

Lazy River Improvement District

Information Required by Section 26.18, Texas Tax Code and  
Section 2051.202, Texas Government Code

Date: February 16, 2024  
(FYE 9-30-2023 Audit Report)

- (1) Name and term of office of each member of the governing body:
- | <u>Name:</u>         | <u>Term of office:</u> |
|----------------------|------------------------|
| Michael D. Edwards   | 5/2022 – 5/2026        |
| John Wells           | 2/2021 – 5/2024        |
| Thomas McKnight, Jr. | 5/2022 – 5/2026        |
| Robert Henderson     | 5/2020 – 5/2024        |
| Thad Davis           | 8/2022 – 5/2026        |
- (2) Mailing address, physical address, e-mail address, and telephone number:  
2727 Allen Parkway, Suite 1100  
Houston, Texas 77019  
713-652-6500  
[94022@smithmur.com](mailto:94022@smithmur.com)
- (3) a. Official contact information for each member of the governing body: Same as Item (2) above.
- b. Name of General Manager or Executive Director: None
- c. Name, mailing address and telephone number of person representing District's utility operator:  
David Rowe, Water District Management Co., Inc., P.O. Box 579 , Spring, TX 77383  
281/376-8802
- d. Name, mailing address and telephone number of person representing District's tax assessor-collector: Tammy J. McRae, Montgomery County Tax Office, 400 N. San Jacinto, Conroe, TX 77301, 936/539-7897
- (4) District's budget for the preceding two years: See attached budgets.
- (5) Proposed or adopted budget for the current year: See attached.
- (6) Change in amount of District budget from the preceding year to current year, by dollar amount and percentage:
- | <u>2023 Budget Revenues</u> | <u>2024 Budget Revenues</u> | <u>Change in Amount</u> | <u>% of Change</u> |
|-----------------------------|-----------------------------|-------------------------|--------------------|
| \$473,200                   | \$540,850                   | +\$67,650               | 14.296%            |
- (7) Amount of property tax revenue budgeted for maintenance and operations for the preceding two years and the current year: See attached budgets.

- (8) Amount of property tax revenue budgeted for debt service for the preceding two years and the current year: The District does not budget for debt service.
- (9) Tax rate for maintenance and operations adopted by the taxing unit for the current year and preceding two years:
- |      |          |
|------|----------|
| 2023 | \$0.1387 |
| 2022 | \$0.1424 |
| 2021 | \$0.1446 |
- (10) The tax rate for debt service adopted by the taxing unit for the current year and preceding 2 years:
- |      |          |
|------|----------|
| 2023 | \$0.0000 |
| 2022 | \$0.0000 |
| 2021 | \$0.3110 |
- (11) This information required by Section 26.18 is applicable only to school districts.
- (12) Tax rate for maintenance and operations proposed by the taxing unit for the current year:  
As of the date of this report, no proposed tax rate has been established for the current year.
- (13) Tax rate for debt service proposed by the taxing unit for the current year:  
As of the date of this report, no proposed tax rate has been established for the current year.
- (14) This information required by Section 26.18 is applicable only to school districts.
- (15) The most recent financial audit of the District. See attached.
- (16) Rate of District's ad valorem tax, if any: The District's ad valorem tax rate for 2023 is \$0.1387 per \$100 assessed valuation.
- (17) Rate of District's sales and use tax, if any: None.
- (18) Notice of tax rate hearing required under Chapter 26, Tax Code or Section 49.236, Water Code: The Notice of Tax Rate Hearing will be posted on this website when available.
- (19) District's meeting schedule and location: The District does not have a regular meeting date and the meetings are held at 6:00 p.m. at 299 Hill Brook Conroe, Texas.
- (20) The Board's regular meetings are held within the District as listed in (19) above. Nevertheless, under Texas law, the following information is required to be posted:
- Residents of the District have the right to request the designation of a meeting location within the District under Section 49.062(g), Water Code. A description of this process can be found at <https://www.tceq.texas.gov/assets/public/permitting/watersupply/districts/Form-20863.pdf>
- (21) Notices of meetings and approved minutes.  
Each notice of a meeting and approved minutes for meetings conducted in the current calendar year and the immediately preceding calendar year are posted on this website.

LAZY RIVER IMPROVEMENT DISTRICT				
BUDGET				
OCT. 1, 2020 - SEPT. 30, 2021				
		2020		
REVENUE	ACTUALS	BUDGET	2021 BUDGET	NOTES
SERVICE FEES - WATER	70,285.18	95,000.00	95,000.00	
SJRA REVENUE	51,226.50	60,000.00	61,500.00	
LSGCD REVENUE	1,592.98	1,900.00	1,900.00	
SERVICE FEES - SEWER	77,563.89	94,000.00	94,000.00	
NEEDHAM VOLUNTEER FIRE DEPT	2,712.71	3,300.00	3,300.00	
MAINTENANCE TAX	47,753.00	47,753.00	46,274.00	
PENALTY / LATE CHARGE	1,610.00	1,700.00	1,700.00	
DISCONNECT/NSF	925.00	1,000.00	1,000.00	
APP FEES	200.00	1,200.00	1,200.00	
MISCELLANEOUS FEES	2,983.98	4,300.00	4,300.00	
INTEREST EARNED	0.00	100.00	100.00	
<b>TOTAL REVENUE:</b>	<b>256,853.24</b>	<b>310,253.00</b>	<b>310,274.00</b>	
<b>WATER EXPENSES</b>				
LABORATORY EXPENSE	7,432.26	6,000.00	8,900.00	
PERMITS	1,921.05	600.00	2,000.00	
SJRA FEES	54,674.60	60,000.00	61,500.00	
LSGCD FEES	605.00	600.00	600.00	
MAINTENANCE & REPAIR - WATER	29,384.57	30,000.00	30,000.00	
CHEMICALS	6,707.11	6,500.00	7,800.00	
<b>SEWER EXPENSES</b>				
LABORATORY EXPENSE	11,769.10	15,000.00	13,500.00	
PERMITS	100.00	1,250.00	100.00	
MAINTENANCE & REPAIR - SEWER	44,535.47	50,000.00	50,000.00	
SLUDGE REMOVAL	0.00	1,000.00	1,000.00	
CHEMICALS	198.90	0.00	300.00	
<b>OTHER EXPENSES</b>				
NEEDHAM VOLUNTEER FIRE DEPT	2,662.71	3,300.00	3,300.00	
LEGAL FEES	7,181.51	5,000.00	5,000.00	
AUDIT FEES	12,900.00	12,900.00	12,900.00	
ENGINEERING FEES	2,573.17	7,000.00	7,000.00	
ENGINEERING - TPDES Permit Renewal	8,624.12	5,000.00	0.00	
ELECTION EXPENSE	0.00	1,000.00	0.00	
TCEQ ASSESSMENT FEE	892.83	900.00	900.00	
OPERATOR EXPENSES	24,197.61	22,800.00	26,000.00	
BOOKKEEPING SERVICES	10,010.00	12,012.00	12,012.00	
REPAIR & MAINTENANCE - OTHER	11,284.92	15,000.00	13,000.00	
LEGAL NOTICES	4.00	50.00	10.00	
OFFICE EXPENSES	244.21	500.00	250.00	
PRINTING & OFFICE SUPPLIES	5,834.97	9,000.00	7,000.00	
GROUNDKEEPING	5,500.00	6,000.00	6,000.00	
POSTAGE	66.05	200.00	100.00	
TELEPHONE	1,425.53	1,500.00	1,500.00	
UTILITIES	24,337.08	24,000.00	25,000.00	
INSURANCE	13,454.00	12,715.00	13,450.00	
OTHER EXPENSES	118.71	100.00	100.00	
<b>TOTAL EXPENSES:</b>	<b>288,639.48</b>	<b>309,927.00</b>	<b>309,222.00</b>	
<b>NET GAIN (LOSS)</b>	<b>-31,786.24</b>	<b>326.00</b>	<b>1,052.00</b>	
<b>2020 TOTAL TAXABLE VALUE = 33,252,308</b>				
<b>TAX RATE .4440/100 M&amp;O RATE = .1420</b>				
<b>COLLECTION RATE: 98%</b>	<b>\$46,273.90</b>			

