

BRIDGESTONE MUNICIPAL UTILITY DISTRICT

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2023

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Bridgestone Municipal Utility District
Harris County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Bridgestone Municipal Utility District (the "District") as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 17 to the financial statements, the District implemented Governmental Accounting Standards Board Statement No. 96 in fiscal year ending 2023. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Board of Directors
Bridgestone Municipal Utility District

Supplementary Information

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



McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

March 19, 2024

**BRIDGESTONE MUNICIPAL UTILITY DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Management’s discussion and analysis of the financial performance of Bridgestone Municipal Utility District (the “District”) provides an overview of the District’s financial activities for the fiscal year ended December 31, 2023. Please read it in conjunction with the District’s financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

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

**BRIDGESTONE MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$37,192,283 as of December 31, 2023. A portion of the District's net position reflects its net investment in capital assets which includes land, building and the water, wastewater and drainage facilities less any debt used to acquire those assets that is still outstanding.

The table on the following page is a comparative analysis of government-wide changes in net position for the current and prior fiscal years.

**BRIDGESTONE MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2023	2022	Change Positive (Negative)
Current and Other Assets	\$ 37,405,864	\$ 48,104,860	\$ (10,698,996)
Capital Assets, Net of Depreciation	112,648,148	97,560,366	15,087,782
Intangible Assets, Net of Amortization	395,826		395,826
Total Assets	\$ 150,449,838	\$ 145,665,226	\$ 4,784,612
Deferred Outflows of Resources	\$ 3,280,890	\$ 3,562,160	\$ (281,270)
Bonds Payable	\$ 97,861,268	\$ 101,259,598	\$ 3,398,330
Other Liabilities	7,342,518	7,201,802	(140,716)
Total Liabilities	\$ 105,203,786	\$ 108,461,400	\$ 3,257,614
Deferred Inflows of Resources	\$ 11,334,659	\$ 10,585,390	\$ (749,269)
Net Position:			
Net Investment in Capital Assets	\$ 19,742,781	\$ 6,803,723	\$ 12,939,058
Restricted	749,839	996,266	(246,427)
Unrestricted	16,699,663	22,380,607	(5,680,944)
Total Net Position	\$ 37,192,283	\$ 30,180,596	\$ 7,011,687

The following table provides a summary of the District's operations for the years ending December 31, 2023, and December 31, 2022.

	Summary of Changes in the Statement of Activities		
	2023	2022	Change Positive (Negative)
Revenues:			
Property Tax Revenues	\$ 10,280,115	\$ 9,241,040	\$ 1,039,075
Charges for Services	9,198,653	9,115,778	82,875
Sales Tax Revenues	1,594,929	1,548,305	46,624
Other Revenues	3,008,056	1,034,279	1,973,777
Total Revenues	\$ 24,081,753	\$ 20,939,402	\$ 3,142,351
Expenses for Services	17,070,066	18,057,146	987,080
Change in Net Position	\$ 7,011,687	\$ 2,882,256	\$ 4,129,431
Net Position, Beginning of Year	30,180,596	27,298,340	2,882,256
Net Position, End of Year	\$ 37,192,283	\$ 30,180,596	\$ 7,011,687

**BRIDGESTONE MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of December 31, 2023, were \$16,730,054, a decrease of \$11,161,741 from the prior year. The General Fund fund balance decreased by \$5,599,070, primarily due to a transfer out to the Capital Projects Fund as well as operating costs, administrative costs and capital outlay which exceeded service revenues, sales tax revenues, and property tax revenues. The Debt Service Fund fund balance decreased by \$281,878, primarily due to the structure of the District's outstanding debt. The Capital Projects Fund fund balance decreased by \$5,280,793. The District used previously sold bond proceeds to fund various District construction projects and reimburse the General Fund for projects completed in prior years using operating funds.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors adopted an unappropriated budget for the current year. Actual revenues were \$1,090,971 more than budgeted revenues and actual expenditures were \$4,518,367 more than budgeted expenditures which resulted in a negative variance of \$3,427,396. See the budget to actual comparison for more information.

CAPITAL ASSETS

Capital assets as of December 31, 2023, total \$112,648,148 (net of accumulated depreciation) and include land, construction in progress and buildings as well as the water, wastewater and drainage systems. The District used bond proceeds received in prior years as well as operating funds to pay for the construction and rehabilitation of District facilities.

Capital Assets At Year-End			
	2023	2022	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 24,035,578	\$ 23,130,961	\$ 904,617
Construction in Progress	32,109,351	17,926,771	14,182,580
Capital Assets Subject to Depreciation:			
Buildings and Improvements	4,463,708	4,463,708	
Water System	25,770,257	25,051,892	718,365
Wastewater System	38,242,788	36,739,701	1,503,087
Drainage System	22,935,723	22,935,723	
Less Accumulated Depreciation	(34,909,257)	(32,688,390)	(2,220,867)
Total Net Capital Assets	\$ 112,648,148	\$ 97,560,366	\$ 15,087,782

**BRIDGESTONE MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

LONG-TERM DEBT ACTIVITY

As of December 31, 2023, the District had total bond debt payable of \$97,740,000. The changes in the debt position of the District during the fiscal year ended December 31, 2023, are summarized as follows:

Bond Debt Payable, January 1, 2023	\$ 101,090,000
Less: Bond Principal Paid	<u>(3,350,000)</u>
Bond Debt Payable, December 31, 2023	<u>\$ 97,740,000</u>

The District's underlying rating is "A". District bonds carry insured ratings of "AA" by virtue of bond insurance issued by Assured Guaranty Municipal or Build America Mutual Assurance Company. Credit enhanced ratings provided through bond insurance policies are subject to change based on changes to the ratings of the insurers.

