,233
3,535	22,266		22,266
<u>\$ 3,535</u>	<u>\$ 1,523,411</u>	<u>\$ -0-</u>	<u>\$ 1,523,411</u>
\$	\$ 124,929	\$	\$ 124,929
	53,581		53,581
	476,078		476,078
	218,716		218,716
		223,883	223,883
75	214,574		214,574
5,237,243	5,237,243	(5,237,243)	
506,741	506,741		506,741
		(56,515)	(56,515)
	110,724	95,819	206,543
564,779	564,779		564,779
<u>\$ 6,308,838</u>	<u>\$ 7,507,365</u>	<u>\$ (4,974,056)</u>	<u>\$ 2,533,309</u>
<u>\$ (6,305,303)</u>	<u>\$ (5,983,954)</u>	<u>\$ 4,974,056</u>	<u>\$ (1,009,898)</u>
<u>\$ 6,476,725</u>	<u>\$ 6,860,000</u>	<u>\$ (6,860,000)</u>	<u>\$ -0-</u>
\$ 171,422	\$ 876,046	\$ (876,046)	\$
		(1,009,898)	(1,009,898)
	211,581	(12,877,741)	(12,666,160)
<u>\$ 171,422</u>	<u>\$ 1,087,627</u>	<u>\$ (14,763,685)</u>	<u>\$ (13,676,058)</u>

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

**BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 44
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2024**

Net Change in Fund Balances - Governmental Funds	\$	876,046
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds do not account for depreciation. However, depreciation expense is recorded in the Statement of Activities.		(223,883)
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Governmental funds report capital outlay and developer reimbursements as expenditures in the period purchased. In the government-wide financial statements, capital assets are increased by new purchases or the related developer liability is reduced.		5,237,243
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Assets conveyed to other governmental entities are recorded as expenses in the Statement of Activities.		56,515
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Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.		(95,819)
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Governmental funds report bond proceeds as other financing sources. Bond sales increase long-term liabilities in the Statement of Net Position.		<u>(6,860,000)</u>
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Change in Net Position - Governmental Activities	\$	<u>(1,009,898)</u>
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The accompanying notes to the financial statements are an integral part of this report.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 44
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2024

NOTE 1. CREATION OF DISTRICT

Brazoria County Municipal Utility District No. 44 (the “District”) was organized, created and established pursuant to Senate Bill No. 1871 in the 79th Regular Session of the Texas Legislature, codified as Chapter 8153, Special District Local Laws Code in accordance with Article XVI, Section 59 of the Texas Constitution effective September 1, 2005. Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants, and improvements necessary to provide water, sanitary sewer service, storm sewer drainage, irrigation, roads, solid waste collection and disposal, including recycling, and to construct parks and recreational facilities for the residents of the District. The Board of Directors held its organizational meeting on December 19, 2006.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

Financial Statement Presentation

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

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

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 44
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

These classifications are defined as follows:

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

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

Government-Wide Financial Statements

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

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

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

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 44
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements and Governmental Funds

The District's fund financial statements are combined with the government-wide financial statements. The fund financial statements include a Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances. The District has three governmental funds and considers each to be a major fund.

General Fund - To account for resources not required to be accounted for in another fund, customer service revenues, operating costs and general expenditures.

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

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

Basis of Accounting

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

Property taxes considered available by the District and included in revenue include the taxes collected during the year and taxes collected after year-end, which were considered available to defray the expenditures of the current year. Deferred inflows of resources related to property tax revenues are those taxes which the District does not reasonably expect to be collected soon enough in the subsequent period to finance current expenditures.

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. The Debt Service Fund owed the General Fund \$49,798 for maintenance tax collections as of fiscal year end.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 44
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset. Utilities infrastructure and detention ponds owned by the District are capitalized if they have an original cost greater than \$5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation over estimated useful lives ranging from 10 to 45 years.

Certain land, roads and storm sewer infrastructure are conveyed to Brazoria County for ownership and maintenance. Since inception, the District has conveyed infrastructure totaling \$12,018,044.