LAZY RIVER IMPROVEMENT DISTRICT				
BUDGET				
OCT. 1, 2021 - SEPT. 30, 2022				
REVENUE	ACTUALS	2021 Approved BUDGET	Proposed 2022 BUDGET	NOTES
SERVICE FEES - WATER	81,147.95	95,000.00	90,000.00	
SJRA REVENUE	61,325.67	61,500.00	66,900.00	
LSGCD REVENUE	13,858.07	1,900.00	15,125.00	
SERVICE FEES - SEWER	85,956.09	94,000.00	94,000.00	
NEEDHAM VOLUNTEER FIRE DEPT	2,994.00	3,300.00	3,300.00	
MAINTENANCE TAX	46,274.00	46,274.00	53,050.00	
PENALTY / LATE CHARGE	1,628.22	1,700.00	1,700.00	
DISCONNECT/NSF	1,385.00	1,000.00	1,500.00	
APP FEES	350.00	1,200.00	500.00	
MISCELLANEOUS FEES	2,425.00	4,300.00	3,000.00	
INTEREST EARNED	152.31	100.00	100.00	
<b>TOTAL REVENUE:</b>	<b>297,496.31</b>	<b>310,274.00</b>	<b>329,175.00</b>	
<b>WATER EXPENSES</b>				
LABORATORY EXPENSE	11,750.13	8,900.00	12,000.00	
PERMITS	1,250.00	2,000.00	1,250.00	
SJRA FEES	50,386.97	61,500.00	58,000.00	
LSGCD FEES	3,920.00	600.00	4,000.00	
MAINTENANCE & REPAIR - WATER	27,585.85	30,000.00	30,000.00	
CHEMICALS	6,623.02	7,800.00	7,800.00	
<b>SEWER EXPENSES</b>				
LABORATORY EXPENSE	12,581.56	13,500.00	13,500.00	
PERMITS	561.05	100.00	600.00	
MAINTENANCE & REPAIR - SEWER	44,234.60	50,000.00	50,000.00	
SLUDGE REMOVAL	1,628.00	1,000.00	1,800.00	
CHEMICALS	198.90	300.00	300.00	
<b>OTHER EXPENSES</b>				
NEEDHAM VOLUNTEER FIRE DEPT	2,917.10	3,300.00	3,300.00	
LEGAL FEES	4,536.01	5,000.00	5,000.00	
AUDIT FEES	13,100.00	12,900.00	13,400.00	
ENGINEERING FEES	1,200.00	7,000.00	7,000.00	
TCEQ ASSESSMENT FEE	919.99	900.00	925.00	
OPERATOR EXPENSES	22,800.00	26,000.00	22,800.00	
BOOKKEEPING SERVICES	11,011.00	12,012.00	12,012.00	
REPAIR & MAINTENANCE & OTHER ADMIN	10,474.25	13,000.00	13,000.00	
LEGAL NOTICES	4.00	10.00	10.00	
OFFICE EXPENSES	263.27	250.00	300.00	
PRINTING & OFFICE SUPPLIES	6,658.56	7,000.00	7,000.00	
GROUNDKEEPING	6,000.00	6,000.00	6,000.00	
POSTAGE	66.21	100.00	100.00	
TELEPHONE	1,554.36	1,500.00	1,700.00	
UTILITIES	22,468.58	25,000.00	25,000.00	
INSURANCE	13,766.10	13,450.00	13,800.00	
OTHER EXPENSES	25.00	100.00	100.00	
<b>TOTAL EXPENSES:</b>	<b>278,484.51</b>	<b>309,222.00</b>	<b>310,697.00</b>	
<b>NET GAIN (LOSS)</b>	<b>19,011.80</b>	<b>1,052.00</b>	<b>18,478.00</b>	
<b>2021 TOTAL TAXABLE VALUE = 37,434,656</b>				
<b>TAX RATE .4556/100 M&amp;O RATE = .1446</b>				
<b>COLLECTION RATE: 98%</b>				

LAZY RIVER IMPROVEMENT DISTRICT				
BUDGET				
OCT. 1, 2022 - SEPT. 30, 2023				
REVENUE	ACTUALS	2022 Approved BUDGET	Proposed 2023 BUDGET	NOTES
SERVICE FEES - WATER	74,089.35	90,000.00	222,000.00	
SJRA REVENUE	68,411.71	66,900.00	80,000.00	
LSGCD REVENUE	1,576.10	2,600.00	2,000.00	
SERVICE FEES - SEWER	86,853.88	94,000.00	94,800.00	
NEEDHAM VOLUNTEER FIRE DEPT	2,855.86	3,300.00	3,300.00	
MAINTENANCE TAX	53,050.00	53,050.00	64,000.00	
PENALTY / LATE CHARGE	1,885.00	1,700.00	2,000.00	
DISCONNECT/NSF	1,000.00	1,500.00	1,500.00	
APP FEES	525.00	500.00	500.00	
MISCELLANEOUS FEES	173,576.11	3,000.00	3,000.00	
INTEREST EARNED	17.39	100.00	100.00	
<b>TOTAL REVENUE:</b>	<b>463,840.40</b>	<b>316,650.00</b>	<b>473,200.00</b>	
<b>WATER EXPENSES</b>				
LABORATORY EXPENSE	13,197.59	12,000.00	14,500.00	
PERMITS	1,250.00	1,250.00	1,250.00	
SJRA FEES	59,484.77	58,000.00	69,000.00	
LSGCD FEES	3,920.00	4,000.00	4,000.00	
MAINTENANCE & REPAIR - WATER	45,497.59	30,000.00	40,000.00	
CHEMICALS	6,904.05	7,800.00	7,800.00	
<b>SEWER EXPENSES</b>				
LABORATORY EXPENSE	12,313.70	13,500.00	13,500.00	
PERMITS	561.05	600.00	600.00	
MAINTENANCE & REPAIR - SEWER	70,926.99	50,000.00	60,000.00	
SLUDGE REMOVAL	0.00	1,800.00	1,800.00	
CHEMICALS	666.25	300.00	1,000.00	
<b>OTHER EXPENSES</b>				
NEEDHAM VOLUNTEER FIRE DEPT	2,775.82	3,300.00	3,300.00	
LEGAL FEES	8,068.17	5,000.00	6,500.00	
AUDIT FEES	13,400.00	13,400.00	13,800.00	
ENGINEERING FEES	6,149.45	7,000.00	8,500.00	
TCEQ ASSESSMENT FEE	866.41	925.00	1,584.00	
OPERATOR EXPENSES	22,800.00	22,800.00	22,800.00	
BOOKKEEPING SERVICES	11,011.00	12,012.00	12,012.00	
REPAIR & MAINTENANCE & OTHER ADMIN	5,669.00	13,000.00	8,000.00	
LEGAL NOTICES	848.90	10.00	1,000.00	
OFFICE EXPENSES	140.01	300.00	300.00	
PRINTING & OFFICE SUPPLIES	6,476.88	7,000.00	7,000.00	
GROUNDKEEPING	6,000.00	6,000.00	6,000.00	
POSTAGE	63.50	100.00	100.00	
TELEPHONE	1,870.12	1,700.00	2,000.00	
WEBSITE EXPENSES	0.00	1,000.00	1,000.00	
UTILITIES	26,499.67	25,000.00	28,500.00	
INSURANCE	16,296.00	13,800.00	16,300.00	
OTHER EXPENSES	874.00	100.00	500.00	
<b>TOTAL EXPENSES:</b>	<b>344,530.92</b>	<b>311,697.00</b>	<b>352,646.00</b>	
<b>NET GAIN (LOSS)</b>	<b>119,309.48</b>	<b>4,953.00</b>	<b>120,554.00</b>	
<b>2022 TOTAL TAXABLE VALUE = 45,852,702</b>				
<b>TAX RATE .1424/100 M&amp;O RATE = .1424</b>				
<b>COLLECTION RATE: 98%</b>				

