

**BAUER LANDING WATER CONTROL  
AND IMPROVEMENT DISTRICT**

**HARRIS COUNTY, TEXAS**

**FINANCIAL REPORT**

**December 31, 2023**



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# **McGRATH & CO., PLLC**

*Certified Public Accountants*

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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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Bauer Landing Water Control and Improvement District, as of December 31, 2023, 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.

*McGuire & Co, P.C.*

Houston, Texas  
May 16, 2024

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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, 2023***

## **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, 2023. 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, 2023***

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, 2023, was negative \$985,643. A comparative summary of the District's overall financial position, as of December 31, 2023 and 2022, is as follows:

	2023	2022
Current and other assets	\$ 6,041,723	\$ 4,823,460
Capital assets	12,392,037	12,097,822
Total assets	18,433,760	16,921,282
 Total deferred outflows of resources	 127,127	 132,906
 Current liabilities	 613,821	 578,240
Long-term liabilities	16,384,140	16,632,135
Total liabilities	16,997,961	17,210,375
 Total deferred inflows of resources	 2,548,569	 2,174,939
 Net position		
Net investment in capital assets	(3,851,856)	(4,007,358)
Restricted	847,603	454,587
Unrestricted	2,018,610	1,221,645
Total net position	\$ (985,643)	\$ (2,331,126)

***Bauer Landing Water Control and Improvement District  
Management's Discussion and Analysis  
December 31, 2023***

The total net position of the District increased during the current fiscal year by \$1,345,483. A comparative summary of the District's *Statement of Activities* for the past two years is as follows:

	2023	2022
Revenues		
Property taxes, penalties and interest	\$ 2,189,035	\$ 1,538,240
Other	194,008	50,160
Total revenues	<u>2,383,043</u>	<u>1,588,400</u>
Expenses		
Operating and administrative	317,375	426,760
Debt interest and fees	511,097	418,352
Developer interest		337,699
Debt issuance costs		443,160
Depreciation	209,088	197,904
Total expenses	<u>1,037,560</u>	<u>1,823,875</u>
Change in net position	1,345,483	(235,475)
Net position, beginning of year	<u>(2,331,126)</u>	<u>(2,095,651)</u>
Net position, end of year	<u><u>\$ (985,643)</u></u>	<u><u>\$ (2,331,126)</u></u>

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

The District's combined fund balances, as of December 31, 2023, were \$3,408,596, which consists of \$2,013,690 in the General Fund, \$1,006,786 in the Debt Service Fund and \$388,120 in the Capital Projects Fund.

*General Fund*

A comparative summary of the General Fund's financial position as of December 31, 2023 and 2022, is as follows:

	2023	2022
Total assets	<u><u>\$ 3,179,713</u></u>	<u><u>\$ 2,239,518</u></u>
Total liabilities	\$ 68,858	\$ 64,478
Total deferred inflows	1,097,165	954,215
Total fund balance	<u>2,013,690</u>	<u>1,220,825</u>
Total liabilities, deferred inflows and fund balance	<u><u>\$ 3,179,713</u></u>	<u><u>\$ 2,239,518</u></u>

***Bauer Landing Water Control and Improvement District  
Management's Discussion and Analysis  
December 31, 2023***

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

	2023	2022
Total revenues	\$ 1,062,949	\$ 715,839
Total expenditures	(270,084)	(268,922)
Revenues over expenditures	<u>\$ 792,865</u>	<u>\$ 446,917</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 2022 levy was recognized as revenue in the 2023 fiscal year, while the 2021 levy was recognized in the 2022 fiscal year (to the extent that these amounts were collected). While the District decreased its maintenance tax levy, property tax revenues increased because assessed values in the District increased from the prior year.