See also Note 17 for information related to the District's subscription liability.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Bridgestone Municipal Utility District, c/o Polley Garza PLLC, P.O. Box 66568, Houston, Texas 77266

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2023

	General Fund	Debt Service Fund
ASSETS		
Cash	\$ 1,666,879	\$ 578,588
Investments	17,056,008	1,827,339
Receivables:		
Property Taxes	3,880,543	5,178,244
Penalty and Interest on Delinquent Taxes		
Service Accounts	676,906	
Accrued Interest	27,696	15,651
Other Governmental Entity	216,360	
Due from Other Funds		76,920
Prepaid Costs	332,868	
Due from City of Houston	394,403	
Chloramination Credit Receivable		
Elevated Storage Tank Credit Receivable		
Right-to-Use Subscription-Based Service Asset		
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	\$ 24,251,663	\$ 7,676,742
 DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Refunding Bonds	\$ -0-	\$ -0-
 TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 24,251,663	\$ 7,676,742

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$ 914	\$ 2,246,381	\$	\$ 2,246,381
2,749,671	21,633,018		21,633,018
	9,058,787		9,058,787
		37,825	37,825
	676,906		676,906
	43,347		43,347
	216,360		216,360
179,457	256,377	(256,377)	
	332,868	102,446	435,314
	394,403		394,403
		341,179	341,179
		2,322,344	2,322,344
		395,826	395,826
		24,035,578	24,035,578
		32,109,351	32,109,351
		56,503,219	56,503,219
<u>\$ 2,930,042</u>	<u>\$ 34,858,447</u>	<u>\$ 115,591,391</u>	<u>\$ 150,449,838</u>
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 3,280,890</u>	<u>\$ 3,280,890</u>
<u>\$ 2,930,042</u>	<u>\$ 34,858,447</u>	<u>\$ 118,872,281</u>	<u>\$ 153,730,728</u>

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

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2023

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	\$ 1,778,272	\$ 22,735
Accrued Interest Payable		
Due to Other Funds	256,377	
Security and Developer Deposits	3,426,165	
Long-Term Liabilities:		
Due to Developers		
Subscription Payable, Due Within One Year		
Subscription Payable, Due After One Year		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	\$ 5,460,814	\$ 22,735
 DEFERRED INFLOWS OF RESOURCES		
Property Taxes	\$ 4,913,337	\$ 6,556,600
 FUND BALANCES		
Nonspendable - Prepaid Costs	\$ 332,868	\$
Restricted for Authorized Construction		
Restricted for Debt Service		1,097,407
Assigned to 2024 Budget Deficit	5,205,369	
Unassigned	8,339,275	
TOTAL FUND BALANCES	\$ 13,877,512	\$ 1,097,407
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 24,251,663	\$ 7,676,742
 NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
 TOTAL NET POSITION		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$ 1,174,907	\$ 2,975,914	\$	\$ 2,975,914
		464,489	464,489
	256,377	(256,377)	
	3,426,165		3,426,165
		64,661	64,661
		52,592	52,592
		358,697	358,697
		4,170,000	4,170,000
		93,691,268	93,691,268
<u>\$ 1,174,907</u>	<u>\$ 6,658,456</u>	<u>\$ 98,545,330</u>	<u>\$ 105,203,786</u>
<u>\$ -0-</u>	<u>\$ 11,469,937</u>	<u>\$ (135,278)</u>	<u>\$ 11,334,659</u>
\$	\$ 332,868	\$ (332,868)	\$
1,755,135	1,755,135	(1,755,135)	
	1,097,407	(1,097,407)	
	5,205,369	(5,205,369)	
	8,339,275	(8,339,275)	
<u>\$ 1,755,135</u>	<u>\$ 16,730,054</u>	<u>\$ (16,730,054)</u>	<u>\$ -0-</u>
<u>\$ 2,930,042</u>	<u>\$ 34,858,447</u>		
		\$ 19,742,781	\$ 19,742,781
		749,839	749,839
		16,699,663	16,699,663
		<u>\$ 37,192,283</u>	<u>\$ 37,192,283</u>

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

**BRIDGESTONE MUNICIPAL UTILITY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2023**

Total Fund Balances - Governmental Funds \$ 16,730,054

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

Credits due from the North Harris County Regional Water Authority for asset reimbursements are not current financial resources and, therefore, are not reported as assets in the governmental funds. 2,663,523

Interest paid in advance as part of a refunding bond sale is recorded as a deferred outflow in governmental activities and systematically charged to interest expense over the shorter of the remaining life of the new debt or the old debt. 3,280,890

Prepaid bond insurance costs are amortized over the term of the bonds in the government-wide financial statements. 102,446

Capital assets and intangible assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. 113,043,974

Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2022 and prior tax levies became part of recognized revenue in the governmental activities of the District. 173,103

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

Due to Developers	\$ (64,661)	
Accrued Interest Payable	(464,489)	
Subscription Payable	(411,289)	
Bonds Payable	<u>(97,861,268)</u>	<u>(98,801,707)</u>

Total Net Position - Governmental Activities \$ 37,192,283

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

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BRIDGESTONE MUNICIPAL UTILITY DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2023

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	\$ 4,333,095	\$ 5,907,308
Water Service	1,680,263	
Wastewater Service	2,589,242	
Water Authority Fees	3,773,425	
Penalty and Interest	96,323	70,100
Connection and Inspection Fees	988,343	
Security Service Fees	248,300	
Water Authority Credits	278,380	
Sales Tax Revenues	1,594,929	
Construction Advances	1,005,746	
Investment and Miscellaneous Revenues	1,155,297	146,938
TOTAL REVENUES	\$ 17,743,343	\$ 6,124,346
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 723,295	\$ 25,184
Contracted Services	2,965,450	182,644
Purchased Water Service	2,700,579	
Utilities	399,391	
Water Authority Assessments	821,084	
Repairs and Maintenance	2,242,317	
Depreciation and Amortization		
Other	1,663,955	23,624
Capital Outlay	11,826,342	
Debt Service:		
Bond Principal		3,350,000
Bond Interest		2,824,772
TOTAL EXPENDITURES/EXPENSES	\$ 23,342,413	\$ 6,406,224
NET CHANGE IN FUND BALANCES	\$ (5,599,070)	\$ (281,878)
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - JANUARY 1, 2023	19,476,582	1,379,285
FUND BALANCES/NET POSITION - DECEMBER 31, 2023	\$ 13,877,512	\$ 1,097,407

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 10,240,403	\$ 39,712	\$ 10,280,115
	1,680,263		1,680,263
	2,589,242		2,589,242
	3,773,425		3,773,425
	166,423	957	167,380
	988,343		988,343
	248,300		248,300
	278,380	(91,655)	186,725
	1,594,929		1,594,929
	1,005,746		1,005,746
265,050	1,567,285		1,567,285
\$ 265,050	\$ 24,132,739	\$ (50,986)	\$ 24,081,753
\$ 300	\$ 748,779	\$	\$ 748,779
	3,148,094		3,148,094
	2,700,579		2,700,579
	399,391		399,391
	821,084		821,084
	2,242,317	32,490	2,274,807
		2,286,838	2,286,838
275	1,687,854	(50,508)	1,637,346
5,545,268	17,371,610	(17,371,610)	
	3,350,000	(3,350,000)	
	2,824,772	228,376	3,053,148
\$ 5,545,843	\$ 35,294,480	\$ (18,224,414)	\$ 17,070,066
\$ (5,280,793)	\$ (11,161,741)	\$ 11,161,741	\$
		7,011,687	7,011,687
7,035,928	27,891,795	2,288,801	30,180,596
\$ 1,755,135	\$ 16,730,054	\$ 20,462,229	\$ 37,192,283