<b>LAZY RIVER IMPROVEMENT DISTRICT</b>				
<b>BUDGET</b>				
<b>OCT. 1, 2023 - SEPT. 30, 2024</b>				
		<b>2023 Approved</b>	<b>Proposed</b>	
<b>REVENUE</b>	<b>ACTUALS</b>	<b>BUDGET</b>	<b>2024 BUDGET</b>	<b>NOTES</b>
SERVICE FEES - WATER	200,369.01	222,000.00	275,000.00	
SJRA REVENUE	57,794.92	80,000.00	92,000.00	
LSGCD REVENUE	1,289.98	2,000.00	1,500.00	
SERVICE FEES - SEWER	79,380.55	94,800.00	95,250.00	
NEEDHAM VOLUNTEER FIRE DEPT	2,686.34	3,300.00	3,350.00	
MAINTENANCE TAX	64,601.65	64,000.00	68,000.00	
PENALTY / LATE CHARGE	870.16	2,000.00	1,000.00	
DISCONNECT/NSF	2,794.68	1,500.00	3,000.00	
APP FEES	625.00	500.00	800.00	
MISCELLANEOUS FEES	110.00	3,000.00	150.00	
INTEREST EARNED	600.03	100.00	800.00	
<b>TOTAL REVENUE:</b>	<b>411,122.32</b>	<b>473,200.00</b>	<b>540,850.00</b>	
<b>WATER EXPENSES</b>				
LABORATORY EXPENSE	6,120.91	14,500.00	7,500.00	
PERMITS	1,250.00	1,250.00	1,250.00	
SJRA FEES	81,257.59	69,000.00	92,000.00	
LSGCD FEES	3,810.00	4,000.00	4,000.00	
MAINTENANCE & REPAIR - WATER	36,533.20	40,000.00	40,000.00	
CHEMICALS	4,718.93	7,800.00	6,000.00	
<b>SEWER EXPENSES</b>				
LABORATORY EXPENSE	12,519.20	13,500.00	13,500.00	
PERMITS	561.05	600.00	600.00	
MAINTENANCE & REPAIR - SEWER	59,900.47	60,000.00	63,000.00	
SLUDGE REMOVAL	0.00	1,800.00	1,800.00	
CHEMICALS	437.12	1,000.00	600.00	
<b>OTHER EXPENSES</b>				
NEEDHAM VOLUNTEER FIRE DEPT	2,590.34	3,300.00	3,350.00	
LEGAL FEES	5,063.73	6,500.00	6,500.00	
AUDIT FEES	13,800.00	13,800.00	14,300.00	
ENGINEERING FEES	3,765.13	8,500.00	6,500.00	
TCEQ ASSESSMENT FEE	982.20	1,584.00	1,675.00	
OPERATOR EXPENSES	19,000.00	22,800.00	22,800.00	
BOOKKEEPING SERVICES	11,011.00	12,012.00	12,012.00	
REPAIR & MAINTENANCE & OTHER ADMIN	7,065.94	8,000.00	8,000.00	
LEGAL NOTICES	0.00	1,000.00	1,000.00	
OFFICE EXPENSES	75.60	300.00	300.00	
PRINTING & OFFICE SUPPLIES	5,843.92	7,000.00	7,000.00	
GROUNDKEEPING	5,500.00	6,000.00	6,000.00	
POSTAGE	79.03	100.00	100.00	
TELEPHONE	1,945.27	2,000.00	2,000.00	
WEBSITE EXPENSES	0.00	1,000.00	0.00	
UTILITIES	28,296.35	28,500.00	31,000.00	
INSURANCE	19,212.00	16,300.00	19,215.00	
OTHER EXPENSES	1,081.18	500.00	1,000.00	
TAX COLLECTOR / APPRAISAL DISTRICT	436.45	0.00	500.00	
<b>CAPITAL OUTLAY</b>				
TRANSFER TO DEBT SERVICE - TWDB BOND	0.00	0.00	147,030.00	
<b>TOTAL EXPENSES:</b>	<b>332,856.61</b>	<b>352,646.00</b>	<b>520,532.00</b>	
<b>NET GAIN (LOSS)</b>	<b>78,265.71</b>	<b>120,554.00</b>	<b>20,318.00</b>	
<b>2023 TOTAL TAXABLE VALUE = 49,966,629</b>				
<b>TAX RATE .1387/100 M&amp;O RATE = .1387</b>				
<b>COLLECTION RATE: 98%</b>				



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# **Lazy River Improvement District Montgomery County, Texas**

## **Independent Auditor's Report and Financial Statements**

September 30, 2023



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# Lazy River Improvement District

## September 30, 2023

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## **Independent Auditor's Report**

Board of Directors  
Lazy River Improvement District  
Montgomery County, Texas

### ***Opinions***

We have audited the financial statements of the governmental activities and each major fund of Lazy River Improvement District (the District), as of and for the year ended September 30, 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 accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of September 30, 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 (GAAS). 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 these 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 12 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 GAAS 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 GAAS, 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 schedule, as listed in the table of contents, 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.

***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 accompanying schedules required by the Texas Commission on Environmental Quality listed in the table of contents 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. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**FORVIS, LLP**

Houston, Texas  
February 7, 2024

# **Lazy River Improvement District**

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

### **September 30, 2023**

#### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains supplementary information required by the Governmental Accounting Standards Board and by the District's state oversight agency, the Texas Commission on Environmental Quality (the Commission).

In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities which engage in a single governmental program, such as the provision of water, sanitary sewer and drainage services. Other activities, such as the provision of recreation facilities and solid waste collection, are minor activities and are not budgeted or accounted for as separate programs. The financial statements of special-purpose governments combine two types of financial statements into one statement. These two types of financial statements are the government-wide financial statements and the fund financial statements. The fund financial statements are presented on the left side of the statements, a column for adjustments is to the right of the fund financial statements, and the government-wide financial statements are presented to the right side of the adjustments column. The following sections describe the measurement focus of the two types of statements and the significant differences in the information they provide.

#### **Government-wide Financial Statements**

The focus of government-wide financial statements is on the overall financial position and activities of the District. The District's government-wide financial statements include the statement of net position and statement of activities, which are prepared using accounting principles that are similar to commercial enterprises. The purpose of the statement of net position is to attempt to report all of the assets, liabilities, and deferred inflows and outflows of resources of the District. The District reports all of its assets when it acquires or begins to maintain the assets and reports all of its liabilities when they are incurred.

The difference between the District's assets, liabilities, and deferred inflows and outflows of resources is labeled as net position and this difference is similar to the total stockholders' equity presented by a commercial enterprise.

The purpose of the statement of activities is to present the revenues and expenses of the District. Again, the items presented on the statement of activities are measured in a manner similar to the approach used by a commercial enterprise in that revenues are recognized when earned or established criteria are satisfied and expenses are reported when incurred by the District. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues are reported even when they may not be collected for several months or years after the end of the accounting period and expenses are recorded even though they may not have used cash during the current year.

# **Lazy River Improvement District**

## **Management's Discussion and Analysis (Continued)**

### **September 30, 2023**

Although the statement of activities looks different from a commercial enterprise's statement of income, the financial statement is different only in format, not substance. Whereas the bottom line in a commercial enterprise is its net income, the District reports an amount described as change in net position, essentially the same thing.

#### **Fund Financial Statements**

Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the District rather than the District as a whole. 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 or governmental statutes or regulations.

#### **Governmental Funds**

Governmental-fund financial statements consist of a balance sheet and a statement of revenues, expenditures and changes in fund balances and are prepared on an accounting basis that is significantly different from that used to prepare the government-wide financial statements.

In general, these financial statements have a short-term emphasis and, for the most part, measure and account for cash and other assets that can easily be converted into cash. For example, amounts reported on the balance sheet include items such as cash and receivables collectible within a very short period of time, but do not include capital assets such as land and water, sewer and drainage systems. Fund liabilities include amounts that are to be paid within a very short period after the end of the fiscal year. The difference between a fund's assets, liabilities, and deferred inflows and outflows of resources is labeled the fund balance and generally indicates the amount that can be used to finance the next fiscal year's activities. Likewise, the operating statement for governmental funds reports only those revenues and expenditures that were collected in cash or paid with cash, respectively, during the current period or very shortly after the end of the fiscal year.

Because the focus of the government-wide and fund financial statements is different, there are significant differences between the totals presented in these financial statements. For this reason, there is an analysis in the notes to financial statements that describes the adjustments to fund balances to arrive at net position presented in the governmental activities column on the statement of net position. Also, there is an analysis in the notes to financial statements that reconciles the total change in fund balances for all governmental funds to the change in net position, as reported in the governmental activities column in the statement of activities.

#### **Notes to Financial Statements**

The notes to financial statements provide additional information that is essential to a full understanding of the data found in the government-wide and fund financial statements.

**Lazy River Improvement District**  
**Management's Discussion and Analysis (Continued)**  
**September 30, 2023**

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

The District's overall financial position and activities for the past two years are summarized as follows, based on the information included in the government-wide financial statements.

**Summary of Net Position**

	<b>2023</b>	<b>2022</b>
Current and other assets	\$ 3,691,014	\$ 329,091
Capital assets	<u>1,018,645</u>	<u>1,048,323</u>
Total assets	<u>\$ 4,709,659</u>	<u>\$ 1,377,414</u>
Long-term liabilities	\$ 3,425,000	\$ -
Other liabilities	<u>47,797</u>	<u>41,645</u>
Total liabilities	<u>3,472,797</u>	<u>41,645</u>
Net position:		
Net investment in capital assets	608,269	1,048,323
Restricted	204,759	-
Unrestricted	<u>423,834</u>	<u>287,446</u>
Total net position	<u>\$ 1,236,862</u>	<u>\$ 1,335,769</u>

The total net position of the District decreased by \$98,907, or about 7%. The majority of the decrease in net position is related to services and debt service expenses exceeding property taxes and charges for services revenues.

**Summary of Changes in Net Position**

	<b>2023</b>	<b>2022</b>
Revenues:		
Property taxes	\$ 65,626	\$ 179,593
Charges for services	449,856	280,093
Other revenues	<u>6,094</u>	<u>68,179</u>
Total revenues	<u>521,576</u>	<u>527,865</u>

**Lazy River Improvement District**  
**Management's Discussion and Analysis (Continued)**  
**September 30, 2023**

**Summary of Changes in Net Position (Continued)**

	<b>2023</b>	<b>2022</b>
Expenses:		
Services	\$ 371,882	\$ 416,154
Depreciation	50,161	63,223
Debt service	198,440	3,328
Total expenses	<u>620,483</u>	<u>482,705</u>
Change in net position	(98,907)	45,160
Net position, beginning of year	<u>1,335,769</u>	<u>1,290,609</u>
Net position, end of year	<u><u>\$ 1,236,862</u></u>	<u><u>\$ 1,335,769</u></u>

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

The District's combined fund balances as of the end of the fiscal year ended September 30, 2023, were \$3,610,949, an increase of \$3,368,107 from the prior year.

