Lazy River Improvement District

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

Date: May 7, 2022

(1) Name and term of office of each member of the governing body:

Name:	Term of office:
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	5/2022 – 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

(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:

The budgets for the fiscal years ended in 2020 and 2021 are attached.

(5) Proposed or adopted budget for the current year:

The budget for the fiscal year ending in 2022 is attached.

(6) Change in amount of District budget from the preceding year to current year, by dollar amount and percentage:

2021 Budget Revenues	2022 Budget Revenues	Change in Amount	Percentage Change
$310,274	$329,175	$18,901	6.09171%

(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:

2021	$0.1446
2020	$0.1420
2019	$0.1500

(10) The tax rate for debt service adopted by the taxing unit for the current year and preceding 2 years:

2021	$0.3110
2020	$0.3020
2019	$0.3225

(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 the 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 the 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 sales and use tax, if any:

None.

(17) 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 upon receipt.

(18) District's meeting schedule and location:

The District does not have a regular meeting date and the meetings are held at 299 Hill Brook Conroe, Texas.

(19) 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/downloads/water-districts/forms/form-20863.pdf

LAZY RIVER IMPROVEMENT DISTRICT				
BUDGET				
OCT. 1, 2019 - SEPT. 30, 2020				
		2019	Approved	
REVENUE	**ACTUALS**	**BUDGET**	**2020 BUDGET**	**NOTES**
SERVICE FEES - WATER	75,161.31	95,000.00	95,000.00	
SJRA REVENUE	52,118.20	66,500.00	60,000.00	
LSGCD REVENUE	1,622.98	1,900.00	1,900.00	
SERVICE FEES - SEWER	86,138.35	90,600.00	94,000.00	
NEEDHAM VOLUNTEER FIRE DEPT	2,671.70	3,300.00	3,300.00	
MAINTENANCE TAX	48,341.00	48,341.00	47,753.00	
PENALTY / LATE CHARGE	1,400.00	1,700.00	1,700.00	
DISCONNECT/NSF	675.00	3,500.00	1,000.00	
APP FEES	725.00	1,200.00	1,200.00	
MISCELLANEOUS FEES	3,961.00	1,000.00	4,300.00	
INTEREST EARNED	301.18	100.00	100.00	
TOTAL REVENUE:	**273,115.72**	**313,141.00**	**310,253.00**	
WATER EXPENSES				
LABORATORY EXPENSE	5,743.61	2,800.00	6,000.00	
PERMITS	561.05	600.00	600.00	
SJRA FEES	49,750.92	66,500.00	60,000.00	
LSGCD FEES	575.00	600.00	600.00	
MAINTENANCE & REPAIR - WATER	19,231.39	35,000.00	30,000.00	
CHEMICALS	5,649.64	6,500.00	6,500.00	
SEWER EXPENSES				
LABORATORY EXPENSE	12,938.60	15,000.00	15,000.00	
PERMITS	1,250.00	1,250.00	1,250.00	
MAINTENANCE & REPAIR - SEWER	37,784.17	55,000.00	50,000.00	
SLUDGE REMOVAL	8,500.00	1,000.00	1,000.00	
OTHER EXPENSES				
NEEDHAM VOLUNTEER FIRE DEPT	2,754.15	3,300.00	3,300.00	
LEGAL FEES	4,363.38	5,000.00	5,000.00	
AUDIT FEES	12,500.00	12,500.00	12,900.00	
ENGINEERING FEES	6,859.08	3,000.00	7,000.00	
ENGINEERING - TPDES Permit Renewal	1,440.64	0.00	5,000.00	
ELECTION EXPENSE	0.00	1,500.00	1,000.00	
TCEQ ASSESSMENT FEE	892.95	900.00	900.00	
OPERATOR EXPENSES	20,000.00	18,000.00	22,800.00	
BOOKKEEPING SERVICES	12,212.00	12,012.00	12,012.00	
REPAIR & MAINTENANCE - OTHER	13,079.75	19,500.00	15,000.00	
LEGAL NOTICES	5.00	100.00	50.00	
OFFICE EXPENSES	194.48	500.00	500.00	
PRINTING & OFFICE SUPPLIES	7,008.42	9,000.00	9,000.00	
GROUNDSKEEPING	6,000.00	6,000.00	6,000.00	
POSTAGE	129.65	300.00	200.00	
TELEPHONE	1,430.39	1,500.00	1,500.00	
UTILITIES	20,423.92	24,000.00	24,000.00	
INSURANCE	12,711.00	11,067.00	12,715.00	
OTHER EXPENSES	224.69	100.00	100.00	
TOTAL EXPENSES:	**264,213.88**	**312,529.00**	**309,927.00**	
NET GAIN (LOSS)	**8,901.84**	**612.00**	**326.00**	
2019 TOTAL TAXABLE VALUE = 32,485,278				
TAX RATE .4725/100 M&O RATE = .1500				
COLLECTION RATE: 98%	$47,753.36			