Budgeting

A budget is adopted each year for the General Fund by the District's Board of Directors and is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the budgeted amounts compared to the actual amounts of revenues and expenditures for the current year.

Pensions

A pension plan has not been established. The District does not have employees, except that the Internal Revenue Service has determined that directors are considered to be “employees” for federal payroll tax purposes only.

Measurement Focus

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

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 44
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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

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

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

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

Unassigned: all other spendable amounts in the General Fund.

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

Accounting Estimates

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

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 44
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2024

NOTE 3. LONG-TERM DEBT

	Series 2023
Amount Outstanding – May 31, 2024	\$ 6,860,000
Interest Rates	5.00% - 6.00%
Maturity Dates – Serially Beginning/Ending	September 1, 2025/2048
Interest Payment Dates	September 1/ March 1
Callable Dates	September 1, 2030 *

* By lot or other customary random selection at a price equal to the principal amount thereof plus accrued to the date fixed for redemption. Series 2023 term bonds maturing September 1, 2030, 2033, 2036, 2039, 2042, and 2048 are subject to mandatory redemption beginning September 1, 2028, 2031, 2034, 2037, 2040, and 2043, respectively.

The debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2025	\$	\$ 383,275	\$ 383,275
2026	150,000	379,525	529,525
2027	155,000	371,900	526,900
2028	165,000	363,901	528,901
2029	175,000	355,400	530,400
2030-2034	1,020,000	1,631,458	2,651,458
2035-2039	1,310,000	1,329,880	2,639,880
2040-2044	1,695,000	914,555	2,609,555
2045-2049	2,190,000	342,000	2,532,000
	\$ 6,860,000	\$ 6,071,894	\$ 12,931,894

Bonds payable activity for the current fiscal year is summarized in the following table:

	June 1, 2023	Additions	Retirements	May 31, 2024
Bonds Payable	\$ -0-	\$ 6,860,000	\$ -0-	\$ 6,860,000
		Amount Due Within One Year		\$ -0-
		Amount Due After One Year		6,860,000
		Total Bonds Payable		\$ 6,860,000

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 44
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2024

NOTE 3. LONG-TERM DEBT (Continued)

The District’s authorized but unissued bonds include the following: \$66,700,000 for the purchase or construction of water, sewer, and drainage facilities and \$66,700,000 for refunding of such bonds; \$25,140,000 for the purchase or construction of road facilities and \$32,000,000 for refunding of such bonds; and \$32,500,000 for recreational facilities and \$16,250,000 for refunding of such bonds.

The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount. The District did not levy a debt service tax in the current fiscal year.

NOTE 4. SIGNIFICANT BOND RESOLUTION AND LEGAL REQUIREMENTS

The District has covenanted that it will take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross proceeds of the bonds, within the meaning of section 148(f) of the Internal Revenue Code, be rebated to the federal government. The minimum requirement for determination of the rebatable amount is on each five-year anniversary of the bonds. The bond resolution states that the District is required to provide to certain information repositories continuing disclosure of annual financial information and operating data with respect to the District. The information is of the general type included in the annual audit report and must be filed within six months after the end of each fiscal year.

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year-end, the carrying amount of the District’s deposits was \$195,126 and the bank balance was \$346,280. The District was not exposed to custodial credit risk at year end. The carrying values of the deposits at year end are summarized in the following table:

	Cash
GENERAL FUND	\$ 132,081
DEBT SERVICE FUND	34,233
CAPITAL PROJECTS FUND	28,812
TOTAL DEPOSITS	\$ 195,126

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 44
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2024

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

The District’s deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes which require that all cash balances shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged.