The general fund's fund balance increased by \$133,427, primarily due to property taxes and services revenues exceeding service operation expenditures and a transfer to the debt service fund.

The debt service fund's fund balance increased by \$363,501, primarily due to proceeds received from the sale of bonds and a transfer from the general fund.

The capital projects fund's fund balance increased by \$2,871,179, due to proceeds received from the sale of bonds exceeding capital outlay expenditures and debt issuance costs.

**General Fund Budgetary Highlights**

There were several differences between the final budgetary amounts and actual amounts. The major differences between budget and actual were due to water service revenues and regional water authority expenditures being greater than anticipated. In addition, interfund transfers out were not budgeted. The fund balance as of September 30, 2023, was expected to be \$363,396 and the actual end-of-year fund balance was \$376,269.

**Capital Assets and Related Debt**

**Capital Assets**

Capital assets held by the District at the end of the current and previous fiscal years are summarized as follows.

**Lazy River Improvement District**  
**Management's Discussion and Analysis (Continued)**  
**September 30, 2023**

**Capital Assets (Net of Accumulated Depreciation)**

	<b>2023</b>	<b>2022</b>
Land and improvements	\$ 30,182	\$ 30,182
Construction in progress	20,483	-
Infrastructure	962,833	1,012,216
Buildings	5,147	5,925
	<hr/>	<hr/>
Total capital assets	<u>\$ 1,018,645</u>	<u>\$ 1,048,323</u>

During the current year, additions to capital assets were as follows:

Construction in progress related to the wastewater treatment plant improvements	<u>\$ 20,483</u>
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**Debt**

The changes in the debt position of the District during the fiscal year ended September 30, 2023, are summarized as follows:

Long-term debt payable, beginning of year	\$ -
Increases in long-term debt	<u>3,425,000</u>
	<hr/>
Long-term debt payable, end of year	<u>\$ 3,425,000</u>

At September 30, 2023, the District had \$2,205,000 of tax bonds authorized, but unissued, for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District.

During the current year, the District issued its Revenue Bonds, Series 2023 in the amount of \$3,425,000, at a net effective interest rate of 4.445906%.

The District's bonds are not rated.

**Other Relevant Factors**

**Relationship to the City of Conroe, Texas**

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Conroe (the City), the District must conform to the City ordinance consenting to the creation of the District. In addition, the District may be annexed by the City without the District's consent, subject to compliance with existing state law procedural requirements. If the District is annexed, the City must assume the District's assets and obligations (including the bonded indebtedness) and abolish the District within 90 days.



**Lazy River Improvement District**  
**Statement of Net Position and Governmental Funds Balance Sheet**  
**September 30, 2023**

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
<b>Assets</b>						
Cash	\$ 338,677	\$ 363,501	\$ -	\$ 702,178	\$ -	\$ 702,178
Short-term investment, restricted	-	-	2,877,442	2,877,442	-	2,877,442
Receivables:						
Property taxes	23,876	-	-	23,876	-	23,876
Service accounts	58,563	-	-	58,563	-	58,563
Accrued penalty and interest	-	-	-	-	23,689	23,689
Interfund receivable	6,263	-	-	6,263	(6,263)	-
Prepaid expenditures	5,266	-	-	5,266	-	5,266
Capital assets (net of accumulated depreciation):						
Land and improvements	-	-	-	-	30,182	30,182
Construction in progress	-	-	-	-	20,483	20,483
Infrastructure	-	-	-	-	962,833	962,833
Buildings	-	-	-	-	5,147	5,147
Total assets	<u>\$ 432,645</u>	<u>\$ 363,501</u>	<u>\$ 2,877,442</u>	<u>\$ 3,673,588</u>	<u>\$ 1,036,071</u>	<u>\$ 4,709,659</u>

**Lazy River Improvement District**  
**Statement of Net Position and Governmental Funds Balance Sheet (Continued)**  
**September 30, 2023**

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
<b>Liabilities</b>						
Accounts payable	\$ 12,700	\$ -	\$ -	\$ 12,700	\$ -	\$ 12,700
Accrued interest payable	-	-	-	-	15,297	15,297
Customer deposits	19,800	-	-	19,800	-	19,800
Interfund payable	-	-	6,263	6,263	(6,263)	-
Long-term liabilities, due after one year	-	-	-	-	3,425,000	3,425,000
Total liabilities	32,500	0	6,263	38,763	3,434,034	3,472,797
<b>Deferred Inflows of Resources</b>						
Deferred property tax revenues	23,876	0	0	23,876	(23,876)	0
<b>Fund Balances/Net Position</b>						
Fund balances:						
Nonspendable, prepaid expenditures	5,266	-	-	5,266	(5,266)	-
Restricted:						
Revenue bonds	-	363,501	-	363,501	(363,501)	-
Water, sewer and drainage	-	-	2,871,179	2,871,179	(2,871,179)	-
Unassigned	371,003	-	-	371,003	(371,003)	-
Total fund balances	376,269	363,501	2,871,179	3,610,949	(3,610,949)	0
Total liabilities, deferred inflows of resources and fund balances	\$ 432,645	\$ 363,501	\$ 2,877,442	\$ 3,673,588		
Net position:						
Net investment in capital assets					608,269	608,269
Restricted for debt service					204,759	204,759
Unrestricted					423,834	423,834
Total net position					\$ 1,236,862	\$ 1,236,862

**Lazy River Improvement District**  
**Statement of Activities and Governmental Funds Revenues,**  
**Expenditures and Changes in Fund Balances**  
**Year Ended September 30, 2023**

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
<b>Revenues</b>						
Property taxes	\$ 65,199	\$ -	\$ -	\$ 65,199	\$ 427	\$ 65,626
Water service	267,734	-	-	267,734	-	267,734
Sewer service	99,709	-	-	99,709	-	99,709
Regional water fee	82,413	-	-	82,413	-	82,413
Penalty and interest	1,649	-	-	1,649	2,534	4,183
Investment income	938	760	-	1,698	-	1,698
Other income	213	-	-	213	-	213
Total revenues	517,855	760	0	518,615	2,961	521,576
<b>Expenditures/Expenses</b>						
Service operations:						
Regional water authority	93,194	-	-	93,194	-	93,194
Professional fees	24,453	-	-	24,453	-	24,453
Contracted services	35,248	-	-	35,248	-	35,248
Utilities	31,086	-	-	31,086	-	31,086
Repairs and maintenance	152,017	-	-	152,017	-	152,017
Other expenditures	35,879	5	-	35,884	-	35,884
Capital outlay	-	-	20,483	20,483	(20,483)	-
Depreciation	-	-	-	-	50,161	50,161
Debt service:						
Interest and fees	-	-	-	-	15,297	15,297
Debt issuance costs	-	-	183,143	183,143	-	183,143
Total expenditures/expenses	371,877	5	203,626	575,508	44,975	620,483
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	145,978	755	(203,626)	(56,893)	(42,014)	
<b>Other Financing Sources (Uses)</b>						
Interfund transfers in (out)	(12,551)	12,551	-	-	-	
Revenue bonds issued	-	350,195	3,074,805	3,425,000	(3,425,000)	
Total other financing sources (uses)	(12,551)	362,746	3,074,805	3,425,000	(3,425,000)	
<b>Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	133,427	363,501	2,871,179	3,368,107	(3,368,107)	
<b>Change in Net Position</b>					(98,907)	(98,907)
<b>Fund Balances/Net Position</b>						
Beginning of year	242,842	-	-	242,842	-	1,335,769
End of year	\$ 376,269	\$ 363,501	\$ 2,871,179	\$ 3,610,949	\$ 0	\$ 1,236,862

# **Lazy River Improvement District**

## **Notes to Financial Statements**

**September 30, 2023**

### **Note 1: Nature of Operations and Summary of Significant Accounting Policies**

Lazy River Improvement District (the District) was created by acts of the 59<sup>th</sup> Legislature of the State of Texas, Regular Session, effective on May 20, 1965. The Board of Directors held its first meeting on July 20, 1965, and the first bonds were sold on June 7, 1968. The District operates in accordance with Chapters 51 of the Texas Water Code and is subject to the continuing supervision of the Texas Commission on Environmental Quality (the Commission). The principal functions of the District are to finance, construct, own and operate waterworks, wastewater and drainage facilities and to provide such facilities and services to the customers of the District.

The District is governed by a Board of Directors (the Board) consisting of five individuals who are residents or owners of property within the District and are elected by voters within the District. The Board sets the policies of the District. The accounting and reporting policies of the District conform to accounting principles generally accepted in the United States of America for state and local governments, as defined by the Governmental Accounting Standards Board. The following is a summary of the significant accounting and reporting policies of the District:

#### ***Reporting Entity***

The accompanying government-wide financial statements present the financial statements of the District. There are no component units that are legally separate entities for which the District is considered to be financially accountable. Accountability is defined as the District's substantive appointment of the voting majority of the component unit's governing board. Furthermore, to be financially accountable, the District must be able to impose its will upon the component unit or there must be a possibility that the component unit may provide specific financial benefits to, or impose specific financial burdens on, the District.