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	
TOTAL REVENUE:	**256,853.24**	**310,253.00**	**310,274.00**	
WATER EXPENSES				
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	
SEWER EXPENSES				
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	
OTHER EXPENSES				
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	
GROUNDSKEEPING	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	
TOTAL EXPENSES:	**288,639.48**	**309,927.00**	**309,222.00**	
NET GAIN (LOSS)	**-31,786.24**	**326.00**	**1,052.00**	
2020 TOTAL TAXABLE VALUE = 33,252,308				
TAX RATE .4440/100 M&O RATE = .1420				
COLLECTION RATE: 98%	$46,273.90			

LAZY RIVER IMPROVEMENT DISTRICT				
BUDGET				
OCT. 1, 2021 - SEPT. 30, 2022				
		2021 Approved	Proposed	
REVENUE	**ACTUALS**	**BUDGET**	**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	
TOTAL REVENUE:	**297,496.31**	**310,274.00**	**329,175.00**	
WATER EXPENSES				
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	
SEWER EXPENSES				
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	
OTHER EXPENSES				
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	
GROUNDSKEEPING	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	
TOTAL EXPENSES:	**278,484.51**	**309,222.00**	**310,697.00**	
NET GAIN (LOSS)	**19,011.80**	**1,052.00**	**18,478.00**	
2021 TOTAL TAXABLE VALUE = 37,434,656				
TAX RATE .4556/100 M&O RATE = .1446				
COLLECTION RATE: 98%				

Lazy River Improvement District

Montgomery County, Texas

Independent Auditor's Report and Financial Statements

September 30, 2021

BKD

CPAs & Advisors

Lazy River Improvement District

September 30, 2021

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BKD
CPAs & Advisors

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713.499.4600 | Fax 713.499.4699 | bkd.com

Independent Auditor's Report

Board of Directors
Lazy River Improvement District
Montgomery County, Texas

We have audited the accompanying 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, 2021, the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Opinions

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 the District as of September 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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 listed in the table of contents be presented to supplement the basic financial statements. Such information, although not 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.

Other 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 other information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of 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.

BKD, LLP

Houston, Texas
February 4, 2022

Lazy River Improvement District
Management's Discussion and Analysis
September 30, 2021

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 other information required 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.

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, 2021

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

	2021	2020
Current and other assets	$ 340,763	$ 303,882
Capital assets	1,111,546	1,174,770
Total assets	$ 1,452,309	$ 1,478,652
Long-term liabilities	$ 110,000	$ 215,000
Other liabilities	51,700	31,041
Total liabilities	161,700	246,041
Net position:		
Net investment in capital assets	1,001,546	959,770
Restricted	175,977	170,919
Unrestricted	113,086	101,922
Total net position	$ 1,290,609	$ 1,232,611