Investments

The District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all District funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the District’s financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth. The District’s investments must be made “with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person’s own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived.” No person may invest District funds without written authority from the Board of Directors. Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. The District has adopted a written investment policy which is reviewed annually and may be more restrictive than the Public Funds Investment Act. As of May 31, 2024, the District had the following investments and maturities:

Funds and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
Texas CLASS	\$ 571,018	\$ 571,018
<u>DEBT SERVICE FUND</u>		
Texas CLASS	279,477	279,477
<u>CAPITAL PROJECTS FUND</u>		
Texas CLASS	142,610	142,610
TOTAL INVESTMENTS	\$ 993,105	\$ 993,105

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 44
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2024

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

The District invests in Texas Cooperative Liquid Assets Securities System Trust (“Texas CLASS”), a public funds investment pool. Public Trust Advisors, LLC serves as the pool’s administrator and investment advisor and UMB Bank, N.A., serves as the custodian for the pool. Texas CLASS is subject to the general supervision of the Board of Trustees and its Advisory Board, both of which are elected by the Texas CLASS participants. The investments are considered to be Level I investments because their fair value is measured by quoted prices in active markets. There are no limitations or restrictions on withdrawals from Texas CLASS.

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The District’s investments in Texas CLASS were rated AAAM by Standard and Poor’s. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investments in Texas CLASS to have a maturity of less than one year since the share position can usually be redeemed each day at the discretion of the District, unless there has been a significant change in value.

Restrictions - All cash and investments of the Debt Service Fund are restricted for the payment of debt service and the cost of assessing and collecting taxes. All cash and investments of the Capital Projects Fund are restricted for the purchase of capital assets.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the current fiscal year is summarized in the following table:

	June 1, 2023	Increases	Decreases	May 31, 2024
Capital Assets Subject to Depreciation				
Water System	\$ 1,606,338	\$	\$	\$ 1,606,338
Wastewater System	3,068,815	712,455		3,781,270
Detention System	4,587,589			4,587,589
Total Capital Assets Subject to Depreciation	\$ 9,262,742	\$ 712,455	\$ -0-	\$ 9,975,197
Accumulated Depreciation				
Water System	\$ 35,783	\$ 35,794	\$	\$ 71,577
Wastewater System	71,270	85,863		157,133
Detention System	188,984	102,226		291,210
Total Accumulated Depreciation	\$ 296,037	\$ 223,883	\$ -0-	\$ 519,920
Total Capital Assets, Net of Accumulated Depreciation	\$ 8,966,705	\$ 488,572	\$ -0-	\$ 9,455,277

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 44
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2024

NOTE 7. MAINTENANCE TAX

On May 12, 2007 and May 7, 2022, the voters of the District approved the levy and collection of a maintenance tax not to exceed \$1.50 per \$100 of assessed valuation of taxable property within the District. This maintenance tax is to be used by the General Fund to pay expenditures of operating the District's facilities as well as any other lawfully authorized purpose. During the year ended May 31, 2024, the District levied an ad valorem maintenance tax rate of \$1.50 per \$100 of assessed valuation, which resulted in a tax levy of \$639,453 on the adjusted taxable valuation of \$42,630,178 for the 2023 tax year.

On May 7, 2022, the voters of the District approved the levy and collection of a road maintenance tax not to exceed \$0.25 per \$100 of assessed valuation of taxable property within the District which are to be used to maintain the District's roads. The District did not levy an ad valorem road maintenance tax during the current fiscal year.

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

NOTE 8. WATER SUPPLY AND WASTEWATER SERVICE AGREEMENT

On October 20, 2020, the District entered into a wholesale water supply and wastewater service agreement (the "Agreement") with Metro Water Systems, Inc. ("Metro") and Wan Bridge Land LLC. The Agreement was amended on April 21, 2022, and again on August 17, 2023. The Agreement provides the terms and conditions under which Metro will provide wholesale potable water supply and wastewater treatment to the District in sufficient quantities to meet the District's total projected demand at full development. The District pays Metro wholesale rates as set forth in the Agreement to provide service to the District. The District is the only customer of the Metro plants, which are located in the District.

Metro's water plant consists of 2 water wells with a capacity of 500 gallons per minute and one ground storage tank with a capacity of 240,000 gallons and one hydropneumatics tank with a capacity of 15,000 gallons. Metro owns and operates 0.135 million gallon per day wastewater treatment plant with the potential for future expansions. Metro is responsible for the cost of operating and maintaining its water plant and wastewater treatment plant. The District is responsible for designing, constructing, operating and maintaining all internal facilities necessary for the distribution of water supplies received from Metro to its customers and for the collection of wastewater from its customers and delivery of such wastewater to Metro. The District contracts with Municipal District Services to operate and maintain the District's water and wastewater facilities and bill District customers.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 44
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2024

NOTE 8. WATER SUPPLY AND WASTEWATER SERVICE AGREEMENT
(Continued)

The term of the Agreement is 50 years beginning October 20, 2020, and will be automatically extended for additional 50 years terms thereafter unless either party gives written notice of cancellation to the other party no later than one year prior to the termination date.