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

**BRIDGESTONE MUNICIPAL UTILITY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023**

Net Change in Fund Balances - Governmental Funds	\$ (11,161,741)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.	39,712
Governmental funds report penalty and interest revenue on property taxes when collected. However, in the Statement of Activities, revenue is recorded when penalties and interest are assessed.	957
Governmental funds report repayment of long-term receivables as revenues in the period received. However, in the Statement of Net Position, reimbursements reduce long-term receivables.	(91,655)
Governmental funds do not account for depreciation and amortization. However, capital assets and intangible assets are depreciated and amortized over the estimated useful lives of the assets in governmental activities.	(2,286,838)
Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.	17,339,120
Governmental funds report bond principal and subscription payments as expenditures. However, in the Statement of Net Position, bond principal payments and subscription payments are reported as decreases in long-term liabilities.	3,400,508
Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.	<u>(228,376)</u>
Change in Net Position - Governmental Activities	<u><u>\$ 7,011,687</u></u>

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

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1. CREATION OF DISTRICT

Bridgestone Municipal Utility District of Harris County, Texas (the “District”) was created effective July 29, 1976, by an Order of the Texas Water Rights Commission, presently known as the Texas Commission on Environmental Quality (the “Commission”). Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, wastewater service, storm sewer drainage, irrigation, solid waste collection and disposal, including recycling, parks and recreational facilities for the residents of the District. The District is also empowered to contract for or employ its own peace officers with powers to make arrests and to establish, operate and maintain a fire department to perform all fire-fighting activities within the District. The Board of Directors held its first meeting on August 14, 1976, and the first bonds were sold on March 14, 1978.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

Financial Statement Presentation

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

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

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

These classifications are defined as follows:

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

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

Government-Wide Financial Statements

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

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

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

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

The District's fund financial statements are combined with the government-wide financial statements. The fund financial statements include a Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances.

Governmental Funds

The District has three governmental funds and considers each to be a major fund.

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

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

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

Basis of Accounting

The District uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both "measurable and available." Measurable means the amount can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The District considers revenue reported in governmental funds to be available within 60 days after year-end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures when payment is due.

Property taxes considered available by the District and included in revenue include the 2022 tax levy collections during the period October 1, 2022, to December 31, 2023. In addition, taxes collected from January 1, 2023, to December 31, 2023, for the 2021 and prior tax levies are included in revenue. Recognition of tax revenues for the 2023 tax levy has been deferred until the 2024 fiscal year.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis.

As of December 31, 2023, the General Fund owed the Debt Service Fund \$76,920 for the over-transfer of maintenance tax collections and the General Fund owed the Capital Projects Fund \$179,457 for construction costs.

Capital Assets and Intangible Assets

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

In accordance with GASB Statement No. 96, The District records its subscription-based meter reading service as an intangible asset (see Note 17). The right-to-use asset is being amortized over the same term as the subscription contract using the straight-line method of amortization.

Budgeting

An unappropriated budget is adopted each year for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The General Fund budget for the current year was not amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the budgeted amounts compared to the actual amounts of revenues and expenditures for the current year.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensions

The District has not established a pension plan as the District does not have employees. The Internal Revenue Service determined that directors are considered to be employees for federal payroll tax purposes only.

Measurement Focus

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

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

Fund balances are classified in governmental funds using the following hierarchy:

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

Restricted: amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally.

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

Assigned: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances. The District assigned \$5,205,369 of its General Fund fund balance to be used to cover the budgeted deficit for the fiscal year ending 2024.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

Unassigned: all other spendable amounts in the General Fund.

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

Accounting Estimates

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

NOTE 3. LONG-TERM DEBT

	<u>Series 2014</u>	<u>Series 2015</u>	<u>Refunding Series 2016</u>
Amount Outstanding – December 31, 2023	\$ 3,340,000	\$ 5,760,000	\$ 28,005,000
Interest Rates	3.00% - 4.00%	2.25% - 3.625%	2.00% - 3.00%
Maturity Dates – Serially Beginning/Ending	May 1, 2024/2041	May 1, 2024/2041	May 1, 2024/2036
Interest Payment Dates	May 1/ November 1	May 1/ November 1	May 1/ November 1
Callable Dates	May 1, 2022*	May 1, 2022*	May 1, 2022*

* Or on any other date thereafter, at the par value thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption. Series 2014 term bonds due May 1, 2026, 2028, 2030, 2032, 2034, 2036, 2038, and 2041, are subjected to mandatory redemption on May 1, 2025, 2027, 2029, 2031, 2033, 2035, 2037, and 2039, respectively.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3. LONG-TERM DEBT (Continued)

	<u>Series 2018</u>	<u>Series 2019</u>	<u>Refunding Series 2019A</u>
Amount Outstanding – December 31, 2023	\$ 7,225,000	\$ 5,670,000	\$ 13,725,000
Interest Rates	3.00% - 4.00%	2.00% - 3.00%	3.00%
Maturity Dates – Serially Beginning/Ending	May 1, 2024/2047	May 1, 2024/2048	May 1, 2024/2035, November 1, 2036
Interest Payment Dates	May 1/ November 1	May 1/ November 1	May 1/ November 1
Callable Dates	May 1, 2023**	May 1, 2024**	May 1, 2024**
	<u>Refunding Series 2020</u>	<u>Refunding Series 2021</u>	<u>Series 2022</u>
Amount Outstanding – December 31, 2023	\$ 2,495,000	\$ 5,470,000	\$ 26,050,000
Interest Rates	2.50% - 3.00%	3.00%	1.00% - 4.00%
Maturity Dates – Serially Beginning/Ending	May 1, 2024/2028	May 1, 2024/2038	May 1, 2024/2050
Interest Payment Dates	May 1/ November 1	May 1/ November 1	May 1/ November 1
Callable Dates	May 1, 2025**	May 1, 2030**	May 1, 2029**

** Or on any other date thereafter, at the par value thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption. Series 2018 term bonds due May 1, 2037, are subject to mandatory redemption on May 1, 2035. Series 2019 term bonds due May 1, 2046 and 2048 are subjected to mandatory redemption on May 1, 2045 and 2047, respectively. Series 2021 Refunding term bonds due May 1, 2036 and 2038 are subjected to mandatory redemption on May 1, 2035 and 2037, respectively. Series 2022 term bonds due May 1, 2042, 2044, 2048, and 2050 are subject to mandatory redemption on May 1, 2041, 2043, 2045, and 2049, respectively.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3. LONG-TERM DEBT (Continued)