#### ***Government-wide and Fund Financial Statements***

In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities which engage in a single governmental program, such as the provision of water, wastewater, drainage and other related services. The financial statements of special-purpose governments combine two types of financial statements into one statement. These two types of financial statements are the government-wide financial statements and the fund financial statements. The fund financial statements are presented with a column for adjustments to convert to the government-wide financial statements.

The government-wide financial statements report information on all of the activities of the District. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Governmental activities generally are financed through taxes, charges for services and intergovernmental revenues. The statement of activities reflects the revenues and expenses of the District.

# Lazy River Improvement District

## Notes to Financial Statements

### September 30, 2023

The fund financial statements provide information about the District's governmental funds. Separate statements for each governmental fund are presented. The emphasis of fund financial statements is directed to specific activities of the District.

The District presents the following major governmental funds:

*General Fund* – The general fund is the primary operating fund of the District which accounts for all financial resources not accounted for in another fund. Revenues are derived primarily from property taxes, charges for services and interest income.

*Debt Service Fund* – The debt service fund is used to account for financial resources that are restricted, committed or assigned to expenditures for principal and interest related costs, as well as the financial resources being accumulated for future debt service.

*Capital Projects Fund* – The capital projects fund is used to account for financial resources that are restricted, committed or assigned to expenditures for capital outlays.

#### **Fund Balances – Governmental Funds**

The fund balances for the District's governmental funds can be displayed in up to five components:

*Nonspendable* – Amounts that are not in a spendable form or are required to be maintained intact.

*Restricted* – Amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

*Committed* – Amounts that can be used only for the specific purposes determined by resolution of the Board. Commitments may be changed or lifted only by issuance of a resolution by the District's Board.

*Assigned* – Amounts intended to be used by the District for specific purposes as determined by management. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

*Unassigned* – The residual classification for the general fund and includes all amounts not contained in the other classifications.

The District considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The District applies committed amounts first, followed by assigned amounts, and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

# **Lazy River Improvement District**

## **Notes to Financial Statements**

### **September 30, 2023**

#### ***Measurement Focus and Basis of Accounting***

##### **Government-wide Financial Statements**

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

Nonexchange transactions, in which the District receives (or gives) value without directly giving (or receiving) equal value in exchange, include property taxes and donations. Recognition standards are based on the characteristics and classes of nonexchange transactions. Revenues from property taxes are recognized in the period for which the taxes are levied. Donations are recognized as revenues, net of estimated uncollectible amounts, as soon as all eligibility requirements imposed by the provider have been met. Amounts received before all eligibility requirements have been met are reported as liabilities. Intergovernmental revenues are recognized as revenues, net of estimated refunds and uncollectible amounts, in the accounting period when an enforceable legal claim to the assets arises and the use of resources is required or is first permitted.

##### **Fund Financial Statements**

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and liabilities are generally included on the balance sheet. The statement of governmental funds revenues, expenditures and changes in fund balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in spendable resources. General capital asset acquisitions are reported as expenditures and proceeds of long-term debt are reported as other financing sources. Under the modified accrual basis of accounting, revenues are recognized when both measurable and available. The District considers revenues reported in the governmental funds to be available if they are collectible within 60 days after year-end. Principal revenue sources considered susceptible to accrual include taxes, charges for services and investment income. Other revenues are considered to be measurable and available only when cash is received by the District. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized as expenditures when payment is due.

#### ***Deferred Outflows and Inflows of Resources***

A deferred outflow of resources is a consumption of net position that is applicable to a future reporting period and a deferred inflow of resources is an acquisition of net position that is applicable to a future reporting period.

# **Lazy River Improvement District**

## **Notes to Financial Statements**

**September 30, 2023**

### ***Interfund Transactions***

Transfers from one fund to another fund are reported as interfund receivables and payables if there is intent to repay the amount and if there is the ability to repay the advance on a timely basis. Transfers represent legally authorized transfers from the fund receiving resources to the fund through which the resources are to be expended.

### ***Pension Costs***

The District does not participate in a pension plan and, therefore, has no pension costs.

### ***Use of 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 amounts of assets, liabilities, and deferred inflows and outflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

### ***Investments and Investment Income***

Investments in certificates of deposit, U.S. Government and agency securities, and certain pooled funds, which have a remaining maturity of one year or less at the date of purchase, are recorded at amortized cost. All other investments are carried at fair value. Fair value is determined using quoted market values.

Investment income includes dividends and interest income and the net change for the year in the fair value of investments carried at fair value. Investment income is credited to the fund in which the investment is recorded.

### ***Property Taxes***

An appraisal district annually prepares appraisal records listing all property within the District and the appraised value of each parcel or item as of January 1. Additionally, on January 1, a tax lien attaches to property to secure the payment of all taxes, penalty and interest ultimately imposed for the year on the property. After the District receives its certified appraisal roll from the appraisal district, the rate of taxation is set by the Board of the District based upon the aggregate appraisal value. Taxes are due and payable October 1 or when billed, whichever is later, and become delinquent after January 31 of the following year.

# Lazy River Improvement District

## Notes to Financial Statements

September 30, 2023

In the governmental funds, property taxes are initially recorded as receivables and deferred inflows of resources at the time the tax levy is billed. Revenues recognized during the fiscal year ended September 30, 2023, include collections during the current period or within 60 days of year-end related to the 2022 and prior years' tax levies.

In the government-wide statement of net position, property taxes are considered earned in the budget year for which they are levied. For the District's fiscal year ended September 30, 2023, the 2022 tax levy is considered earned during the current fiscal year. In addition to property taxes levied, any delinquent taxes are recorded net of amounts considered uncollectible.

### **Capital Assets**

Capital assets, which include land and improvements, furniture, property, plant, equipment and infrastructure, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an individual cost of \$5,000 or more and an estimated useful life of two years or more. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized.

Land and improvements are not depreciated. Capital assets are depreciated using the straight-line method over their estimated useful lives as follows:

	<u>Years</u>
Infrastructure	10-45
Buildings	20
Furniture and equipment	7

### **Debt Issuance Costs**

Debt issuance costs, other than prepaid insurance, do not meet the definition of an asset or deferred outflows of resources since the costs are not applicable to a future period and, therefore, are recognized as an expense/expenditure in the period incurred.

### **Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are recognized as a component of long-term liabilities and amortized over the life of the related debt using the effective interest rate method. Bonds payable are reported net of the applicable bond premium or discount.



# Lazy River Improvement District

## Notes to Financial Statements

### September 30, 2023

In the fund financial statements, governmental fund types recognize premiums and discounts on bonds during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### ***Net Position/Fund Balances***

Fund balances and net position are reported as restricted when constraints placed on them are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or are imposed by law through constitutional provisions or enabling legislation.

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

#### ***Reconciliation of Government-wide and Fund Financial Statements***

Amounts reported for net position of governmental activities in the statement of net position and fund balances in the governmental funds balance sheet are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds.	\$ 1,018,645
Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.	23,876
Penalty and interest on delinquent taxes is not receivable in the current period and is not reportable in the funds.	23,689
Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the funds.	(15,297)
Long-term debt obligations are not due and payable in the current period and are not reported in the funds.	<u>(3,425,000)</u>
Adjustment to fund balances to arrive at net position.	<u><u>\$ (2,374,087)</u></u>

Amounts reported for change in net position of governmental activities in the statement of activities are different from change in fund balances in the governmental funds statement of revenues, expenditures and changes in fund balances because of the following items.

# Lazy River Improvement District

## Notes to Financial Statements

### September 30, 2023

Change in fund balances.	\$ 3,368,107
Governmental funds report capital outlays as expenditures. However, for government-wide financial statements, the cost of capitalized assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay expenditures in the current year.	(29,678)
Governmental funds report proceeds from the sale of bonds because they provide current financial resources to governmental funds. Principal payments on debt are recorded as expenditures. None of these transactions, however, have any effect on net position.	(3,425,000)
Revenues that do not provide current financial resources are not reported as revenues for the funds, but are reported as revenues in the statement of activities.	2,961
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(15,297)</u>
Change in net position of governmental activities.	<u><u>\$ (98,907)</u></u>

## **Note 2: Deposits, Investments and Investment Income**

### ***Deposits***

Custodial credit risk is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The District's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State law requires collateralization of all deposits with federal depository insurance; a surety bond; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities of the State of Texas; or certain collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States.

At September 30, 2023, none of the District's bank balances were exposed to custodial credit risk.

### ***Investments***

The District may legally invest in obligations of the United States or its agencies and instrumentalities, direct obligations of Texas or its agencies or instrumentalities, collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the

# Lazy River Improvement District

## Notes to Financial Statements

September 30, 2023

underlying security for which is guaranteed by an agency or instrumentality of the United States, other obligations guaranteed as to principal and interest by the State of Texas or the United States or their agencies and 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, obligations of states, agencies and counties and other political subdivisions with an investment rating not less than "A," insured or collateralized certificates of deposit, and certain bankers' acceptances, repurchase agreements, mutual funds, commercial paper, guaranteed investment contracts and investment pools.

The District's investment policy may be more restrictive than the Public Funds Investment Act.