***Debt Service Fund***

A comparative summary of the Debt Service Fund's financial position as of December 31, 2023 and 2022, is as follows:

	2023	2022
Total assets	<u>\$ 2,473,890</u>	<u>\$ 1,830,774</u>
Total liabilities	\$ 1,891	\$ 8,359
Total deferred inflows	1,465,213	1,222,531
Total fund balance	<u>1,006,786</u>	<u>599,884</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 2,473,890</u>	<u>\$ 1,830,774</u>

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

	2023	2022
Total revenues	\$ 1,285,147	\$ 856,850
Total expenditures	(878,245)	(862,929)
Revenues over/(under) expenditures	406,902	(6,079)
Other changes in fund balance		215,054
Net change in fund balance	<u>\$ 406,902</u>	<u>\$ 208,975</u>

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

***Bauer Landing Water Control and Improvement District  
Management's Discussion and Analysis  
December 31, 2023***

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

In the prior year, the District issued \$5,440,00 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, 2023 and 2022, is as follows:

	2023	2022
Total assets	<u>\$ 388,120</u>	<u>\$ 753,168</u>
Total liabilities	\$ -	\$ 9,119
Total fund balance	<u>388,120</u>	<u>744,049</u>
Total liabilities and fund balance	<u>\$ 388,120</u>	<u>\$ 753,168</u>

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

	2023	2022
Total revenues	\$ 22,945	\$ 13,904
Total expenditures	<u>(378,874)</u>	<u>(2,788,819)</u>
Revenues under expenditures	(355,929)	(2,774,915)
Other changes in fund balance		2,720,000
Net change in fund balance	<u>\$ (355,929)</u>	<u>\$ (54,915)</u>

The District has had considerable capital asset activity in the last two years, which was financed with proceeds from the issuance of its Series 2022A Unlimited Tax Bonds and Series 2020 Unlimited Tax Bonds in previous years.

**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 \$126,853 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, 2023***

**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, 2023 and 2022, are summarized as follows:

	2023	2022
Capital assets not being depreciated		
Land and improvements	\$ 4,235,628	\$ 4,235,628
Capital assets being depreciated		
Drainage facilities	9,409,026	8,905,723
Less accumulated depreciation	(1,252,617)	(1,043,529)
Depreciable capital assets, net	8,156,409	7,862,194
Capital assets, net	<u>\$ 12,392,037</u>	<u>\$ 12,097,822</u>

Capital asset additions during the current year include the following:

- Gentle Shadow drive street dedication drainage facilities
- Erosion and drainage improvement facilities to serve the District

**Long-Term Debt and Related Liabilities**

As of December 31, 2023, the District owes approximately \$124,924 to its developer for completed projects. The initial cost of the completed project and related liability is estimated based on actual construction costs plus 10-15% for engineering and other fees and is recorded on the District's financial statements upon completion of construction. The District intends to reimburse the developer from proceeds of future bond issues or other lawfully available funds. The estimated cost of amounts owed to the developer is trued up when the developer is reimbursed.

At December 31, 2023 and 2022, the District had total bonded debt outstanding as shown below:

Series	2023	2022
2017	\$ -	\$ 150,000
2019	3,970,000	4,045,000
2020	4,575,000	4,675,000
2022 Refunding	5,415,000	5,440,000
2022A	2,720,000	2,720,000
	<u>\$ 16,680,000</u>	<u>\$ 17,030,000</u>



***Bauer Landing Water Control and Improvement District  
Management's Discussion and Analysis  
December 31, 2023***

At December 31, 2023, 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.

**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>2023 Actual</u>	<u>2024 Budget</u>
Total revenues	\$ 1,062,949	\$ 912,455
Total expenditures	<u>(270,084)</u>	<u>(294,005)</u>
Revenues over expenditures	792,865	618,450
Beginning fund balance	<u>1,220,825</u>	<u>2,013,690</u>
Ending fund balance	<u><u>\$ 2,013,690</u></u>	<u><u>\$ 2,632,140</u></u>

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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, 2023***