The total net position of the District increased by $57,998, or about 5 percent. The majority of the increase in net position is related to property taxes and services revenues exceeding service expenses. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Summary of Changes in Net Position

	2021	2020
Revenues:		
Property taxes	$ 169,729	$ 165,497
Charges for services	257,031	252,300
Other revenues	28,054	9,850
Total revenues	454,814	427,647

Summary of Changes in Net Position (Continued)

	2021	2020
Expenses:		
Services	$ 322,687	$ 518,998
Depreciation	63,224	63,223
Debt service	10,905	16,905
Total expenses	396,816	599,126
Change in net position	57,998	(171,479)
Net position, beginning of year	1,232,611	1,404,090
Net position, end of year	$ 1,290,609	$ 1,232,611

Financial Analysis of the District's Funds

The District's combined fund balances as of the end of the fiscal year ended September 30, 2021, were $245,896, an increase of $12,947 from the prior year.

The general fund's fund balance increased by $10,729, primarily due to property tax and service revenues as well as recovery from governmental agency exceeding service operations expenditures.

The debt service fund's fund balance increased by $2,218, primarily due to property taxes and other income exceeding debt service principal retirement and interest expenditures.

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 property taxes and regional water fee revenues and repairs and maintenance expenditures being higher than anticipated. In addition, recovery from governmental agency was not budgeted. The fund balance as of September 30, 2021, was expected to be $96,588 and the actual end-of-year fund balance was $106,265.

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.

Capital Assets (Net of Accumulated Depreciation)

	2021	2020
Land and improvements	$ 30,182	$ 30,182
Water, sewer and drainage facilities	1,074,662	1,137,107
Buildings	6,702	7,481
Total capital assets	$ 1,111,546	$ 1,174,770

During the current year, there were no additions to capital assets.

Debt

The changes in the debt position of the District during the fiscal year ended September 30, 2021, are summarized as follows:

Long-term debt payable, beginning of year	$ 215,000
Decreases in long-term debt	(105,000)
Long-term debt payable, end of year	$ 110,000

At September 30, 2021, 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.

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, 2021

	General Fund	Debt Service Fund	Total	Adjustments	Statement of Net Position
Assets					
Cash	$ 85,106	$ 23,995	$ 109,101	$ -	$ 109,101
Certificates of deposit	35,557	132,457	168,014	-	168,014
Receivables:					
Property taxes	6,821	16,648	23,469	-	23,469
Service accounts	20,481	-	20,481	-	20,481
Accrued penalty and interest	-	-	-	19,698	19,698
Interfund receivable	16,821	-	16,821	(16,821)	-
Capital assets (net of accumulated depreciation):					
Land and improvements	-	-	-	30,182	30,182
Infrastructure	-	-	-	1,074,662	1,074,662
Buildings	-	-	-	6,702	6,702
Total assets	$ 164,786	$ 173,100	$ 337,886	$ 1,114,423	$ 1,452,309

Lazy River Improvement District

Statement of Net Position and Governmental Funds Balance Sheet (Continued)

September 30, 2021

	General Fund	Debt Service Fund	Total	Adjustments	Statement of Net Position
Liabilities					
Accounts payable	$ 31,646	$ -	$ 31,646	$ -	$ 31,646
Customer deposits	20,054	-	20,054	-	20,054
Interfund payable	-	16,821	16,821	(16,821)	-
Long-term liabilities, Due within one year	-	-	-	110,000	110,000
Total liabilities	51,700	16,821	68,521	93,179	161,700
Deferred Inflows of Resources					
Deferred property tax revenues	6,821	16,648	23,469	(23,469)	0
Fund Balances/Net Position					
Fund balances:					
Restricted for unlimited tax bonds	-	139,631	139,631	(139,631)	-
Unassigned	106,265	-	106,265	(106,265)	-
Total fund balances	106,265	139,631	245,896	(245,896)	0
Total liabilities, deferred inflows of resources and fund balances	$ 164,786	$ 173,100	$ 337,886		
Net position:					
Net investment in capital assets				1,001,546	1,001,546
Restricted for debt service				175,977	175,977
Unrestricted				113,086	113,086
Total net position				$ 1,290,609	$ 1,290,609