At September 30, 2023, the District had the following investments and maturities:

Type	Fair Value	Less Than 1	1-5	6-10	More Than 10
Government money market fund	\$ 2,877,442	\$ 2,877,442	\$ 0	\$ 0	\$ 0

**Interest Rate Risk.** As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy does not allow investments in certain mortgage-backed securities, collateralized mortgage obligations with a final maturity date in excess of 10 years and interest rate indexed collateralized mortgage obligations. The government money market fund is presented as an investment with a maturity of less than one year because it is redeemable in full immediately.

**Credit Risk.** Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At September 30, 2023, the District's investments in the government money market fund were rated "AAAm" by Standard & Poor's.

### Summary of Carrying Values

The carrying values of deposits and investments shown previously are included in the balance sheet at September 30, 2023, as follows:

Carrying value:	
Deposits	\$ 702,178
Investments	2,877,442
Total	<u>\$ 3,579,620</u>

### Investment Income

Investment income of \$1,698 for the year ended September 30, 2023, consisted of interest income.

# Lazy River Improvement District

## Notes to Financial Statements

### September 30, 2023

#### ***Fair Value Measurements***

The District has the following recurring fair value measurements as of September 30, 2023:

- Government money market fund of \$2,877,442 is valued at fair value per share of the fund's underlying portfolio.

#### **Note 3: Capital Assets**

A summary of changes in capital assets for the year ended September 30, 2023, is presented below:

<b>Governmental Activities</b>	<b>Balances, Beginning of Year</b>	<b>Additions</b>	<b>Balances, End of Year</b>
Capital assets, non-depreciable:			
Land and improvements	\$ 30,182	\$ -	\$ 30,182
Construction in progress	-	20,483	20,483
Total capital assets, non-depreciable	<u>30,182</u>	<u>20,483</u>	<u>50,665</u>
Capital assets, depreciable:			
Infrastructure	3,111,613	-	3,111,613
Furniture	4,441	-	4,441
Buildings	17,594	-	17,594
Total capital assets, depreciable	<u>3,133,648</u>	<u>0</u>	<u>3,133,648</u>
Less accumulated depreciation:			
Infrastructure	(2,099,397)	(49,383)	(2,148,780)
Furniture	(4,441)	-	(4,441)
Buildings	(11,669)	(778)	(12,447)
Total accumulated depreciation	<u>(2,115,507)</u>	<u>(50,161)</u>	<u>(2,165,668)</u>
Total governmental activities, net	<u>\$ 1,048,323</u>	<u>\$ (29,678)</u>	<u>\$ 1,018,645</u>

#### **Note 4: Long-term Liabilities**

Changes in long-term liabilities for the year ended September 30, 2023, were as follows.

# Lazy River Improvement District

## Notes to Financial Statements

September 30, 2023

Governmental Activities	Balances, Beginning of Year	Increases	Decreases	Balances, End of Year	Amounts Due in One Year
Bonds payable:					
Direct placement revenue bonds	\$ 0	\$ 3,425,000	\$ 0	\$ 3,425,000	\$ 0

### Direct Placement Revenue Bonds

	Series 2023
Amount outstanding, September 30, 2023	\$3,425,000
Interest rate	3.10% to 4.73%
Maturity dates, serially beginning/ending	March 1, 2025/2053
Interest payment dates	March 1/September 1
Callable date*	September 1, 2033

\*Or any date thereafter; callable at par plus accrued interest to the date of redemption.

### Annual Debt Service Requirements

The following schedule shows the annual debt service requirements to pay principal and interest on direct placement revenue bonds outstanding at September 30, 2023:

Year	Principal	Interest	Total
2024	\$ -	\$ 147,030	\$ 147,030
2025	65,000	142,371	207,371
2026	65,000	140,255	205,255
2027	70,000	138,117	208,117
2028	70,000	135,936	205,936
2029-2033	410,000	643,493	1,053,493
2034-2038	500,000	566,686	1,066,686
2039-2043	600,000	453,391	1,053,391
2044-2048	740,000	302,767	1,042,767
2049-2053	905,000	110,562	1,015,562
Total	\$ 3,425,000	\$ 2,780,608	\$ 6,205,608

# Lazy River Improvement District

## Notes to Financial Statements

### September 30, 2023

The bonds are payable from and secured by a pledge of the net revenues of the District's waterworks and sanitary sewer system.

Unlimited tax bonds voted	\$	4,475,000
Unlimited tax bonds sold		2,270,000

#### **Note 5: Significant Bond Order and Commission Requirements**

- A. The Bond Order created a reserve requirement equal to the average debt service requirements on all outstanding revenue bonds. At September 30, 2023, the reserve requirement equaled \$206,854. The amount of \$220,056 was funded with proceeds from the sale of the bonds, accumulated interest earnings and transfers from the general fund of pledged net revenues.
- B. In accordance with the Revenue Series 2023 Bond Order, a portion of the bond proceeds was deposited into the debt service fund and reserved for the payment of bond interest during the construction period. This bond interest reserve is reduced as the interest is paid:

Bond interest reserve, beginning of year	\$	-
Additions--Interest appropriated from bond proceeds		143,445
Bond interest reserve, end of year	\$	143,445

#### **Note 6: Maintenance Taxes**

At an election held May 1, 1999, voters authorized a maintenance tax not to exceed \$0.15 per \$100 of assessed valuation on all property within the District subject to taxation. During the year ended September 30, 2023, the District levied an ad valorem maintenance tax at the rate of \$0.1424 per \$100 of assessed valuation, which resulted in a tax levy of \$65,804 on the taxable valuation of \$46,209,610 for the 2022 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the District.

#### **Note 7: Groundwater Reduction Agreement**

The District is within the boundaries of the San Jacinto River Authority (the Authority), which was created by the Texas Legislature. The Authority was created to provide a regional entity to acquire surface water and build the necessary facilities to convert from groundwater to surface water in order to meet conversion requirements mandated by the Harris-Galveston Subsidence District, which regulates groundwater withdrawal. The District has entered into a Contract for Groundwater Reduction Planning, Alternative Water Supply and Related Goods and Services (GRP Contract) with the Authority in order to meet the conservation district's requirements. As a participant in

# **Lazy River Improvement District**

## **Notes to Financial Statements**

**September 30, 2023**

the Authority's GRP Contract, the District has complied with all current conservation district requirements for surface water conversion and is obligated to pay to the Authority a groundwater withdrawal fee for all groundwater produced and used by the District and will be required to pay a water purchase fee for any water actually purchased from the Authority in the future. As of September 30, 2023, the Authority was billing the District \$2.99 per 1,000 gallons of water pumped. This amount is subject to future adjustments.

### **Note 8: 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 for which the District participates along with other entities in the Texas Municipal League's Intergovernmental Risk Pool (the Pool). The Pool purchases commercial insurance at group rates for participants in the Pool. The District has no additional risk or responsibility to the Pool, outside of payment of insurance premiums. The District has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts in the past three fiscal years.

## **Required Supplementary Information**



**Lazy River Improvement District**  
**Budgetary Comparison Schedule – General Fund**  
**Year Ended September 30, 2023**

	<b>Original Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues</b>			
Property taxes	\$ 64,000	\$ 65,199	\$ 1,199
Water service	224,000	267,734	43,734
Sewer service	94,800	99,709	4,909
Regional water fee	82,000	82,413	413
Penalty and interest	2,000	1,649	(351)
Investment income	100	938	838
Other income	3,000	213	(2,787)
	<u>469,900</u>	<u>517,855</u>	<u>47,955</u>
<b>Total revenues</b>			
	<u>469,900</u>	<u>517,855</u>	<u>47,955</u>
<b>Expenditures</b>			
Service operations:			
Regional water authority	73,000	93,194	(20,194)
Professional fees	28,800	24,453	4,347
Contracted services	34,812	35,248	(436)
Utilities	28,500	31,086	(2,586)
Repairs and maintenance	152,600	152,017	583
Other expenditures	31,634	35,879	(4,245)
	<u>349,346</u>	<u>371,877</u>	<u>(22,531)</u>
<b>Total expenditures</b>			
	<u>349,346</u>	<u>371,877</u>	<u>(22,531)</u>
<b>Excess of Revenues Over Expenditures</b>	120,554	145,978	25,424
<b>Other Financing Uses</b>			
Interfund transfers out	-	(12,551)	(12,551)
	<u>-</u>	<u>(12,551)</u>	<u>(12,551)</u>
<b>Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	120,554	133,427	12,873
<b>Fund Balance, Beginning of Year</b>	242,842	242,842	-
	<u>242,842</u>	<u>242,842</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	\$ 363,396	\$ 376,269	\$ 12,873
	<u>\$ 363,396</u>	<u>\$ 376,269</u>	<u>\$ 12,873</u>

**Lazy River Improvement District**  
**Notes to Required Supplementary Information**  
**September 30, 2023**

***Budgets and Budgetary Accounting***

An annual operating budget is prepared for the general fund by the District's consultants. The budget reflects resources expected to be received during the year and expenditures expected to be incurred. The Board of Directors is required to adopt the budget prior to the start of its fiscal year. The budget is not a spending limitation (a legally restricted appropriation). The original budget of the general fund was not amended during fiscal 2023.