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
<b>Assets</b>						
Cash	\$ 5,825	\$ 423,709	\$ 740	\$ 430,274	\$ -	\$ 430,274
Investments	2,095,531	1,012,667	376,813	3,485,011		3,485,011
Taxes receivable	909,336	1,214,774		2,124,110		2,124,110
Internal balances	166,693	(177,260)	10,567			
Other receivables	2,328			2,328		2,328
Capital assets not being depreciated					4,235,628	4,235,628
Capital assets, net					8,156,409	8,156,409
Total Assets	<u>\$ 3,179,713</u>	<u>\$ 2,473,890</u>	<u>\$ 388,120</u>	<u>\$ 6,041,723</u>	<u>12,392,037</u>	<u>18,433,760</u>
<b>Deferred Outflows of Resources</b>						
Deferred difference on refunding					<u>127,127</u>	<u>127,127</u>
<b>Liabilities</b>						
Accounts payable	\$ 68,858	\$ 446	\$ -	\$ 69,304		69,304
Other payables		1,445		1,445		1,445
Accrued interest payable					168,072	168,072
Due to developer					124,924	124,924
Long-term debt						
Due within one year					375,000	375,000
Due after one year					16,259,216	16,259,216
Total Liabilities	<u>68,858</u>	<u>1,891</u>		<u>70,749</u>	<u>16,927,212</u>	<u>16,997,961</u>
<b>Deferred Inflows of Resources</b>						
Deferred property taxes	<u>1,097,165</u>	<u>1,465,213</u>		<u>2,562,378</u>	<u>(13,809)</u>	<u>2,548,569</u>
<b>Fund Balances/Net Position</b>						
<b>Fund Balances</b>						
Restricted		1,006,786	388,120	1,394,906	(1,394,906)	
Unassigned	<u>2,013,690</u>			<u>2,013,690</u>	<u>(2,013,690)</u>	
Total Fund Balances	<u>2,013,690</u>	<u>1,006,786</u>	<u>388,120</u>	<u>3,408,596</u>	<u>(3,408,596)</u>	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,179,713</u>	<u>\$ 2,473,890</u>	<u>\$ 388,120</u>	<u>\$ 6,041,723</u>		
<b>Net Position</b>						
Net investment in capital assets					(3,851,856)	(3,851,856)
Restricted for debt service					847,603	847,603
Unrestricted					<u>2,018,610</u>	<u>2,018,610</u>
Total Net Position					<u>\$ (985,643)</u>	<u>\$ (985,643)</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, 2023***

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
<b>Revenues</b>						
Property taxes	\$ 951,746	\$ 1,219,365	\$ -	\$ 2,171,111	\$ 9,420	\$ 2,180,531
Penalties and interest		5,922		5,922	2,582	8,504
Miscellaneous	2,200			2,200		2,200
Investment earnings	109,003	59,860	22,945	191,808		191,808
Total Revenues	<u>1,062,949</u>	<u>1,285,147</u>	<u>22,945</u>	<u>2,371,041</u>	<u>12,002</u>	<u>2,383,043</u>
<b>Expenditures/Expenses</b>						
Operating and administrative						
Professional fees	58,878			58,878		58,878
Contracted services	23,358	41,459		64,817		64,817
Repairs and maintenance	173,130			173,130		173,130
Administrative	13,218	5,337	495	19,050		19,050
Other	1,500			1,500		1,500
Capital outlay			378,379	378,379	(378,379)	
Debt service						
Principal		350,000		350,000	(350,000)	
Interest and fees		481,449		481,449	29,648	511,097
Depreciation					209,088	209,088
Total Expenditures/Expenses	<u>270,084</u>	<u>878,245</u>	<u>378,874</u>	<u>1,527,203</u>	<u>(489,643)</u>	<u>1,037,560</u>
<b>Revenues Over/(Under)</b>	792,865	406,902	(355,929)	843,838	(843,838)	
<b>Expenditures</b>						
<b>Change in Net Position</b>					1,345,483	1,345,483
Fund Balance/Net Position						
Beginning of the year	<u>1,220,825</u>	<u>599,884</u>	<u>744,049</u>	<u>2,564,758</u>	<u>(4,895,884)</u>	<u>(2,331,126)</u>
<b>End of the year</b>	<u><u>\$ 2,013,690</u></u>	<u><u>\$ 1,006,786</u></u>	<u><u>\$ 388,120</u></u>	<u><u>\$ 3,408,596</u></u>	<u><u>\$ (4,394,239)</u></u>	<u><u>\$ (985,643)</u></u>

See notes to basic financial statements.