Lazy River Improvement District

Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances

Year Ended September 30, 2021

	General Fund	Debt Service Fund	Total	Adjustments	Statement of Activities
Revenues					
Property taxes	$ 53,859	$ 114,619	$ 168,478	$ 1,251	$ 169,729
Water service	92,010	-	92,010	-	92,010
Sewer service	93,676	-	93,676	-	93,676
Regional water fee	71,345	-	71,345	-	71,345
Penalty and interest	1,778	2,801	4,579	2,024	6,603
Investment income	152	-	152	-	152
Other income	2,899	2,457	5,356	15,943	21,299
Total revenues	315,719	119,877	435,596	19,218	454,814
Expenditures/Expenses					
Service operations:					
Regional water fee	59,708	-	59,708	-	59,708
Professional fees	24,138	-	24,138	-	24,138
Contracted services	34,812	1,248	36,060	-	36,060
Utilities	22,469	-	22,469	-	22,469
Repairs and maintenance	154,053	-	154,053	-	154,053
Other expenditures	25,753	506	26,259	-	26,259
Depreciation	-	-	-	63,224	63,224
Debt service:					
Principal retirement	-	105,000	105,000	(105,000)	-
Interest and fees	-	10,905	10,905	-	10,905
Total expenditures/expenses	320,933	117,659	438,592	(41,776)	396,816
Excess (Deficiency) of Revenues Over Expenditures	(5,214)	2,218	(2,996)	60,994	
Other Financing Sources					
Recovery from governmental agency	15,943	-	15,943	(15,943)	
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	10,729	2,218	12,947	(12,947)	
Change in Net Position				57,998	57,998
Fund Balances/Net Position					
Beginning of year	95,536	137,413	232,949	-	1,232,611
End of year	$ 106,265	$ 139,631	$ 245,896	$ 0	$ 1,290,609

Lazy River Improvement District

Notes to Financial Statements

September 30, 2021

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

Lazy River Improvement District (the District) was created by acts of the 59th 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.

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.

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.

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. 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. 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.

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.

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. Operating 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, mutual funds, 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.

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, 2021, include collections during the current period or within 60 days of year-end related to the 2020 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, 2021, the 2020 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, organizational costs, 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 and organizational costs are not depreciated. Capital assets are depreciated using the straight-line method over their estimated useful lives as follows:

	Years
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.

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.	$ 1,111,546
Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.	23,469
Penalty and interest on delinquent taxes is not receivable in the current period and is not reportable in the funds.	19,698
Long-term debt obligations are not due and payable in the current period and are not reported in the funds.	(110,000)
Adjustment to fund balances to arrive at net position.	$ 1,044,713

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.

Change in fund balances.	$	12,947
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 of depreciation expense in the current year.		(63,224)
Governmental funds report principal payments on debt as expenditures. For the statement of activities, these transactions do not have any effect on net position.		105,000
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.		3,275
Change in net position of governmental activities.	$	57,998

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, 2021, 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 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.

Investment Income

Investment income of $152 for the year ended September 30, 2021, consisted of interest income.

Note 3: Capital Assets

A summary of changes in capital assets for the year ended September 30, 2021, is presented below:

Governmental Activities	Balances, Beginning of Year	Additions	Balances, End of Year
Capital assets, non-depreciable:			
Land and improvements	$ 30,182	$ 0	$ 30,182
Capital assets, depreciable:			
Infrastructure	3,111,613	-	3,111,613
Furniture	4,441	-	4,441
Buildings	17,594	-	17,594
Total capital assets, depreciable	3,133,648	0	3,133,648
Less accumulated depreciation:			
Infrastructure	(1,974,506)	(62,445)	(2,036,951)
Furniture	(4,441)	-	(4,441)
Buildings	(10,113)	(779)	(10,892)
Total accumulated depreciation	(1,989,060)	(63,224)	(2,052,284)
Total governmental activities, net	$ 1,174,770	$ (63,224)	$ 1,111,546

Note 4: Long-term Liabilities

Changes in long-term liabilities for the year ended September 30, 2021, were as follows.