The District prepares its annual operating budget on a basis consistent with accounting principles generally accepted in the United States of America. The Budgetary Comparison Schedule - General Fund presents the original and revised budget amounts, if revised, compared to the actual amounts of revenues and expenditures for the current year.

## **Supplementary Information**

**Lazy River Improvement District**  
**Other Schedules Included Within This Report**  
**September 30, 2023**

(Schedules included are checked or explanatory notes provided for omitted schedules.)

- [X] Notes Required by the Water District Accounting Manual  
See "Notes to Financial Statements," Pages 12-23
- [X] Schedule of Services and Rates
- [X] Schedule of General Fund Expenditures
- [X] Schedule of Temporary Investments
- [X] Analysis of Taxes Levied and Receivable
- [X] Schedule of Long-term Debt Service Requirements by Years
- [X] Changes in Long-term Bonded Debt
- [X] Comparative Schedule of Revenues and Expenditures – General Fund and Debt Service Fund –  
Five Years
- [X] Board Members, Key Personnel and Consultants

# Lazy River Improvement District

## Schedule of Services and Rates

### Year Ended September 30, 2023

1. Services provided by the District:

<input checked="" type="checkbox"/> Retail Water	<input type="checkbox"/> Wholesale Water	<input type="checkbox"/> Drainage
<input checked="" type="checkbox"/> Retail Wastewater	<input type="checkbox"/> Wholesale Wastewater	<input type="checkbox"/> Irrigation
<input type="checkbox"/> Parks/Recreation	<input type="checkbox"/> Fire Protection	<input type="checkbox"/> Security
<input type="checkbox"/> Solid Waste/Garbage	<input type="checkbox"/> Flood Control	<input type="checkbox"/> Roads
<input type="checkbox"/> Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)		
<input type="checkbox"/> Other _____		

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 Levels	
Water:	\$ 100.00	5,000	N	\$ 3.25	5,001 to	10,000
				\$ 3.75	10,001 to	15,000
				\$ 4.25	15,001 to	20,000
				\$ 4.75	20,001 to	25,000
				\$ 5.25	25,001 to	No Limit

Wastewater: \$ 40.00 0 Y

Regional water fee: \$ 4.28 1,000 N \$ 4.28 1,001 to No Limit

Does the District employ winter averaging for wastewater usage? Yes No X

Total charges per 10,000 gallons usage (including fees): Water \$ 159.05 Wastewater \$ 40.00

b. Water and wastewater retail connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC*
Unmetered	-	-	x1.0	-
≤ 3/4"	227	221	x1.0	221
1"	6	6	x2.5	15
1 1/2"	1	1	x5.0	5
2"	1	1	x8.0	8
3"	-	-	x15.0	-
4"	-	-	x25.0	-
6"	-	-	x50.0	-
8"	-	-	x80.0	-
10"	-	-	x115.0	-
Total water	235	229		249
Total wastewater	213	207	x1.0	207

3. Total water consumption (in thousands) during the fiscal year:

Gallons pumped into the system:	29,790
Gallons billed to customers:	19,526
Water accountability ratio (gallons billed/gallons pumped):	65.55%

\*"ESFC" means equivalent single-family connections

**Lazy River Improvement District**  
**Schedule of General Fund Expenditures**  
**Year Ended September 30, 2023**

<b>Personnel (including benefits)</b>		\$	-
<b>Professional Fees</b>			
Auditing	\$	13,800	
Legal		6,693	
Engineering		3,960	
Financial advisor		-	24,453
<b>Purchased Services for Resale</b>			
Bulk water and wastewater service purchases			-
<b>Regional Water Authority</b>			93,194
<b>Contracted Services</b>			
Bookkeeping		12,012	
General manager		-	
Appraisal district		436	
Tax collector		-	
Security		-	
Other contracted services		22,800	35,248
<b>Utilities</b>			31,086
<b>Repairs and Maintenance</b>			152,017
<b>Administrative Expenditures</b>			
Directors' fees		-	
Office supplies		9,521	
Insurance		19,212	
Other administrative expenditures		7,146	35,879
<b>Capital Outlay</b>			
Capitalized assets		-	
Expenditures not capitalized		-	-
<b>Tap Connection Expenditures</b>			-
<b>Solid Waste Disposal</b>			-
<b>Fire Fighting</b>			-
<b>Parks and Recreation</b>			-
<b>Other Expenditures</b>			-
Total expenditures		\$	<u>371,877</u>

**Lazy River Improvement District**  
**Schedule of Temporary Investments**  
**September 30, 2023**

	Interest Rate	Maturity Date	Face Amount	Accrued Interest Receivable
<b>Capital Projects Fund</b>				
Invesco Short-term Investment				
Treasury Obligation	4.33%	Demand	<u>\$      2,877,442</u>	<u>\$                  0</u>

**Lazy River Improvement District**  
**Analysis of Taxes Levied and Receivable**  
**Year Ended September 30, 2023**

	<b>Maintenance Taxes</b>	<b>Debt Service Taxes</b>
<b>Receivable, Beginning of Year</b>	\$ 6,829	\$ 16,620
Additions and corrections to prior years' taxes	<u>(46)</u>	<u>(131)</u>
Adjusted receivable, beginning of year	<u>6,783</u>	<u>16,489</u>
 <b>2022 Original Tax Levy</b>	 58,440	 -
Additions and corrections	<u>7,364</u>	<u>-</u>
Adjusted tax levy	<u>65,804</u>	<u>0</u>
Total to be accounted for	72,587	16,489
Tax collections: Current year	(63,987)	-
Prior years	<u>(385)</u>	<u>(828)</u>
Receivable, end of year	<u><u>\$ 8,215</u></u>	<u><u>\$ 15,661</u></u>
 <b>Receivable, by Years</b>		
2022	\$ 1,817	\$ -
2021	1,379	2,966
2020	905	1,924
2019	576	1,237
2018	291	660
2017	293	650
2016	245	635
2015	257	635
2014	241	653
2013 and prior	<u>2,211</u>	<u>6,301</u>
Receivable, end of year	<u><u>\$ 8,215</u></u>	<u><u>\$ 15,661</u></u>



**Lazy River Improvement District**  
**Analysis of Taxes Levied and Receivable (Continued)**  
**Year Ended September 30, 2023**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>Property Valuations</b>				
Land	\$ 11,745,180	\$ 6,026,760	\$ 5,983,170	\$ 6,031,970
Improvements	40,939,070	35,087,400	34,521,320	30,642,710
Personal property	842,650	689,665	640,805	772,252
Exemptions	<u>(7,317,290)</u>	<u>(2,349,514)</u>	<u>(2,894,987)</u>	<u>(2,337,249)</u>
Total property valuations	<u>\$ 46,209,610</u>	<u>\$ 39,454,311</u>	<u>\$ 38,250,308</u>	<u>\$ 35,109,683</u>
<b>Tax Rates per \$100 Valuation</b>				
Debt service tax rates	\$ -	\$ 0.3110	\$ 0.3020	\$ 0.3225
Maintenance tax rates*	<u>0.1424</u>	<u>0.1446</u>	<u>0.1420</u>	<u>0.1500</u>
Total tax rates per \$100 valuation	<u>\$ 0.1424</u>	<u>\$ 0.4556</u>	<u>\$ 0.4440</u>	<u>\$ 0.4725</u>
<b>Tax Levy</b>	<u>\$ 65,804</u>	<u>\$ 179,759</u>	<u>\$ 169,836</u>	<u>\$ 165,893</u>
<b>Percent of Taxes Collected to Taxes Levied**</b>	<u>97%</u>	<u>98%</u>	<u>98%</u>	<u>99%</u>

\*Maximum tax rate approved by voters: \$0.15 on May 1, 1999, for maintenance and operations

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

**Lazy River Improvement District**  
**Schedule of Long-term Debt Service Requirements by Years**  
**September 30, 2023**

Due During Fiscal Years Ending September 30	Revenue Bonds, Series 2023		
	Principal Due March 1	Interest Due March 1, September 1	Total
2024	\$ -	\$ 147,030	\$ 147,030
2025	65,000	142,371	207,371
2026	65,000	140,255	205,255
2027	70,000	138,117	208,117
2028	70,000	135,936	205,936
2029	75,000	133,689	208,689
2030	80,000	131,282	211,282
2031	80,000	128,798	208,798
2032	85,000	126,236	211,236
2033	90,000	123,488	213,488
2034	90,000	120,545	210,545
2035	95,000	117,319	212,319
2036	100,000	113,714	213,714
2037	105,000	109,729	214,729
2038	110,000	105,379	215,379
2039	110,000	100,809	210,809
2040	115,000	96,038	211,038
2041	120,000	90,967	210,967
2042	125,000	85,607	210,607
2043	130,000	79,970	209,970
2044	135,000	73,959	208,959
2045	140,000	67,593	207,593
2046	150,000	60,879	210,879
2047	155,000	53,818	208,818
2048	160,000	46,518	206,518
2049	165,000	38,904	203,904
2050	175,000	30,863	205,863
2051	180,000	22,467	202,467
2052	190,000	13,717	203,717
2053	195,000	4,611	199,611
Totals	\$ 3,425,000	\$ 2,780,608	\$ 6,205,608