NOTE 9. BRAZORIA COUNTY GROUNDWATER CONSERVATION DISTRICT

The District is located within the boundaries of the Brazoria County Groundwater Conservation District (the “Conservation District”). The Conservation District was created under Article 16, Section 59 of the Texas Constitution by House Bill 3602 (the “Act”), as passed by the 77th Texas Legislature in 2001, and confirmed by county voters in an election held November 8, 2005. The Act empowers the Conservation District to maintain and protect the groundwater resources of Brazoria County. The Conservation District imposes fees on certain municipal, industrial and commercial users, and may collect additional fees on groundwater exported from the county.

NOTE 10. EMERGENCY WATER SUPPLY AGREEMENT

On March 21, 2024, the District entered into an emergency water supply agreement with Brazoria County Municipal Utility District No. 64. The agreement outlines the terms and conditions under which the districts will provide potable water to each other for use during emergency conditions. The agreement has a term of 40 years.

NOTE 11. UNREIMBURSED DEVELOPER COSTS

The District has executed financing agreements which call for the developer to fund costs associated with the construction of utilities and road infrastructure as well as operating advances. Reimbursement to the developer will come from future bond sales. The following table summarizes the current year activity related to unreimbursed developer costs for completed projects and operating advances:

Due to Developer, beginning of year	\$ 21,844,446
Plus Additions	712,455
Less Reimbursements	<u>(5,293,758)</u>
Due to Developer, end of year	<u>\$ 17,263,143</u>

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 44
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2024

NOTE 12. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The District carries commercial insurance for its fidelity bonds and participates in the Texas Municipal League Intergovernmental Risk Pool (TML) to provide general liability, automobile, and errors and omissions coverage. The District, along with other participating entities, contributes annual amounts determined by TML's management. As claims arise, they are submitted and paid by TML. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 13. BOND SALE

On November 17, 2023, the District issued its Unlimited Tax Road Bonds, Series 2023 in the amount of \$6,860,000. Proceeds were used to reimburse the developer for land costs as well as construction and engineering of road facilities serving Pradera Oaks Sections 0, 1, 2, 3, 4, 5, 6, 8, 9, 10, and 11. Proceeds were also used to pay certain bond issuance costs, developer interest, and capitalized interest.

NOTE 14. SUBSEQUENT EVENT – PENDING BOND SALES

During the fourth quarter of 2024, subsequent to the audit report date, the District anticipates closing on the sale of its \$3,690,000 Series 2024 Unlimited Tax Bonds. Proceeds of the bonds will be used to reimburse the developer for land as well construction costs for the water, wastewater, and drainage facilities serving Pradera Oaks, Sections 0 and 1. Bond proceeds will also be used to pay bond issuance costs, developer interest, operating costs, and capitalized interest.

During the fourth quarter of 2024, subsequent to the audit report date, the District also anticipates closing on the sale of its \$1,630,000 Series 2024 Unlimited Tax Road Bonds. Proceeds of the bonds will be used to reimburse the developer for land as well construction costs for paving which serves Pradera Oaks, Sections 10 and 11. Bond proceeds will also be used to pay bond issuance costs, developer interest, and capitalized interest.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 44

REQUIRED SUPPLEMENTARY INFORMATION

MAY 31, 2024

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 44
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED MAY 31, 2024