Governmental Activities	Balances, Beginning of Year	Decreases	Balances, End of Year	Amounts Due in One Year
Bonds payable:				
General obligation bonds	$ 215,000	$ 105,000	$ 110,000	$ 110,000

General Obligation Bonds

	Series 1999
Amount outstanding, September 30, 2021	$110,000
Interest rate	6.05%
Maturity dates, serially beginning/ending	March 1, 2022
Interest payment dates	March 1/September 1
Callable date*	March 1, 2010

*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 general obligation bonds outstanding at September 30, 2021:

Year	Principal	Interest	Total
2022	$ 110,000	$ 3,328	$ 113,328

The bonds are payable from the proceeds of an ad valorem tax levied upon all property within the District subject to taxation, without limitation as to rate or amount.

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

Note 5: Significant Bond Order and Commission Requirements

The Bond Order requires that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due. During the year ended September 30, 2021, the District levied an ad valorem debt service tax at the rate of $0.3020 per $100 of assessed valuation, which resulted in a tax levy of $115,519 on the taxable valuation of $38,250,308 for the 2020 tax year. The interest and principal requirements paid from the tax revenues and available resources was $114,805.

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, 2021, the District levied an ad valorem maintenance tax at the rate of $0.1420 per $100 of assessed valuation, which resulted in a tax levy of $54,317 on the taxable valuation of $38,250,308 for the 2020 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 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, 2021, the Authority was billing the District $2.88 per 1,000 gallons of water pumped. This amount is subject to future increases.

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.

Note 9: Uncertainties

As a result of the spread of the SARS-CoV-2 virus and the incidence of COVID-19, economic uncertainties have arisen which may negatively affect the financial position and results of operations of the District. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

Required Supplementary Information

Lazy River Improvement District

Budgetary Comparison Schedule – General Fund

Year Ended September 30, 2021

	Original Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	$ 46,274	$ 53,859	$ 7,585
Water service	97,200	92,010	(5,190)
Sewer service	94,000	93,676	(324)
Regional water fee	63,400	71,345	7,945
Penalty and interest	1,700	1,778	78
Investment income	100	152	52
Other income	4,300	2,899	(1,401)
Total revenues	306,974	315,719	8,745
Expenditures			
Service operations:			
Regional water fee	62,100	59,708	2,392
Professional fees	24,900	24,138	762
Contracted services	38,012	34,812	3,200
Utilities	25,000	22,469	2,531
Repairs and maintenance	130,500	154,053	(23,553)
Other expenditures	25,410	25,753	(343)
Total expenditures	305,922	320,933	(15,011)
Excess (Deficiency) of Revenues Over Expenditures	1,052	(5,214)	(6,266)
Other Financing Sources			
Recovery from governmental agency	-	15,943	15,943
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	1,052	10,729	9,677
Fund Balance, Beginning of Year	95,536	95,536	-
Fund Balance, End of Year	$ 96,588	$ 106,265	$ 9,677

Lazy River Improvement District

Notes to Required Supplementary Information

September 30, 2021

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 2021.

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.