The following is a summary of transactions regarding bonds payable for the year ended December 31, 2023:

	January 1, 2023	Additions	Retirements	December 31, 2023
Bonds Payable	\$ 101,090,000	\$	\$ 3,350,000	\$ 97,740,000
Unamortized Discounts	(772,084)		(33,854)	(738,230)
Unamortized Premiums	941,682		82,184	859,498
Bonds Payable, Net	\$ 101,259,598	\$ -0-	\$ 3,398,330	\$ 97,861,268
		Amount Due Within One Year		\$ 4,170,000
		Amount Due After One Year		93,691,268
		Bonds Payable, Net		\$ 97,861,268

As of December 31, 2023, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 4,170,000	\$ 2,732,950	\$ 6,902,950
2025	4,315,000	2,622,346	6,937,346
2026	4,470,000	2,504,700	6,974,700
2027	4,705,000	2,376,128	7,081,128
2028	4,995,000	2,235,898	7,230,898
2029-2033	27,415,000	8,856,744	36,271,744
2034-2038	24,785,000	4,722,110	29,507,110
2039-2043	10,585,000	2,234,857	12,819,857
2044-2048	9,570,000	801,962	10,371,962
2049-2050	2,730,000	27,450	2,757,450
	\$ 97,740,000	\$ 29,115,145	\$ 126,855,145

The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount and certain bonds are further payable from and secured by a lien on and pledge of the net revenues to be received from the operation of the District's waterworks and wastewater system.

As of December 31, 2023, the District had authorized but unissued tax and revenue bonds in the amount of \$38,668 and unlimited tax bonds of \$48,585,000 that may be issued for the purpose of constructing facilities to serve the District and for refunding purposes.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3. LONG-TERM DEBT (Continued)

During the year ended December 31, 2023, the District levied an ad valorem debt service tax rate of \$0.28 per \$100 of assessed valuation, which resulted in a tax levy of \$6,476,948 on the adjusted taxable valuation of \$2,313,195,799 for the 2023 tax year. The bond orders require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for the maintenance tax levy.

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

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS

The District has covenanted that it will take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross proceeds of the bonds, within the meaning of Section 148(f) of the Internal Revenue Code, be rebated to the federal government. The minimum requirement for determination of the rebatable amount is on the five-year anniversary of each issue and every 5th year thereafter. The District is required to provide to certain information repositories continuing disclosure of annual financial information and operating data with respect to the District. The information is of the general type included in the annual audit report and must be filed within six months after the end of each fiscal year of the District.

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes. Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of collateral eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such collateral is pledged. At fiscal year end, the carrying amount of the District's deposits was \$3,450,612 and the bank balance was \$4,171,304. The District was not exposed to custodial credit risk at year-end.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at December 31, 2023, as listed below:

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Total</u>
GENERAL FUND	\$ 1,666,879	\$ 744,231	\$ 2,411,110
DEBT SERVICE FUND	578,588	460,000	1,038,588
CAPITAL PROJECTS FUND	<u>914</u>	<u> </u>	<u>914</u>
TOTAL DEPOSITS	<u>\$ 2,246,381</u>	<u>\$ 1,204,231</u>	<u>\$ 3,450,612</u>

Investments

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

The District invests in TexPool, an external investment pool that is not SEC-registered. The Texas Comptroller of Public Accounts has oversight of the pool. Federated Hermes, Inc. manages the daily operations of the pool under a contract with the Comptroller. TexPool meets measures all of its portfolio assets at amortized cost. As a result, the District also measures its investments in TexPool at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from TexPool.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

The District invests in the Texas Short Term Asset Reserve Program (“TexSTAR”), an external public funds investment pool that is not SEC-registered. J. P. Morgan Investment Management Inc. provides investment management and Hilltop Securities Inc., provides participant services and marketing under an agreement with the TexSTAR Board of Directors. Custodial, fund accounting and depository services are provided by JPMorgan Chase Bank, N.A. and/or its subsidiary J.P. Morgan Investors Services Co. Investments held by TexSTAR are marked to market daily. The investments are considered to be Level I investments because their fair value is measured by quoted prices in active markets. The fair value of the District’s position in the pool is the same as the value of the pool shares. There are no limitations or restrictions on withdrawals from TexSTAR.

The District records its investment in certificates of deposit at acquisition cost. As of December 31, 2023, the District had the following investments and maturities:

Funds and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
TexPool	\$ 10,229,444	\$ 10,229,444
TexSTAR	6,082,333	6,082,333
Certificates of Deposit	744,231	744,231
<u>DEBT SERVICE FUND</u>		
TexPool	1,367,339	1,367,339
Certificates of Deposit	460,000	460,000
<u>CAPITAL PROJECTS FUND</u>		
TexSTAR	2,749,671	2,749,671
TOTAL INVESTMENTS	\$ 21,633,018	\$ 21,633,018

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The District’s investments in TexPool and TexSTAR were rated AAAM by Standard and Poor’s. The District also manages credit risk by investing in certificates of deposit covered by FDIC insurance and pledged collateral. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers its investments in TexPool and TexSTAR to have maturities of less than one year due to the fact the share positions can usually be redeemed each day at the discretion of the District unless there have been significant changes in value. The District also manages interest rate risk by investing in certificates of deposit with maturities of less than one year.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

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

NOTE 6. CAPITAL ASSETS

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

	January 1, 2023	Increases	Decreases	December 31, 2023
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 23,130,961	\$ 904,617	\$	\$ 24,035,578
Construction in Progress	17,926,771	17,308,649	3,126,069	32,109,351
Total Capital Assets Not Being Depreciated	<u>\$ 41,057,732</u>	<u>\$ 18,213,266</u>	<u>\$ 3,126,069</u>	<u>\$ 56,144,929</u>
Capital Assets Subject to Depreciation				
Buildings and Improvements	\$ 4,463,708	\$	\$	\$ 4,463,708
Water System	25,051,892	718,365		25,770,257
Wastewater System	36,739,701	1,503,087		38,242,788
Drainage System	22,935,723			22,935,723
Total Capital Assets Subject to Depreciation	<u>\$ 89,191,024</u>	<u>\$ 2,221,452</u>	<u>\$ - 0 -</u>	<u>\$ 91,412,476</u>
Less Accumulated Depreciation				
Buildings and Improvements	\$ 329,909	\$ 112,675	\$	\$ 442,584
Water System	10,371,263	590,612		10,961,875
Wastewater System	14,650,459	1,001,941		15,652,400
Drainage System	7,336,759	515,639		7,852,398
Total Accumulated Depreciation	<u>\$ 32,688,390</u>	<u>\$ 2,220,867</u>	<u>\$ - 0 -</u>	<u>\$ 34,909,257</u>
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 56,502,634</u>	<u>\$ 585</u>	<u>\$ - 0 -</u>	<u>\$ 56,503,219</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 97,560,366</u>	<u>\$ 18,213,851</u>	<u>\$ 3,126,069</u>	<u>\$ 112,648,148</u>