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***Bauer Landing Water Control and Improvement District***  
***Notes to Financial Statements***  
***December 31, 2023***

**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 the 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, 2023***

**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 source of revenue is 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.



**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, 2023, 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 2023 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 2023 property tax levy, which was levied to finance the 2024 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 balance.

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, 2023***

**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, 2023***

**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	\$ 3,408,596
--	--------------

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.

Historical cost	\$ 13,644,654	
Less accumulated depreciation	(1,252,617)	
		12,392,037
Change due to capital assets		

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.

127,127

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	(16,634,216)	
Interest payable on bonds	(168,072)	
		(16,802,288)
Change due to long-term debt		

Amounts due to the District's developer for prefunded construction are recorded as a liability in the *Statement of Net Position*.

(124,924)

The unavailable portion of property taxes receivable and collections of the 2023 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 2023 property tax levy.

Fund level deferred property taxes	2,562,378	
Government wide level deferred property taxes	(2,548,569)	
		13,809

Total net position - governmental activities	\$ (985,643)
--	--------------

***Bauer Landing Water Control and Improvement District***  
***Notes to Financial Statements***  
***December 31, 2023***

**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	\$ 843,838
--	------------

Governmental funds do not report revenues that are not available to pay current obligations. In contrast, such revenues are reported in the <i>Statement of Activities</i> when earned. The difference is for property taxes and related penalties and interest.	12,002
--	--------

Governmental funds report capital outlays for developer reimbursements and construction costs as expenditures in the funds; however, in the <i>Statement of Activities</i> , the cost of capital assets is charged to expense over the estimated useful life of the asset.	
Capital outlays	\$ 378,379
Depreciation expense	(209,088)
	169,291

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

Principal payments	350,000
Interest expense accrual	(29,648)
	320,352

Change in net position of governmental activities	\$ 1,345,483
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**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, 2023***

**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, 2023, the District's investments consist of the following:

Type	Fund	Carrying Value	Rating	Weighted Average Maturity
Texas CLASS	General	\$ 2,095,531		
	Debt Service	1,012,667		
	Capital Projects	376,813		
Total		<u>\$ 3,485,011</u>	AAAm	50 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, 2023***

**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, 2023, consist of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amounts</u>	<u>Purpose</u>
General Fund	Debt Service Fund	\$ 177,260	Maintenance tax collections not remitted as of year end
Capital Projects Fund	General Fund	10,567	Excess reimbursement for bond application costs due back to the Capital Projects 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, 2023***

**Note 5 – Capital Assets**

A summary of changes in capital assets, for the year ended December 31, 2023, is as follows:

	Beginning Balances	Additions/ Adjustments	Ending Balances
Capital assets not being depreciated			
Land and improvements	<u>\$ 4,235,628</u>	<u>\$ -</u>	<u>\$ 4,235,628</u>
Capital assets being depreciated			
Drainage facilities	8,905,723	503,303	9,409,026
Less accumulated depreciation	<u>(1,043,529)</u>	<u>(209,088)</u>	<u>(1,252,617)</u>
Subtotal depreciable capital assets, net	<u>7,862,194</u>	<u>294,215</u>	<u>8,156,409</u>
Capital assets, net	<u><u>\$ 12,097,822</u></u>	<u><u>\$ 294,215</u></u>	<u><u>\$ 12,392,037</u></u>

Depreciation expense for the current year was \$209,088.