**Lazy River Improvement District**  
**Changes in Long-term Bonded Debt**  
**Year Ended September 30, 2023**

	<b><u>Bond Issue</u></b>
	<b><u>Series 2023</u></b>
Interest rates	3.10% to 4.73%
Dates interest payable	March 1/ September 1
Maturity dates	March 1, 2025/2053
Bonds outstanding, beginning of current year	\$ -
Bonds sold during current year	3,425,000
Retirements, principal	<u>-</u>
Bonds outstanding, end of current year	<u>\$ 3,425,000</u>
Interest paid during current year	<u>\$ 0</u>

Paying agent's name and address:

**Series 2023** - BOKF, N.A., Dallas, Texas

Bond authority:

	<b><u>Tax Bonds</u></b>	<b><u>Other Bonds</u></b>	<b><u>Refunding Bonds</u></b>
Amount authorized by voters	<u>\$ 4,475,000</u>	<u>0</u>	<u>0</u>
Amount issued	<u>\$ 2,270,000</u>	<u>0</u>	<u>0</u>
Remaining to be issued	<u>\$ 2,205,000</u>	<u>0</u>	<u>0</u>

Debt service fund cash and temporary investment balances as of September 30, 2023:	<u>\$ 363,501</u>
Average annual debt service payment (principal and interest) for remaining term of all debt:	<u>\$ 206,854</u>

# Lazy River Improvement District

## Comparative Schedule of Revenues and Expenditures – General Fund

### Five Years Ended September 30,

	Amounts				
	2023	2022	2021	2020	2019
<b>General Fund</b>					
<b>Revenues</b>					
Property taxes	\$ 65,199	\$ 57,007	\$ 53,859	\$ 52,268	\$ 48,598
Water service	267,734	98,562	92,010	90,305	81,507
Sewer service	99,709	104,881	93,676	93,273	89,004
Regional water fee	82,413	76,650	71,345	68,722	61,609
Penalty and interest	1,649	2,080	1,778	1,935	1,605
Investment income	938	38	152	405	301
Other income	213	3,658	2,899	3,677	4,127
Total revenues	517,855	342,876	315,719	310,585	286,751
<b>Expenditures</b>					
Service operations:					
Regional water authority	93,194	69,771	59,708	60,908	50,326
Professional fees	24,453	35,889	24,138	35,917	30,616
Contracted services	35,248	34,812	34,812	34,812	32,612
Utilities	31,086	29,146	22,469	28,316	20,424
Repairs and maintenance	152,017	213,724	154,053	141,030	163,592
Other expenditures	35,879	30,901	25,753	25,174	24,887
Total expenditures	371,877	414,243	320,933	326,157	322,457
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	145,978	(71,367)	(5,214)	(15,572)	(35,706)
<b>Other Financing Sources (Uses)</b>					
Interfund transfers in (out)	(12,551)	149,279	-	-	-
Recovery from governmental agency	-	-	15,943	-	43,216
Proceeds from insurance	-	58,665	-	-	4,950
Total other financing sources (uses)	(12,551)	207,944	15,943	0	48,166
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	133,427	136,577	10,729	(15,572)	12,460
<b>Fund Balance, Beginning of Year</b>	242,842	106,265	95,536	111,108	98,648
<b>Fund Balance, End of Year</b>	\$ 376,269	\$ 242,842	\$ 106,265	\$ 95,536	\$ 111,108
<b>Total Active Retail Water Connections</b>	229	221	221	220	221
<b>Total Active Retail Wastewater Connections</b>	207	199	195	197	202

**Percent of Fund Total Revenues**

<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
12.6 %	16.6 %	17.1 %	16.8 %	17.0 %
51.7	28.7	29.1	29.1	28.4
19.3	30.6	29.7	30.1	31.0
15.9	22.4	22.6	22.1	21.5
0.3	0.6	0.5	0.6	0.6
0.2	0.0	0.1	0.1	0.1
0.0	1.1	0.9	1.2	1.4
<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
18.0	20.4	18.9	19.6	17.6
4.7	10.5	7.7	11.6	10.7
6.8	10.1	11.0	11.2	11.4
6.0	8.5	7.1	9.1	7.1
29.4	62.3	48.8	45.4	57.0
<u>6.9</u>	<u>9.0</u>	<u>8.2</u>	<u>8.1</u>	<u>8.7</u>
<u>71.8</u>	<u>120.8</u>	<u>101.7</u>	<u>105.0</u>	<u>112.5</u>
<u><u>28.2 %</u></u>	<u><u>(20.8) %</u></u>	<u><u>(1.7) %</u></u>	<u><u>(5.0) %</u></u>	<u><u>(12.5) %</u></u>

# Lazy River Improvement District

## Comparative Schedule of Revenues and Expenditures – Debt Service Fund

### Five Years Ended September 30,

	Amounts				
	2023	2022	2021	2020	2019
<b>Debt Service Fund</b>					
<b>Revenues</b>					
Property taxes	\$ -	\$ 122,606	114,619	112,730	\$ 110,136
Penalty and interest	-	2,171	2,801	-	-
Investment income	760	110	-	22	295
Other income	-	-	2,457	3,289	2,357
Total revenues	760	124,887	119,877	116,041	112,788
<b>Expenditures</b>					
Current:					
Contracted services	-	1,356	1,248	1,382	1,420
Other expenditures	5	555	506	465	400
Debt service:					
Principal retirement	-	110,000	105,000	95,000	90,000
Interest and fees	-	3,328	10,905	16,905	22,432
Total expenditures	5	115,239	117,659	113,752	114,252
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	755	9,648	2,218	2,289	(1,464)
<b>Other Financing (Sources) Uses</b>					
Interfund transfers in (out)	12,551	(149,279)	-	-	-
Revenue bonds issued	350,195	-	-	-	-
Total other financing sources (uses)	362,746	(149,279)	0	0	0
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	363,501	(139,631)	2,218	2,289	(1,464)
<b>Fund Balance, Beginning of Year</b>	-	139,631	137,413	135,124	136,588
<b>Fund Balance, End of Year</b>	\$ 363,501	\$ 0	\$ 139,631	\$ 137,413	\$ 135,124

**Percent of Fund Total Revenues**

<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
- %	98.2 %	95.6 %	97.2 %	97.6 %
-	1.7	2.3	-	-
100.0	0.1	-	0.0	0.3
-	-	2.1	2.8	2.1
100.0	100.0	100.0	100.0	100.0
-	1.1	1.0	1.2	1.3
0.7	0.4	0.4	0.4	0.3
-	88.1	87.6	81.8	79.8
-	2.7	9.1	14.6	19.9
0.7	92.3	98.1	98.0	101.3
99.3 %	7.7 %	1.9 %	2.0 %	(1.3) %

**Lazy River Improvement District**  
**Board Members, Key Personnel and Consultants**  
**Year Ended September 30, 2023**

Complete District mailing address:	Lazy River Improvement District c/o Smith, Murdaugh, Little & Bonham, L.L.P. 2727 Allen Parkway, Suite 1100 Houston, Texas 77019-2191
District business telephone number:	713.652.6500
Submission date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	July 26, 2023
Limit on fees of office that a director may receive during a fiscal year:	\$ 7,200

<b>Board Members</b>	<b>Term of Office Elected &amp; Expires</b>	<b>Fees*</b>	<b>Expense Reimbursements</b>	<b>Title at Year-end</b>
Michael D. Edwards	Elected 05/22- 05/26	\$ 0	\$ 0	President
Thomas McKnight	Elected 05/22- 05/26	0	0	Vice President
Robert Henderson	Elected 05/20- 05/24	0	0	Secretary
Thad Davis	Appointed 08/22- 05/26	0	0	Assistant Secretary
John Wells	Appointed 02/21- 05/24	0	0	Assistant Secretary

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



**Lazy River Improvement District**  
**Board Members, Key Personnel and Consultants (Continued)**  
**Year Ended September 30, 2023**

<b>Consultants</b>	<b>Date Hired</b>	<b>Fees and Expense Reimbursements</b>	<b>Title</b>
FORVIS, LLP	11/01/17	\$ 13,800	Auditor
The GMS Group, LLC	06/24/99	70,175	Financial Advisor
L&S District Services, LLC	02/05/19	13,789	Bookkeeper
Langford Engineering Inc.	04/01/17	38,417	Engineer
Tammy J. McRae	10/01/14	0	Tax Assessor/ Collector
Montgomery Central Appraisal District	Legislative Action	436	Appraiser
Smith, Murdaugh, Little & Bonham, L.L.P.	07/01/95	6,693 84,689	General Counsel Bond Counsel
Water District Management, Inc.	06/01/88	22,800	Operator
<b>Investment Officer</b>			
Debra Loggins	10/01/14	N/A	Bookkeeper