NOTE 7. MAINTENANCE TAX

At an election held on August 14, 1976, the voters of the District approved the levy and collection of a maintenance tax not to exceed \$0.25 per \$100 of assessed valuation of taxable property within the District. The maintenance tax is to be used by the General Fund to pay expenditures of operating the District's waterworks and wastewater system. During the year ended December 31, 2023, the District levied an ad valorem maintenance tax rate of \$0.21 per \$100 of assessed valuation, which resulted in a tax levy of \$4,857,711 on the adjusted taxable valuation of \$2,313,195,799 for the 2023 tax year.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

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 carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 9. EMERGENCY WATER SUPPLY AGREEMENTS

On March 8, 1999, the District approved an Emergency Water Supply Agreement with Bilma Public Utility District. On August 20, 2013, the District approved the Amended and Restated Emergency Water Supply Agreement. Under the terms of the agreement, the district supplying water will bill the receiving district at a rate of \$1.50 per 1,000 gallons of water usage plus the applicable North Harris County Regional Water Authority fee for surface water consumption. If the supplying district is buying the supplied water from any adjoining district, the receiving district will pay for water at a rate per 1,000 gallons equal to the rate paid by the supplying district for such water if such rate is greater than the rate stated above.

On May 1, 2007, the District approved an Emergency Water Supply Contract with Northwest Harris County Municipal Utility District No. 30. Under the terms of the agreement, the district supplying water can either: (1) be repaid in kind, or (2) bill the receiving district at a rate of \$1.50 per 1,000 gallons of water usage or, if the supplying district is buying the supplied water from any adjoining district, bill the receiving district at the rate it is paying for the water. In addition, if the supplying district has converted to use of surface water, the billed cost will be the price per 1,000 gallons the supplying district is paying for surface water. The term of the agreement is for a period of 20 years from the date of execution, unless terminated pursuant to the provisions of the agreement or pursuant to mutual written consent of the districts.

On December 18, 2008, the District approved an Emergency Water Supply Contract with Northwest Harris County Municipal Utility District No. 32. Under the terms of the agreement, the district supplying water can either: (1) be repaid in kind, or (2) bill the receiving district at a rate of \$1.50 per 1,000 gallons of water usage as reflected by the interconnect meter, or such other rate that the districts may agree upon in writing from time-to-time. In addition, if the supplying district has converted to use of surface water, the billed cost will be the actual cost per 1,000 gallons to the supplying district to purchase surface water, or the above rate may be increased by the amount of the fee per 1,000 gallons imposed by the North Harris County Regional Water Authority. The term of the agreement is for a period of 20 years from the date of execution, unless terminated pursuant to the provisions of the agreement or pursuant to mutual written consent of the districts.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 10. WATER AND WASTEWATER SERVICE AGREEMENTS

KLEIN UNITED METHODIST CHURCH

On May 17, 2005, the District entered into a Water Supply and Wastewater Treatment Service Agreement with Klein United Methodist Church (KUMC). KUMC constructed, at its sole cost, the water line extension and wastewater connection necessary to provide an amount of water not to exceed 3,300 gallons per day (gpd) of capacity in the District's water treatment facilities and the wastewater treatment plant not to exceed 2,800 gpd of capacity. The District owns, operates and maintains the lines located between the point of connection to the District's system. The water and wastewater rates charged to KUMC will not exceed the rates charged to in-district commercial customers for similar services. The term of this agreement is 40 years.

KLEIN INDEPENDENT SCHOOL DISTRICT

On November 15, 2005, the District entered into a Water Supply and Wastewater Treatment Service Agreement with Klein Independent School District (Klein) in which the District constructed, at Klein's sole cost, the water line and wastewater collection line necessary to provide an amount of water not to exceed 40,000 gallons per day (gpd) of capacity in the District's water treatment facilities and the wastewater treatment plant not to exceed 30,000 gpd of capacity. Klein paid the District \$87,600 for capacity in the District's water plant and \$84,000 for capacity in the District's wastewater treatment plant. Klein received credits toward the costs of capacity in the amounts of \$54,000 for a 2.4-acre future water plant site and \$5,600 for a 10-foot waterline easement. Thus, the total payment by Klein for its capacity was \$112,000. The District owns, operates and maintains the lines located between the point of connection to the District's system. The water and wastewater rates charged to Klein will not exceed the rates charged to out-of-district commercial for similar services. The term of this agreement is 40 years.

SPRING EDUCATIONAL FOUNDATION d/b/a BHA-HOUSTON

On January 23, 2020, the District entered into an Out-of-District Service Agreement with Spring Educational Foundation d/b/a BHA-Houston (BHA) in which the District agrees to sell and deliver to BHA at the point of connection in an amount not to exceed 4,667 gallons per day (gpd) of capacity in the District's water treatment facilities and the wastewater treatment plant. The District owns, operates and maintains the lines located between the point of connection to the District's system. The water and wastewater rates charged to BHA will not exceed the rates charged to out-of-district non-taxable entities for similar services. The term of this agreement is 40 years.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 10. WATER AND WASTEWATER SERVICE AGREEMENTS (Continued)

REBECCA VILLAGE BUSINESS PARK, LP

On February 21, 2020, the District entered into an Out-of-District Service Agreement with Rebecca Village Business Park, LP (Rebecca) in which the District agrees to sell and deliver to Rebecca at the point of connection and in an amount not to exceed 7,200 gallons per day (gpd) of capacity in the District's water treatment facilities. Rebecca will be responsible for extending a private waterline to tap into an existing ten-foot waterline, and upon completion, will be eligible to receive water from the District. The District owns, operates and maintains the lines located between the point of connection to the District's system. The water and wastewater rates charged to Rebecca will not exceed the rates charged to out-of-district commercial entities for similar services. Rebecca must construct an onsite private sanitary sewer treatment system and the District will require Rebecca to annex into the District and connect to the District's sanitary sewer collection system once capacity is available in Lift Station No. 4 or after a period of ten years from the execution of the Agreement, whichever occurs later. The term of this agreement is 40 years.