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
REVENUES				
Property Taxes	\$ 425,000	\$ 615,000	\$ 639,453	\$ 24,453
Water Service	156,500	156,500	379,895	223,395
Wastewater Service	130,000	130,000	241,376	111,376
Penalty and Interest	6,000	6,000	8,188	2,188
Connection and Inspection Fees	163,275	163,275	232,233	68,958
Investment and Miscellaneous Revenues	100	100	11,775	11,675
TOTAL REVENUES	<u>\$ 880,875</u>	<u>\$ 1,070,875</u>	<u>\$ 1,512,920</u>	<u>\$ 442,045</u>
EXPENDITURES				
Service Operations:				
Professional Fees	\$ 116,750	\$ 116,750	\$ 124,929	\$ (8,179)
Contracted Services	38,000	38,000	41,516	(3,516)
Purchased Services	550,000	572,540	476,078	96,462
Repairs and Maintenance	75,000	116,400	218,716	(102,316)
Other	213,735	215,335	210,969	4,366
TOTAL EXPENDITURES	<u>\$ 993,485</u>	<u>\$ 1,059,025</u>	<u>\$ 1,072,208</u>	<u>\$ (13,183)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (112,610)</u>	<u>\$ 11,850</u>	<u>\$ 440,712</u>	<u>\$ 428,862</u>
OTHER FINANCING SOURCES (USES)				
Developer Advances	\$ 112,610	\$ -0-	\$ -0-	\$ -0-
NET CHANGE IN FUND BALANCE	\$ -0-	\$ 11,850	\$ 440,712	\$ 428,862
FUND BALANCE - JUNE 1, 2023	<u>211,581</u>	<u>211,581</u>	<u>211,581</u>	
FUND BALANCE - MAY 31, 2024	<u>\$ 211,581</u>	<u>\$ 223,431</u>	<u>\$ 652,293</u>	<u>\$ 428,862</u>

See accompanying independent auditor's report.

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BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 44

SUPPLEMENTARY INFORMATION – REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

MAY 31, 2024

**BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 44
SERVICES AND RATES
FOR THE YEAR ENDED MAY 31, 2024**

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered	_____	_____	x 1.0	_____
≤ ³ / ₄ "	<u>467</u>	<u>467</u>	x 1.0	<u>467</u>
1"	<u>1</u>	<u>1</u>	x 2.5	<u>3</u>
1½"	_____	_____	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 Connections	<u><u>468</u></u>	<u><u>468</u></u>		<u><u>470</u></u>
Total Wastewater Connections	<u><u>466</u></u>	<u><u>466</u></u>	x 1.0	<u><u>466</u></u>

3. TOTAL WATER CONSUMPTION DURING THE FISCAL YEAR ROUNDED TO THE NEAREST THOUSAND: (UNAUDITED)

Gallons billed to customers:	30,359,000	Water Accountability Ratio: 100% (Gallons billed/Gallons purchased)
Gallons purchased:	30,359,000	From: Metro Water Systems, Inc. (Pradera Oaks Water System)

See accompanying independent auditor's report.

**BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 44
SERVICES AND RATES
FOR THE YEAR ENDED MAY 31, 2024**

4. STANDBY FEES (authorized only under TWC Section 49.231):

Does the District have Debt Service standby fees? Yes No

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

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes No

County in which District is located:

Brazoria County, Texas

Is the District located within a city?

Entirely Partly Not at all

Is the District located within a City's extraterritorial jurisdiction (ETJ)?

Entirely Partly Not at all

ETJ in which District is Located

Village of Bonney, Texas

Are Board Members appointed by an office outside the District?

Yes No

See accompanying independent auditor's report.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 44
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED MAY 31, 2024

PROFESSIONAL FEES:	
Auditing	\$ 9,500
Engineering	12,352
Legal	<u>103,077</u>
TOTAL PROFESSIONAL FEES	<u>\$ 124,929</u>
PURCHASED SERVICES	<u>\$ 476,078</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 9,629
Operations and Billing	<u>31,887</u>
TOTAL CONTRACTED SERVICES	<u>\$ 41,516</u>
REPAIRS AND MAINTENANCE	<u>\$ 218,716</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees, Including Payroll Taxes	\$ 10,225
Insurance	13,292
Legal Notices	2,460
Meetings and Other	<u>921</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 26,898</u>
OTHER EXPENDITURES:	
Chemicals, Labs and Permit Fees	\$ 1,044
Connection and Inspection Fees	179,157
Utilities	1,484
TCEQ Regulatory Assessment	<u>2,386</u>
TOTAL OTHER EXPENDITURES	<u>\$ 184,071</u>
TOTAL EXPENDITURES	<u><u>\$ 1,072,208</u></u>