**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 developers during the year are as follows:

Due to developer, beginning of year	\$ -
Developer funded construction	<u>124,924</u>
Due to developer, end of year	<u><u>\$ 124,924</u></u>



***Bauer Landing Water Control and Improvement District***  
***Notes to Financial Statements***  
***December 31, 2023***

**Note 7 – Long-Term Debt**

Long-term debt is comprised of the following:

Bonds payable	\$ 16,680,000
Unamortized discounts	(45,784)
	<u>\$ 16,634,216</u>
Due within one year	<u>\$ 375,000</u>

The District's bonds payable at December 31, 2023, consists of unlimited tax bonds as follows:

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/ Ending	Interest Payment Dates	Call Dates
2019	\$ 3,970,000	\$ 4,120,000	3.00% - 4.50%	March 1, 2022/2046	March 1, September 1,	March 1, 2024
2020	4,575,000	4,675,000	2.00% - 2.25%	March 1, 2023/2047	March 1, September 1,	March 1, 2025
2022	5,415,000	5,440,000	2.00% - 3.00%	March 1, 2023/2045	March 1, September 1,	March 1, 2027
Refunding 2022A	2,720,000	2,720,000	4.00% - 6.50%	March 1, 2025/2048	March 1, September 1,	March 1, 2027
	<u>\$ 16,680,000</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, 2023, the District had authorized but unissued bonds in the amount of \$32,785,000 for drainage improvement. 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.

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

Bonds payable, beginning of year	\$ 17,030,000
Bonds retired	(350,000)
Bonds payable, end of year	<u>\$ 16,680,000</u>

***Bauer Landing Water Control and Improvement District***  
***Notes to Financial Statements***  
***December 31, 2023***

**Note 7 – Long-Term Debt (continued)**

As of December 31, 2023, annual debt service requirements on bonds outstanding are as follows:

Year	Principal	Interest	Totals
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>\$ 16,680,000</u>	<u>\$ 6,863,695</u>	<u>\$ 23,363,695</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.

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

***Bauer Landing Water Control and Improvement District***  
***Notes to Financial Statements***  
***December 31, 2023***

**Note 8 – Property Taxes (continued)**

Property taxes are collected based on rates adopted in the year of the levy. The District's 2023 fiscal year was financed through the 2022 tax levy, pursuant to which the District levied property taxes of \$0.73 per \$100 of assessed value, of which \$0.32 was allocated to maintenance and operations and \$0.41 was allocated to debt service. The resulting tax levy was \$2,180,565 on the adjusted taxable value of \$298,707,575.

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, 2023 levy collections in the amount of \$438,267 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 2023 tax levy of \$2,548,569 is reported as deferred inflows. These amounts will be recognized as revenue in 2024.

Property taxes receivable, at December 31, 2023, consisted of the following:

Current year taxes receivable	\$ 2,110,302
Prior years taxes receivable	<u>11,226</u>
	2,121,528
Penalty and interest receivable	<u>2,582</u>
Property taxes receivable	<u><u>\$ 2,124,110</u></u>

**Note 9 – Risk Management**

The District is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; and personal injuries. The risk of loss is covered by commercial insurance. There have been no significant reductions in insurance coverage from the prior year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

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## **Required Supplementary Information**

***Bauer Landing Water Control and Improvement District***  
***Required Supplementary Information - Budgetary Comparison Schedule - General Fund***  
***For the Year Ended December 31, 2023***

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Property taxes	\$ 884,172	\$ 951,746	\$ 67,574
Miscellaneous		2,200	2,200
Investment earnings	39,000	109,003	70,003
Total Revenues	923,172	1,062,949	139,777
<b>Expenditures</b>			
Operating and administrative			
Professional fees	86,500	58,878	27,622
Contracted services	20,400	23,358	(2,958)
Repairs and maintenance	132,340	173,130	(40,790)
Administrative	17,570	13,218	4,352
Other	350	1,500	(1,150)
Total Expenditures	257,160	270,084	(12,924)
<b>Revenues Over Expenditures</b>	666,012	792,865	126,853
<b>Fund Balance</b>			
Beginning of the year	1,220,825	1,220,825	
<b>End of the year</b>	<u>\$ 1,886,837</u>	<u>\$ 2,013,690</u>	<u>\$ 126,853</u>

***Bauer Landing Water Control and Improvement District  
Notes to Required Supplementary Information  
December 31, 2023***

**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, 2023***

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):

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

District employs winter averaging for wastewater usage? ☐ Yes ☐ No

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

b. Water and Wastewater Retail Connections:

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

See accompanying auditor's report.