Other Information

Lazy River Improvement District

Other Schedules Included Within This Report

September 30, 2021

(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 11-21

[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, 2021

1. Services provided by the District:

X Retail Water	___ Wholesale Water	___ Drainage
X Retail Wastewater	___ Wholesale Wastewater	___ Irrigation
___ Parks/Recreation	___ Fire Protection	___ Security
___ Solid Waste/Garbage	___ Flood Control	___ Roads

___ Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)

___ 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:	$ 20.00	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:	$ 4.13	1,000	N	$ 4.13	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 $ 77.58 Wastewater $ 40.00

b. Water and wastewater retail connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC*
Unmetered	-	-	x1.0	-
≤ 3/4"	223	214	x1.0	214
1"	4	4	x2.5	10
1 1/2"	2	2	x5.0	10
2"	1	1	x8.0	8
3"	-	-	x15.0	-
4"	-	-	x25.0	-
6"	-	-	x50.0	-
8"	-	-	x80.0	-
10"	-	-	x115.0	-
Total water	230	221		242
Total wastewater	207	195	x1.0	195

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

Gallons pumped into the system:	20,774
Gallons billed to customers:	18,441
Water accountability ratio (gallons billed/gallons pumped):	88.77%

*"ESFC" means equivalent single-family connections

Lazy River Improvement District
Schedule of General Fund Expenditures
Year Ended September 30, 2021

Personnel (including benefits)		$ -
Professional Fees		
Auditing	$ 13,100	
Legal	5,242	
Engineering	5,796	
Financial advisor	-	24,138
Purchased Services for Resale		
Bulk water and wastewater service purchases		-
Regional Water Fee		59,708
Contracted Services		
Bookkeeping	12,012	
General manager	-	
Appraisal district	-	
Tax collector	-	
Security	-	
Other contracted services	22,800	34,812
Utilities		22,469
Repairs and Maintenance		154,053
Administrative Expenditures		
Directors' fees	-	
Office supplies	7,559	
Insurance	13,766	
Other administrative expenditures	4,428	25,753
Capital Outlay		
Capitalized assets	-	
Expenditures not capitalized	-	-
Tap Connection Expenditures		-
Solid Waste Disposal		-
Fire Fighting		-
Parks and Recreation		-
Other Expenditures		-
Total expenditures		$ 320,933

Lazy River Improvement District

Schedule of Temporary Investments

September 30, 2021

	Interest Rate	Maturity Date	Face Amount	Accrued Interest Receivable
General Fund				
Certificate of Deposit No. 66000956	0.10%	10/20/21	$ 35,557	$ -
Debt Service Fund				
Certificate of Deposit No. 66000969	0.06%	12/21/21	132,457	-
Totals			$ 168,014	$ 0

Lazy River Improvement District

Analysis of Taxes Levied and Receivable

Year Ended September 30, 2021

	Maintenance Taxes	Debt Service Taxes
Receivable, Beginning of Year	$ 6,386	$ 15,832
Additions and corrections to prior years' taxes	(23)	(84)
Adjusted receivable, beginning of year	6,363	15,748
2020 Original Tax Levy	47,220	100,425
Additions and corrections	7,097	15,094
Adjusted tax levy	54,317	115,519
Total to be accounted for	60,680	131,267
Tax collections: Current year	(52,414)	(111,471)
Prior years	(1,445)	(3,148)
Receivable, end of year	$ 6,821	$ 16,648
Receivable, by Years		
2020	$ 1,903	$ 4,048
2019	1,136	2,443
2018	431	977
2017	353	784
2016	245	635
2015	257	637
2014	242	655
2013 and thereafter	2,254	6,469
Receivable, end of year	$ 6,821	$ 16,648

Lazy River Improvement District

Analysis of Taxes Levied and Receivable (Continued)

Year Ended September 30, 2021

	2020	2019	2018	2017
Property Valuations				
Land	$ 5,983,170	$ 6,031,970	$ 6,077,270	$ 5,919,260
Improvements	34,521,320	30,642,710	28,002,030	29,067,130
Personal property	640,805	772,252	741,172	815,622
Exemptions	(2,894,987)	(2,337,249)	(1,749,448)	(2,109,052)
Total property valuations	$ 38,250,308	$ 35,109,683	$ 33,071,024	$ 33,692,960
Tax Rates per $100 Valuation				
Debt service tax rates	$ 0.3020	$ 0.3225	$ 0.3396	$ 0.3329
Maintenance tax rates*	0.1420	0.1500	0.1500	0.1500
Total tax rates per $100 valuation	$ 0.4440	$ 0.4725	$ 0.4896	$ 0.4829
Tax Levy	$ 169,836	$ 165,893	$ 161,916	$ 162,709
Percent of Taxes Collected to Taxes Levied**	96%	99%	99%	99%