See accompanying independent auditor's report.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 44
INVESTMENTS
MAY 31, 2024

<u>Funds</u>	<u>Identification or Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Accrued Interest Receivable at End of Year</u>
<u>GENERAL FUND</u>					
Texas CLASS	XXXX0001	Varies	Daily	\$ 571,018	\$ -0-
<u>DEBT SERVICE FUND</u>					
Texas CLASS	XXXX0003	Varies	Daily	\$ 279,477	\$ -0-
<u>CAPITAL PROJECTS FUND</u>					
Texas CLASS	XXXX0002	Varies	Daily	\$ 142,610	\$ -0-
TOTAL - ALL FUNDS				<u>\$ 993,105</u>	<u>\$ -0-</u>

See accompanying independent auditor's report.

**BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 44
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED MAY 31, 2024**

		Maintenance Taxes
TAXES RECEIVABLE -		
JUNE 1, 2023	\$ -0-	
Adjustments to Beginning		
Balance	_____	\$ -0-
Original 2023 Tax Levy	\$ 639,453	
Adjustment to 2023 Tax Levy	_____	639,453
TOTAL TO BE		
ACCOUNTED FOR		\$ 639,453
 TAX COLLECTIONS:		
Prior Years	\$ -0-	
Current Year	_____	639,453
 TAXES RECEIVABLE -		
MAY 31, 2024		\$ -0-

See accompanying independent auditor's report.

**BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 44
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED MAY 31, 2024**

	<u>2023</u>	<u>2022</u>	<u>2021</u>
PROPERTY VALUATIONS:			
Land	\$ 20,587,430	\$ 5,626,200	\$ 3,497,820
Improvements	20,469,458	672,060	
Personal Property	1,575,810	541,810	
Exemptions	<u>(2,520)</u>	<u>(38,130)</u>	<u>(34,750)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 42,630,178</u>	<u>\$ 6,801,940</u>	<u>\$ 3,463,070</u>
TAX RATES PER \$100 VALUATION:			
Maintenance	<u>\$ 1.50</u>	<u>\$ 1.00</u>	<u>\$ 1.00</u>
ADJUSTED TAX LEVY*	<u>\$ 639,453</u>	<u>\$ 68,019</u>	<u>\$ 34,631</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED			
	<u>100.00 %</u>	<u>100.00 %</u>	<u>100.00 %</u>

* Based upon the adjusted tax levy at the time of the audit for the fiscal year in which the tax was levied.

Maintenance Tax – Maximum tax rate of \$1.50 per \$100 of assessed valuation approved by voters on May 12, 2007 and May 7, 2022.

See accompanying independent auditor's report.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 44
LONG-TERM DEBT SERVICE REQUIREMENTS
MAY 31, 2024

S E R I E S - 2 0 2 3 R O A D

Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2025	\$	\$ 383,275	\$ 383,275
2026	150,000	379,525	529,525
2027	155,000	371,900	526,900
2028	165,000	363,901	528,901
2029	175,000	355,400	530,400
2030	185,000	346,400	531,400
2031	195,000	336,901	531,901
2032	200,000	326,900	526,900
2033	215,000	316,266	531,266
2034	225,000	304,991	529,991
2035	235,000	293,056	528,056
2036	250,000	280,324	530,324
2037	260,000	266,937	526,937
2038	275,000	252,550	527,550
2039	290,000	237,013	527,013
2040	305,000	220,650	525,650
2041	320,000	203,062	523,062
2042	340,000	184,087	524,087
2043	355,000	164,106	519,106
2044	375,000	142,650	517,650
2045	395,000	119,550	514,550
2046	415,000	95,250	510,250
2047	435,000	69,750	504,750
2048	460,000	42,900	502,900
2049	485,000	14,550	499,550
	<u>\$ 6,860,000</u>	<u>\$ 6,071,894</u>	<u>\$ 12,931,894</u>

See accompanying independent auditor's report.