***Bauer Landing Water Control and Improvement District***  
***TSI-1. Services and Rates***  
***December 31, 2023***

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

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

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

Does the District have Debt Service standby fees? Yes ☐ No ☒

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

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

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

5. Location of District:

Is the District located entirely within one county? Yes ☒ No ☐

County(ies) in which the District is located: 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 auditor's report.

***Bauer Landing Water Control and Improvement District  
TSI-2 General Fund Expenditures  
For the Year Ended December 31, 2023***

Professional fees	
Legal	\$ 28,564
Audit	14,000
Engineering	14,814
Financial advisor	1,500
	<u>58,878</u>
Contracted services	
Bookkeeping	<u>23,358</u>
Repairs and maintenance	<u>173,130</u>
Administrative	
Directors fees	3,276
Printing and office supplies	2,242
Insurance	4,785
Other	2,915
	<u>13,218</u>
Other	<u>1,500</u>
Total expenditures	<u><u>\$ 270,084</u></u>

See accompanying auditor's report.

***Bauer Landing Water Control and Improvement District***  
***TSI-3. Investments***  
***December 31, 2023***

<u>Fund</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>
General			
Texas CLASS	Variable	N/A	<u>\$ 2,095,531</u>
Debt Service			
Texas CLASS	Variable	N/A	<u>1,012,667</u>
Capital Projects			
Texas CLASS	Variable	N/A	<u>376,813</u>
Total - All Funds			<u><u>\$ 3,485,011</u></u>

See accompanying auditor's report.

***Bauer Landing Water Control and Improvement District***  
***TSI-4. Taxes Levied and Receivable***  
***December 31, 2023***

	Maintenance Taxes	Debt Service Taxes	Totals	
Taxes Receivable, Beginning of Year	\$ 200,473	\$ 256,795	\$ 457,268	
Adjustments to Prior Year Tax Levy	2,449	3,139	5,588	
Adjusted Receivable	202,922	259,934	462,856	
2023 Original Tax Levy	1,007,728	1,343,637	2,351,365	
Adjustments	84,516	112,688	197,204	
Adjusted Tax Levy	1,092,244	1,456,325	2,548,569	
Total to be accounted for	1,295,166	1,716,259	3,011,425	
Tax collections:				
Current year	187,828	250,439	438,267	
Prior years	198,002	253,628	451,630	
Total Collections	385,830	504,067	889,897	
Taxes Receivable, End of Year	\$ 909,336	\$ 1,212,192	\$ 2,121,528	
Taxes Receivable, By Years				
2023	\$ 904,416	\$ 1,205,886	\$ 2,110,302	
2022	4,920	6,306	11,226	
Taxes Receivable, End of Year	\$ 909,336	\$ 1,212,192	\$ 2,121,528	
	2023	2022	2021	2020
Property Valuations:				
Land	\$ 70,693,756	\$ 52,256,704	\$ 43,474,247	\$ 32,239,251
Improvements	318,836,043	266,267,156	162,464,622	121,440,133
Personal Property	2,087,143	1,789,524	1,294,578	1,009,239
Exemptions	(27,535,651)	(21,605,809)	(3,819,703)	(2,571,287)
Total Property Valuations	\$ 364,081,291	\$ 298,707,575	\$ 203,413,744	\$ 152,117,336
Tax Rates per \$100 Valuation:				
Maintenance tax rates	\$ 0.30	\$ 0.32	\$ 0.34	\$ 0.30
Debt service tax rates	0.40	0.41	0.41	0.47
Total Tax Rates per \$100 Valuation	\$ 0.70	\$ 0.73	\$ 0.75	\$ 0.77
Adjusted Tax Levy:	\$ 2,548,569	\$ 2,180,565	\$ 1,525,603	\$ 1,171,303
Percentage of Taxes Collected to Taxes Levied **	17.20%	99.49%	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 auditor's report.