LINCOLN WOOD BAPTIST CHURCH, INC.

On September 1, 2020, the District entered into an Out-of-District Service Agreement with Lincoln Wood Baptist Church, Inc. (Church) in which the District agrees to sell and deliver to the Church at the point of connection an amount not to exceed 360 gallons per day (gpd) of capacity in the District's water treatment facilities and 300 gpd of capacity in the District's wastewater treatment plant. The Church will be responsible for the construction of sanitary sewer and collection system improvements, and upon completion, will be eligible to receive wastewater from the District. The District owns, operates and maintains the lines located between the point of connection to the District's system. The Church shall pay a capital recovery fee to the District for 360 gpd of capacity in the Water Plant and for 300 gpd of capacity in the Wastewater Treatment Plant. The water and wastewater rates charged to the Church will not exceed the rates charged to out-of-district non-taxable entities for similar services. The term of this agreement is 40 years.

NOTE 11. UNREIMBURSED COSTS

In accordance with the terms of certain development financing agreements, Developers within the District have made expenditures on behalf of the District for water, sewer and drainage facilities for which the District has not sold bonds. Reimbursements will come from proceeds of future bond sales or surplus operating funds. The year-end balance totaled \$64,661.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 12. NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

The District is located within the boundaries of the North Harris County Regional Water Authority (the “Authority”). The Authority was created under Article 16, Section 59 of the Texas Constitution by House Bill 2965 (the “Act”), as passed by the 75th Texas Legislature, in 1999. The Act empowers the Authority to provide for the conservation, preservation, protection, recharge and prevention of waste of groundwater, and for the reduction of groundwater withdrawals.

The Authority charges a fee, based on the amount of water pumped from a well, to the owners of wells located within the boundaries of the Authority, unless exempted. This fee enables the Authority to fulfill its purpose and regulatory functions. The current fee charged is \$3.60 per 1,000 gallons of water pumped from each well. The District recorded expenditures of \$821,084 for fees assessed during the current fiscal year.

On December 19, 2006, the District approved the Groundwater Transfer Agreement-Buyer (the “Agreement”) with the Authority. This Agreement was amended on June 1, 2010. In accordance with the Agreement, the District has elected to participate in the groundwater transfer program of the Authority, under the Regulations for Buy/Sell Agreement for Implementation of the Groundwater Transfer Program adopted by the Authority on September 8, 2003, as amended, and agrees to assume all rights and obligations of a seller. The Authority has agreed to the District electing the buyer status. The District agrees to buy and receive water from the Authority and the Authority agrees to sell and deliver water to the District at the minimum and maximum volumes as set forth in the Agreement.

On December 1, 2020, the Authority and the District entered into an Amended Water Supply Agreement. The Authority will make available for sale and delivery to the District a volume of Authority water between 0.441 million gallons per day (MGD) and 1.057 MGD. The agreement is in effect until January 1, 2040, and may be extended for 10-year periods thereafter.

The current rate for purchased water is \$4.05 per 1,000 gallons of water. The District recorded expenditures of \$2,700,579 for water purchased from the Authority during the current fiscal year.

Chloramine Conversion Reimbursement

The Authority required the District to convert its water systems to chloramine disinfection for as long as it is connected to the Authority’s system. The District has completed its chloramine system. The District’s reimbursable cost of this system was \$449,562. The Authority calculated the reimbursement at 6% interest over a 30-year period. The District began receiving chloramine conversion credits on the December 2010 Authority billing. Total credits earned in the current fiscal year were \$32,660. Of this amount, \$11,499 was a return of principal with the balance being applicable to interest.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 12. NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY
(Continued)

Chloramine Conversion Reimbursement (Continued)

The following is a schedule of the remaining chloramine conversion credits (principal only) to be received under the terms of the agreement.

Fiscal Year	Principal
2024	\$ 12,189
2025	12,921
2026	13,696
2027	14,518
2028	15,389
2029-2033	91,953
2034-2038	123,054
2039-2040	57,459
	\$ 341,179

Elevated Storage Tank Reimbursement

The Authority authorized a capital reimbursement credit to the District in the total amount of \$3,087,533 in connection with the construction of an elevated storage tank. The Authority calculated the reimbursement credit at 6% interest over a 30-year period. The credit amount is applied monthly and the District began receiving the elevated storage tank credits on the September 2010 Authority billing. Total credits earned in the current fiscal year were \$224,306. Of this amount, \$80,156 was a return of principal with the balance being applicable to interest. The following is a schedule of the remaining elevated storage tank credits (principal only) to be received under the terms of the agreement.

Fiscal Year	Principal
2024	\$ 84,965
2025	90,063
2026	95,467
2027	101,195
2028	107,267
2029-2033	640,953
2034-2038	857,739
2039-2040	344,695
	\$ 2,322,344

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 13. STRATEGIC PARTNERSHIP AGREEMENT

The District has entered into a Strategic Partnership Agreement (“SPA”) with the City of Houston, Texas. Under the agreement, and in accordance with Subchapter F of Chapter 43 of the Local Government Code, the City has annexed a tract of land within the District for limited purposes. The District will continue to develop, to own, and to operate and maintain a water, wastewater, and drainage system in the District. The City may not annex the District for full purposes during the term of this agreement. The City imposes a Sales and Use Tax within the boundaries of the District under the SPA on the receipts from the sale and use at retail of taxable items at the rate of one percent or the rate specified under future amendments to Chapter 321 of the Tax Code. The City pays to the District one-half of all Sales and Use Tax revenues collected within the District within 30 days of the City receiving the funds from the State Comptroller’s office. The term of this SPA is 30 years from the effective date of April 3, 2007. During the current fiscal year, the District recorded revenues in the amount of \$1,594,929 in relation to this agreement.

NOTE 14. BRIDGESTONE GREENWAYS COALITION, INC.

Effective December 6, 2022, the Bridgestone Greenways Coalition, Inc. (“Corporation”) was created with the purpose to promote and support the development and maintenance of the District’s public community parks, connecting hike and bike trails, and other recreational facilities and amenities located in and around the District. The Corporation qualifies as a nonprofit organization under section 501 (c)(3) of the Internal Revenue Code. The Board of Directors for the District have exclusive authority to appoint Directors of the Corporation, with appointment for directors filling expired terms happening at the District’s December board meeting.