*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, 2021

	Series 1999		
Due During Fiscal Years Ending September 30	Principal Due March 1	Interest Due March 1, September 1	Total
2022	$ 110,000	$ 3,328	$ 113,328

Lazy River Improvement District

Changes in Long-term Bonded Debt

Year Ended September 30, 2021

	Bond Issue Series 1999
Interest rates	6.05%
Dates interest payable	March 1/ September 1
Maturity dates	March 1, 2022
Bonds outstanding, beginning of the current year	$ 215,000
Retirements, principal	105,000
Bonds outstanding, end of current year	$ 110,000
Interest paid during the current year	$ 9,805

Paying agent's name and address:

Series 1999 - The Bank of New York, Jacksonville Florida

Bond authority:

	Tax Bonds	Other Bonds	Refunding Bonds
Amount authorized by voters	$ 4,475,000	0	0
Amount issued	$ 2,270,000	0	0
Remaining to be issued	$ 2,205,000	0	0

Debt service fund cash and temporary investment balances as of September 30, 2021:	$ 156,452
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 113,328

Lazy River Improvement District

Comparative Schedule of Revenues and Expenditures – General Fund

Five Years Ended September 30,

	Amounts				
	2021	2020	2019	2018	2017
General Fund					
Revenues					
Property taxes	$ 53,859	$ 52,268	48,598	50,587	$ 42,960
Water service	92,010	90,305	81,507	98,071	80,507
Sewer service	93,676	93,273	89,004	94,266	84,496
Regional water fees	71,345	68,722	61,609	67,894	75,234
Penalty and interest	1,778	1,935	1,605	1,720	2,604
Tap connection and inspection fees	-	-	-	-	1,774
Investment income	152	405	301	41	61
Other income	2,899	3,677	4,127	6,001	4,028
Total revenues	315,719	310,585	286,751	318,580	291,664
Expenditures					
Service operations:					
Regional water fees	59,708	60,908	50,326	56,805	57,711
Professional fees	24,138	35,917	30,616	31,167	18,996
Contracted services	34,812	34,812	32,612	30,012	30,012
Utilities	22,469	28,316	20,424	21,845	24,801
Repairs and maintenance	154,053	141,030	163,592	215,000	203,696
Other expenditures	25,753	25,174	24,887	26,788	26,479
Tap connections	-	-	-	2,494	1,613
Total expenditures	320,933	326,157	322,457	384,111	363,308
Deficiency of Revenues Over Expenditures	(5,214)	(15,572)	(35,706)	(65,531)	(71,644)
Other Financing Sources					
Recovery from governmental agency	15,943	-	43,216	11,080	-
Proceeds from insurance	-	-	4,950	101,135	-
Total other financing sources	15,943	0	48,166	112,215	0
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	10,729	(15,572)	12,460	46,684	(71,644)
Fund Balance, Beginning of Year	95,536	111,108	98,648	51,964	123,608
Fund Balance, End of Year	$ 106,265	$ 95,536	$ 111,108	$ 98,648	$ 51,964
Total Active Retail Water Connections	221	220	221	217	213
Total Active Retail Wastewater Connections	195	197	202	198	194