*Bauer Landing Water Control and Improvement District*  
*TSI-5. Long-Term Debt Service Requirements*  
*Series 2019--by Years*  
*December 31, 2023*

Due During Fiscal Years Ending	Principal Due March 1	Interest Due March 1, September 1	Total
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>\$ 3,970,000</u>	<u>\$ 1,845,298</u>	<u>\$ 5,815,298</u>

See accompanying auditor's report.

*Bauer Landing Water Control and Improvement District*  
*TSI-5. Long-Term Debt Service Requirements*  
*Series 2020--by Years*  
*December 31, 2023*

Due During Fiscal Years Ending	Principal Due March 1	Interest Due March 1, September 1	Total
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>\$ 4,575,000</u>	<u>\$ 1,457,939</u>	<u>\$ 6,032,939</u>

See accompanying auditor's report.



***Bauer Landing Water Control and Improvement District***  
***TSI-5. Long-Term Debt Service Requirements***  
***Series 2022 Refunding--by Years***  
***December 31, 2023***

<u>Due During Fiscal Years Ending</u>	<u>Principal Due March 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
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>\$ 5,415,000</u>	<u>\$ 1,653,511</u>	<u>\$ 7,068,511</u>

See accompanying auditor's report.

*Bauer Landing Water Control and Improvement District*  
*TSI-5. Long-Term Debt Service Requirements*  
*Series 2022A--by Years*  
*December 31, 2023*

Due During Fiscal Years Ending	Principal Due March 1	Interest Due March 1, September 1	Total
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>\$ 1,911,222</u>	<u>\$ 4,631,222</u>

See accompanying auditor's report.

***Bauer Landing Water Control and Improvement District***  
***TSI-5. Long-Term Debt Service Requirements***  
***All Bonded Debt Series--by Years***  
***December 31, 2023***

Due During Fiscal Years Ending	Principal Due March 1	Interest Due March 1, September 1	Total
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>\$ 16,680,000</u>	<u>\$ 6,867,970</u>	<u>\$ 23,547,970</u>

See accompanying auditor's report.

***Bauer Landing Water Control and Improvement District***  
***TSI-6. Change in Long-Term Bonded Debt***  
***December 31, 2023***

	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	\$ 150,000	\$ 4,045,000	\$ 4,675,000	\$ 5,440,000
Bonds retired	(150,000)	(75,000)	(100,000)	(25,000)
Ending bonds outstanding	<u>\$ -</u>	<u>\$ 3,970,000</u>	<u>\$ 4,575,000</u>	<u>\$ 5,415,000</u>
Interest paid during fiscal year	<u>\$ 1,763</u>	<u>\$ 137,256</u>	<u>\$ 101,250</u>	<u>\$ 135,873</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	<u>\$ 50,000,000</u>
Amount Issued	<u>(17,215,000)</u>
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, 2023:	<u>\$ 1,436,376</u>
Average annual debt service payment (principal and interest) for remaining term of all debt:	<u>\$ 941,919</u>

See accompanying auditor's 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	
\$ 2,720,000	\$ 17,030,000
	(350,000)
<u>\$ 2,720,000</u>	<u>\$ 16,680,000</u>
<u>\$ 107,276</u>	<u>\$ 483,418</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				
	2023	2022	2021	2020	2019
Revenues					
Property taxes	\$ 951,746	\$ 691,534	\$ 457,231	\$ 419,195	\$ 420,254
Miscellaneous	2,200	2,400	426		
Investment earnings	109,003	21,905	666	5,681	12,327
Total Revenues	1,062,949	715,839	458,323	424,876	432,581
Expenditures					
Operating and administrative					
Professional fees	58,878	74,867	93,684	65,080	92,713
Contracted services	23,358	18,625	16,575	17,618	16,420
Repairs and maintenance	173,130	160,595	148,866	170,762	178,547
Administrative	13,218	14,135	13,129	13,593	9,531
Other	1,500	700	2,810	1,675	2,100
Capital outlay				77,975	
Total Expenditures	270,084	268,922	275,064	346,703	299,311
Revenues Over Expenditures	<u>\$ 792,865</u>	<u>\$ 446,917</u>	<u>\$ 183,259</u>	<u>\$ 78,173</u>	<u>\$ 133,270</u>

\*Percentage is negligible

See accompanying auditor's report.