NOTE 15. WASTEWATER TREATMENT PLANT LEASE

The District executed a Lease Agreement with Option to Purchase with AUC Group, L.P. for a 200,000 gallons per day sewage treatment plant. The term of the lease is 60 months from the first day of the month following delivery and installation of the equipment. The initial term of the lease commenced on April 4, 2023. At year end, prepaid lease payments total \$37,000 which consist of the first and last month lease payment. As of fiscal year end, the equipment has not yet been delivered and installed.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 16. SUBSEQUENT EVENT - BOND SALE

On February 15, 2024, subsequent to year-end, the District closed on the sale of its \$22,080,000 Unlimited Tax Bonds, Series 2024. Proceeds of the bonds, along with \$5,429,000 of surplus funds, are being used to reimburse certain developers and to fund a portion of the design and construction of the following: Southern Development’s utility extensions, phases 1 and 2; lift station no. 8 construction; lift station no. 3 improvements; regional detention basin and related land costs; water plant nos. 1, 2 and 3 generator replacement; SCADA systems; 2024 WWTP No. 1 improvements; lift station nos. 2, 5, 6 and 7 generator replacement; wastewater system rehabilitation phases 1-12; wall construction at District facilities; and related engineering costs. Bond proceeds were also used to pay for developer interest and bond issuance costs.

NOTE 17. SUBSCRIPTION-BASED SERVICE AGREEMENT

In accordance with the requirements of Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*, which was required to be implemented in the current fiscal year, the District recorded a right-to-use asset and related subscription payable in its financial statements pertaining to the subscription service agreement it has with Badger Meter dated December 4, 2020. The term of the agreement continues through November 3, 2030.

Monthly payments are based on the number of connections serviced times the contractual rate per connection, which is currently \$0.89 per connection per month. The monthly costs are approximately \$5,690 per month but will vary from time-to-time as the number of connections change. Current year subscription payments totaled approximately \$68,280 with \$50,508 allocated to principal and the remainder to interest.

The subscription liability was measured using the remaining subscription term and discount rate of 4.05% as of the beginning of the current period and the right-to-use asset was measured based on the subscription liability at that date which resulted in no restatement of the beginning net position. Right-to-use assets, current amortization expense, and accumulated amortization are summarized in the following table.

	January 1, 2023	Increases	Decreases	December 31, 2023
Intangible Assets Subject to Amortization				
Subscription Based Service	\$ 560,685	\$	\$	\$ 560,685
Accumulated Amortization				
Subscription Based Service	98,888	65,971		164,859
Total Intangible Assets, Net of Accumulated Amortization	<u>\$ 461,797</u>	<u>\$ 65,971</u>	<u>\$ - 0 -</u>	<u>\$ 395,826</u>

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 17. SUBSCRIPTION-BASED SERVICE AGREEMENT (Continued)

The change in subscription payable during the current fiscal year is summarized in the following table:

	January 1, 2023	Additions	Retirements	December 31, 2023
Subscription Payable	\$ 461,797	\$ -0-	\$ 50,508	\$ 411,289

Future subscription payments, including the amount due within one year and amounts due after one year, are summarized in the following tables:

Fiscal Year	Principal	Interest	Total
2024	\$ 52,592	\$ 15,688	\$ 68,280
2025	54,762	13,518	68,280
2026	57,021	11,259	68,280
2027	59,374	8,906	68,280
2028	61,824	6,456	68,280
2029-2030	125,716	5,154	130,870
	\$ 411,289	\$ 60,981	\$ 472,270

Amount Due Within One Year	\$ 52,592
Amount Due After One Year	358,697
Total Subscription Payable	\$ 411,289

BRIDGESTONE MUNICIPAL UTILITY DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2023

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Property Taxes	\$ 4,225,000	\$ 4,333,095	\$ 108,095
Water Service	2,100,000	1,680,263	(419,737)
Wastewater Service	2,550,000	2,589,242	39,242
Water Authority Fees	3,900,000	3,773,425	(126,575)
Penalty and Interest	100,000	96,323	(3,677)
Connection and Inspection Fees	250,000	988,343	738,343
Water Authority Credits	256,966	278,380	21,414
Sales Tax Revenues	1,725,000	1,594,929	(130,071)
Security Service Fees	225,000	248,300	23,300
Investment and Miscellaneous Revenues	<u>314,660</u>	<u>1,155,297</u>	<u>840,637</u>
TOTAL REVENUES	<u>\$ 15,646,626</u>	<u>\$ 16,737,597</u>	<u>\$ 1,090,971</u>
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 612,000	\$ 723,295	\$ (111,295)
Contracted Services	2,900,000	2,965,450	(65,450)
Purchased Water and Pumpage Fees	4,450,000	3,521,663	928,337
Utilities	350,000	399,391	(49,391)
Other	1,296,300	1,663,955	(367,655)
Capital Outlay and Repairs, Net of Advances	<u>8,210,000</u>	<u>13,062,913</u>	<u>(4,852,913)</u>
TOTAL EXPENDITURES	<u>\$ 17,818,300</u>	<u>\$ 22,336,667</u>	<u>\$ (4,518,367)</u>
NET CHANGE IN FUND BALANCE	\$ (2,171,674)	\$ (5,599,070)	\$ (3,427,396)
FUND BALANCE - JANUARY 1, 2023	<u>19,476,582</u>	<u>19,476,582</u>	<u> </u>
FUND BALANCE - DECEMBER 31, 2023	<u>\$ 17,304,908</u>	<u>\$ 13,877,512</u>	<u>\$ (3,427,396)</u>

See accompanying independent auditor's report.

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BRIDGESTONE MUNICIPAL UTILITY DISTRICT
SUPPLEMENTARY INFORMATION – REQUIRED BY THE
WATER DISTRICT FINANCIAL MANAGEMENT GUIDE
DECEMBER 31, 2023

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED DECEMBER 31, 2023

1. SERVICES PROVIDED BY THE DISTRICT DURING THE FISCAL YEAR:

<u> X </u>	Retail Water	<u> X </u>	Wholesale Water	<u> X </u>	Drainage
<u> X </u>	Retail Wastewater	<u> X </u>	Wholesale Wastewater	<u> X </u>	Irrigation
<u> </u>	Parks/Recreation	<u> </u>	Fire Protection	<u> X </u>	Security
<u> X </u>	Solid Waste/Garbage	<u> </u>	Flood Control	<u> </u>	Roads
<u> </u>	Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)				
<u> </u>	Other (specify):				
<u> </u>	_____				

2. RETAIL SERVICE PROVIDERS

a. RETAIL RATES FOR A 5/8" METER (OR EQUIVALENT):

The following rates are based on the rate order approved March 7, 2023.