Percent of Fund Total Revenues				
2021	2020	2019	2018	2017
17.1 %	16.8 %	17.0 %	15.9 %	14.0 %
29.1	29.1	28.4	30.8	27.9
29.7	30.1	31.0	29.6	29.3
22.6	22.1	21.5	21.3	26.1
0.5	0.6	0.6	0.5	0.7
-	-	-	-	0.6
0.1	0.1	0.1	0.0	0.0
0.9	1.2	1.4	1.9	1.4
100.0	100.0	100.0	100.0	100.0
18.9	19.6	17.6	17.8	20.0
7.7	11.6	10.7	9.8	6.6
11.0	11.2	11.4	9.4	10.4
7.1	9.1	7.1	6.9	8.6
48.8	45.4	57.0	67.5	70.6
8.2	8.1	8.7	8.4	9.2
-	-	-	0.8	0.6
101.7	105.0	112.5	120.6	126.0
(1.7) %	(5.0) %	(12.5) %	(20.6) %	(26.0) %

Lazy River Improvement District

Comparative Schedule of Revenues and Expenditures – Debt Service Fund

Five Years Ended September 30,

	Amounts				
	2021	2020	2019	2018	2017
Debt Service Fund					
Revenues					
Property taxes	$ 114,619	$ 112,730	110,136	112,710	$ 111,297
Penalty and interest	2,801	-	-	-	-
Investment income	-	22	295	39	89
Other income	2,457	3,289	2,357	3,336	-
Total revenues	119,877	116,041	112,788	116,085	111,386
Expenditures					
Current:					
Contracted services	1,248	1,382	1,420	1,496	1,347
Other expenditures	506	465	400	1,648	579
Debt service:					
Principal retirement	105,000	95,000	90,000	85,000	80,000
Interest and fees	10,905	16,905	22,432	27,639	32,528
Total expenditures	117,659	113,752	114,252	115,783	114,454
Excess (Deficiency) of Revenues Over Expenditures	2,218	2,289	(1,464)	302	(3,068)
Fund Balance, Beginning of Year	137,413	135,124	136,588	136,286	139,354
Fund Balance, End of Year	$ 139,631	$ 137,413	$ 135,124	$ 136,588	$ 136,286

Percent of Fund Total Revenues				
2021	2020	2019	2018	2017
95.6 %	97.2 %	97.6 %	97.1 %	99.9 %
2.3	-	-	-	-
-	0.0	0.3	0.0	0.1
2.1	2.8	2.1	2.9	-
100.0	100.0	100.0	100.0	100.0
1.0	1.2	1.3	1.3	1.2
0.4	0.4	0.3	1.4	0.5
87.6	81.8	79.8	73.2	71.8
9.1	14.6	19.9	23.8	29.2
98.1	98.0	101.3	99.7	102.7
1.9 %	2.0 %	(1.3) %	0.3 %	(2.7) %

Lazy River Improvement District

Board Members, Key Personnel and Consultants

Year Ended September 30, 2021

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):		June 18, 2019
Limit on fees of office that a director may receive during a fiscal year:		$ 7,200

Board Members	Term of Office Elected & Expires	Fees*	Expense Reimbursements	Title at Year-end
Michael D. Edwards	Elected 05/18-05/22	$ 0	$ 0	President
Thomas McKnight	Elected 05/18-05/22	0	0	Vice President
Robert Henderson	Elected 05/20-05/24	0	0	Secretary
Thad Davis	Elected 05/18-05/22	0	0	Treasurer
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, 2021

Consultants	Date Hired	Fees and Expense Reimbursements	Title
BKD, LLP	11/01/17	$ 13,100	Auditor
L & S District Services, LLC	02/05/19	13,081	Bookkeeper
Langford Engineering Inc.	04/01/17	5,796	Engineer
Tammy J. McRae	10/01/14	0	Tax Assessor/ Collector
Montgomery Central Appraisal District	Legislative Action	1,248	Appraiser
Smith, Murdaugh, Little & Bonham, L.L.P.	07/01/95	5,242	General Counsel
Water District Management, Inc.	06/01/88	22,800	Operator
Investment Officer			
Debra Loggins	10/01/14	N/A	Bookkeeper