Percent of Fund Total Revenues				
2023	2022	2021	2020	2019
90%	97%	100%	99%	97%
*	*	*		
10%	3%	*	1%	3%
100%	100%	100%	100%	100%
6%	11%	20%	16%	22%
2%	3%	4%	4%	4%
18%	23%	33%	41%	42%
1%	2%	3%	3%	2%
*	*	1%	*	*
			18%	
27%	39%	61%	82%	70%
73%	61%	39%	18%	30%

***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				
	2023	2022	2021	2020	2019
Revenues					
Property taxes	\$ 1,219,365	\$ 833,028	\$ 716,996	\$ 503,289	\$ 298,832
Penalties and interest	5,922	11,871	5,796	5,313	2,675
Miscellaneous		588	60		
Investment earnings	59,860	11,363	428	3,072	6,342
Total Revenues	<u>1,285,147</u>	<u>856,850</u>	<u>723,280</u>	<u>511,674</u>	<u>307,849</u>
Expenditures					
Tax collection services	46,796	35,105	26,281	23,621	17,297
Debt service					
Principal	350,000	200,000	125,000	125,000	
Interest and fees	481,449	410,397	418,684	338,412	257,329
Debt issuance cost		217,427			
Total Expenditures	<u>878,245</u>	<u>862,929</u>	<u>569,965</u>	<u>487,033</u>	<u>274,626</u>
Revenues Over/(Under) Expenditures	<u>\$ 406,902</u>	<u>\$ (6,079)</u>	<u>\$ 153,315</u>	<u>\$ 24,641</u>	<u>\$ 33,223</u>

\*Percentage is negligible

See accompanying auditor's report.



Percent of Fund Total Revenues				
2023	2022	2021	2020	2019
95%	98%	99%	98%	97%
*	1%	1%	1%	1%
	*	*		
5%	1%	*	1%	2%
100%	100%	100%	100%	100%
4%	4%	4%	5%	6%
27%	23%	17%	24%	
37%	48%	58%	66%	84%
	25%			
68%	100%	79%	95%	90%
32%	0%	21%	5%	10%

***Bauer Landing Water Control and Improvement District  
TSI-8. Board Members, Key Personnel and Consultants  
For the Year Ended December 31, 2023***

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  
(IWC 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)

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimburse- ments	Title at Year End
<b>Board Members</b>				
Donn Land	05/20 - 05/24	\$ 671	\$ 126	President
Don R. Riggs	05/20 - 05/24	450	84	Vice President
Juan M. Olivo	05/22 - 05/26	742	126	Treasurer
Kameron Pugh	05/22 - 05/26	742	61	Secretary
Keith Arrant	05/22 - 05/26	671	126	Assistant Secretary
<b>Consultants</b>				
Johnson Petrov LLP	2014	<u>Amounts Paid</u>		Attorney
<i>General legal fees</i>		\$ 27,073		
Champions Hydro Lawn		541,404		Landscape Maintenance
McLennan & Associates, L.P.	2014	20,478		Bookkeeper
Bob Leared Interests	2014	19,181		Tax Collector
Harris Central Appraisal District	Legislation	21,257		Property Valuation
Perdue, Brandon, Fielder, Collins, & Mott, LP	2014	525		Delinquent Tax Attorney
Pape-Dawson Engineers, Inc.	2014	32,667		Engineer
McGrath & Co., PLLC	2016	14,000		Auditor
The GMS Group, L.L.C.	2014	1,800		Financial Advisor

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