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BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 44
CHANGES IN LONG TERM BOND DEBT
FOR THE YEAR ENDED MAY 31, 2024

Description	Original Bonds Issued	Bonds Outstanding June 1, 2023	
Brazoria County Municipal Utility District No. 44 Unlimited Tax Road Bonds - Series 2023	<u>\$ 6,860,000</u>	<u>\$ -0-</u>	
Bond Authority:	Tax Bonds	Road Bonds	Park Bonds
Amount Authorized by Voters	\$ 66,700,000	\$ 32,000,000	\$ 32,500,000
Amount Issued		(6,860,000)	
Remaining to be Issued	<u>\$ 66,700,000</u>	<u>\$ 25,140,000</u>	<u>\$ 32,500,000</u>
Debt Service Fund cash and investment balances as of May 31, 2024:		<u>\$ 313,710</u>	
Average annual debt service payment (principal and interest) for remaining term of all debt:		<u>\$ 517,276</u>	

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

Note: The District also has refunding bonds authorized but unissued as follows:
\$66,700,000 for utilities, \$32,000,000 for roads, and \$16,250,000 for parks.

See accompanying independent auditor's report.

<u>Current Year Transactions</u>				
<u>Bonds Sold</u>	<u>Retirements</u>		<u>Bonds Outstanding May 31, 2024</u>	<u>Paying Agent</u>
	<u>Principal</u>	<u>Interest</u>		
<u>\$ 6,860,000</u>	<u>\$ -0-</u>	<u>\$ 110,724</u>	<u>\$ 6,860,000</u>	BOKF, NA Dallas, TX

See accompanying independent auditor's report.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 44
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - THREE YEARS

	Amounts		
	2024	2023	2022
REVENUES			
Property Taxes	\$ 639,453	\$ 68,019	\$ 34,631
Water Service	379,895	180,014	10,934
Wastewater Service	241,376	151,457	8,411
Penalty and Interest	8,188	5,051	722
Connection and Inspection Fees	232,233	199,239	95,917
Investment and Miscellaneous Revenues	<u>11,775</u>	<u>433</u>	<u>263</u>
TOTAL REVENUES	<u>\$ 1,512,920</u>	<u>\$ 604,213</u>	<u>\$ 150,878</u>
EXPENDITURES			
Professional Fees	\$ 124,929	\$ 104,849	\$ 178,124
Contracted Services	41,516	36,843	11,565
Purchased Services	476,078	85,339	
Repairs and Maintenance	218,716	72,200	8,687
Other	<u>210,969</u>	<u>157,151</u>	<u>68,455</u>
TOTAL EXPENDITURES	<u>\$ 1,072,208</u>	<u>\$ 456,382</u>	<u>\$ 266,831</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 440,712</u>	<u>\$ 147,831</u>	<u>\$ (115,953)</u>
OTHER FINANCING SOURCES (USES)			
Developer Advances	<u>\$ -0-</u>	<u>\$ 43,000</u>	<u>\$ 190,000</u>
NET CHANGE IN FUND BALANCE	\$ 440,712	\$ 190,831	\$ 74,047
BEGINNING FUND BALANCE (DEFICIT)	<u>211,581</u>	<u>20,750</u>	<u>(53,297)</u>
ENDING FUND BALANCE	<u>\$ 652,293</u>	<u>\$ 211,581</u>	<u>\$ 20,750</u>

See accompanying independent auditor's report.

Percentage of
Total Revenues

<u>2024</u>	<u>2023</u>	<u>2022</u>
42.3 %	11.2 %	22.9 %
25.1	29.8	7.2
16.0	25.1	5.6
0.5	0.8	0.5
15.3	33.0	63.6
<u>0.8</u>	<u>0.1</u>	<u>0.2</u>
<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
8.3 %	17.4 %	118.1 %
2.7	6.1	7.7
31.5	14.1	
14.5	11.9	5.8
<u>13.9</u>	<u>26.0</u>	<u>45.4</u>
<u>70.9 %</u>	<u>75.5 %</u>	<u>177.0 %</u>
<u>29.1 %</u>	<u>24.5 %</u>	<u>(77.0) %</u>

See accompanying independent auditor's report.

**BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 44
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - THREE YEARS**

	Amounts		
	2024	2023	2022
REVENUES			
Investment and Miscellaneous Revenues	\$ 6,956	\$ -0-	\$ -0-
EXPENDITURES			
Tax Collection Expenditures	\$ 15,595	\$	\$
Debt Service Interest and Fees	110,724	_____	_____
TOTAL EXPENDITURES	<u>\$ 126,319</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (119,363)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from Issuance of Long-Term Debt	<u>\$ 383,275</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
NET CHANGE IN FUND BALANCE	\$ 263,912	\$	\$
BEGINNING FUND BALANCE	_____	_____	_____
ENDING FUND BALANCE	<u>\$ 263,912</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
TOTAL ACTIVE RETAIL WATER CONNECTIONS	<u>468</u>	<u>271</u>	<u>84</u>
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	<u>466</u>	<u>271</u>	<u>83</u>

See accompanying independent auditor's report.

Percentage of Total Revenues

<u>2024</u>	<u>2023</u>	<u>2022</u>
<u>100.0</u> %	<u>N/A</u>	<u>N/A</u>
224.2 %		
<u>1,591.8</u>	<u> </u>	<u> </u>
<u>1,816.0</u> %	<u>N/A</u>	<u>N/A</u>
<u>(1,716.0)</u> %	<u>N/A</u>	<u>N/A</u>

See accompanying independent auditor's report.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 44
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
MAY 31, 2024

District Mailing Address - Brazoria County Municipal Utility District No. 44
c/o Allen Boone Humphries Robinson LLP
3200 Southwest Freeway, Suite 2600
Houston, TX 77027

District Telephone Number - (713) 860-6400

Board Members:	Term of Office (Elected or <u>Appointed</u>)	Fees of Office for the year ended <u>May 31, 2024</u>	Expense Reimbursements for the year ended <u>May 31, 2024</u>	<u>Title</u>
Joel Michael	05/2024 05/2028 (Elected)	\$ 1,918	\$ 60	President
Melanie Folkert	05/2022 05/2026 (Elected)	\$ 1,918	\$ 131	Vice President
Julie Roberts	05/2023 05/2026 (Appointed)	\$ 2,289	\$ 66	Secretary
Ryan Derong	05/2024 05/2028 (Elected)	\$ 1,697	\$ 101	Assistant Secretary
Joseph Manning	06/2023 05/2026 (Appointed)	\$ 1,547	\$ 64	Assistant Vice President

Notes: No Director has any substantial business or family relationships (as defined by the Texas Water Code) with major landowners in the District, with the District’s developers or with any of the District’s consultants. The limit on Fees of Office that a Director may receive during a fiscal year is the maximum amount allowed by law as set by Board Resolution on December 19, 2006. Fees of Office are the amounts actually paid to a Director during the District’s current fiscal year.

Submission date of most recent District Registration Form: May 16, 2024

See accompanying independent auditor’s report.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 44
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
MAY 31, 2024

Consultants:	<u>Date Hired</u>	<u>Fees / Compensation for the year ended May 31, 2024</u>	<u>Title</u>
Allen Boone Humphries Robinson LLP	06/25/19	\$ 103,077 \$ 184,063	General Counsel Bond Counsel
McCall Gibson Swedlund Barfoot PLLC	06/16/22	\$ 9,500 \$ 16,500	Auditor Bond Related
L & S District Services, LLC	05/21/20	\$ 10,529	Bookkeeper
DEC	02/19/07	\$ 12,352	Engineer
Robert W. Baird & Co. Incorporated	04/16/20	\$ 139,717	Financial Advisor
Tiffany Carden	01/19/23	\$ -0-	Investment Officer
Municipal District Services, LLC	07/15/21	\$ 350,927	Operator
BLICO, Inc.	03/18/21	\$ 15,328	Tax Assessor/ Collector
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	10/14/21	\$ -0-	Delinquent Tax Attorney

See accompanying independent auditor's report.