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons over Minimum Use	Usage Levels
WATER:	\$ 8.00	3,000	N	\$ 1.30 1.70 1.75 2.00	3,001 to 10,000 10,001 to 20,000 20,001 to 30,000 30,001 and up
WASTEWATER: (includes solid waste)	\$ 29.79		Y		

SURCHARGE:

Regional Water Authority Fees \$ 4.05 per 1,000 gallons of water usage

District employs winter averaging for wastewater usage? X
Yes No

Total monthly charges per 10,000 gallons usage: Water: \$17.10 Wastewater: \$29.79 Surcharge: \$40.50

See accompanying independent auditor's report.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED DECEMBER 31, 2023

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered	<u>4</u>	<u>4</u>	x 1.0	<u>4</u>
≤¾"	<u>5,869</u>	<u>5,830</u>	x 1.0	<u>5,830</u>
1"	<u>194</u>	<u>194</u>	x 2.5	<u>485</u>
1½"	<u>41</u>	<u>40</u>	x 5.0	<u>200</u>
2"	<u>208</u>	<u>204</u>	x 8.0	<u>1,632</u>
3"	<u>6</u>	<u>5</u>	x 15.0	<u>75</u>
4"	<u>7</u>	<u>7</u>	x 25.0	<u>175</u>
6"	<u>4</u>	<u>4</u>	x 50.0	<u>200</u>
8"	<u>8</u>	<u>8</u>	x 80.0	<u>640</u>
10"	<u>1</u>	<u>1</u>	x 115.0	<u>115</u>
Total Water Connections	<u><u>6,342</u></u>	<u><u>6,297</u></u>		<u><u>9,356</u></u>
Total Wastewater Connections	<u><u>6,094</u></u>	<u><u>6,062</u></u>	x 1.0	<u><u>6,062</u></u>

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

Gallons pumped into system: 199,058,000 Water Accountability Ratio: 92.5%
(Gallons billed/Gallons pumped and purchased)

Gallons billed to customers: 751,665,000

Gallons purchased: 613,839,000 From: North Harris County Regional Water Authority

See accompanying independent auditor's report.

**BRIDGESTONE MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED DECEMBER 31, 2023**

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

Does the District have Debt Service standby fees? Yes No

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

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes No

County in which District is located:

Harris County, Texas

Is the District located within a city?

Entirely Partly Not at all

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

Entirely Partly Not at all

ETJ in which District is located:

City of Houston, Texas

Are Board Members appointed by an office outside the District?

Yes No

See accompanying independent auditor's report.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2023

PROFESSIONAL FEES:	
Auditing	\$ 36,000
Engineering	306,685
Legal	379,110
Financial Advisor	<u>1,500</u>
TOTAL PROFESSIONAL FEES	<u>\$ 723,295</u>
PURCHASED WATER SERVICE	<u>\$ 2,700,579</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 134,451
General Manager	43,562
Operations and Billing	316,723
Solid Waste Disposal	1,203,873
Security	<u>1,266,841</u>
TOTAL CONTRACTED SERVICES	<u>\$ 2,965,450</u>
UTILITIES	<u>\$ 399,391</u>
REPAIRS AND MAINTENANCE	<u>\$ 2,242,317</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees, Including Payroll Taxes	\$ 38,715
Insurance	107,039
Office Supplies and Postage	157,530
Election	139,588
Travel, Meetings, and Other	<u>135,541</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 578,413</u>
CAPITAL OUTLAY	<u>\$ 11,826,342</u>
OTHER EXPENDITURES:	
Chemicals	\$ 403,342
Web Services	42,101
Laboratory Fees	96,485
Permit Fees	36,132
Connection, Reconnection, and Inspection Fees	268,149
Water Authority Assessments	821,084
Regulatory Assessment	20,589
Sludge Hauling	<u>218,744</u>
TOTAL OTHER EXPENDITURES	<u>\$ 1,906,626</u>
TOTAL EXPENDITURES	<u>\$ 23,342,413</u>

See accompanying independent auditor's report.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
INVESTMENTS
DECEMBER 31, 2023

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
<u>GENERAL FUND</u>					
TexPool	XXXX0003	Varies	Daily	\$ 10,229,444	\$
TexSTAR	XXXX2220	Varies	Daily	3,098,837	
TexSTAR	XXXX5550	Varies	Daily	95,565	
TexSTAR	XXXX2221	Varies	Daily	2,111,161	
TexSTAR	XXXX2223	Varies	Daily	776,770	
Certificate of Deposit	XXXX6776	4.25%	02/02/24	125,878	4,866
Certificate of Deposit	XXXX8058	4.50%	02/13/24	230,000	9,102
Certificate of Deposit	XXXX5320	4.69%	02/23/24	143,598	5,739
Certificate of Deposit	XXXX6811	4.25%	03/04/24	100,703	3,541
Certificate of Deposit	XXXX7679	4.60%	04/30/24	<u>144,052</u>	<u>4,448</u>
TOTAL GENERAL FUND				<u>\$ 17,056,008</u>	<u>\$ 27,696</u>
<u>DEBT SERVICE FUND</u>					
TexPool	XXXX0002	Varies	Daily	\$ 1,367,339	\$
Certificate of Deposit	XXXX1501	4.94%	03/03/24	230,000	9,432
Certificate of Deposit	XXXX8058	5.25%	06/26/24	<u>230,000</u>	<u>6,219</u>
TOTAL DEBT SERVICE FUND				<u>\$ 1,827,339</u>	<u>\$ 15,651</u>
<u>CAPITAL PROJECTS FUND</u>					
TexSTAR	XXXX4440	Varies	Daily	<u>\$ 2,749,671</u>	<u>\$ -0-</u>
TOTAL - ALL FUNDS				<u>\$ 21,633,018</u>	<u>\$ 43,347</u>

See accompanying independent auditor's report.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2023

	Maintenance Taxes		Debt Service Taxes
TAXES RECEIVABLE -			
JANUARY 1, 2023	\$ 3,405,044		\$ 4,650,436
Adjustments to Beginning			
Balance	<u>(126,391)</u>	\$ 3,278,653	<u>(179,156)</u> \$ 4,471,280
Original 2023 Tax Levy	\$ 4,806,502		\$ 6,408,670
Adjustment to 2023 Tax Levy	<u>51,209</u>	<u>4,857,711</u>	<u>68,278</u> <u>6,476,948</u>
TOTAL TO BE			
ACCOUNTED FOR		\$ 8,136,364	\$ 10,948,228
 TAX COLLECTIONS:			
Prior Years	\$ 3,222,471		\$ 4,392,184
Current Year	<u>1,033,350</u>	<u>4,255,821</u>	<u>1,377,800</u> <u>5,769,984</u>
 TAXES RECEIVABLE -			
DECEMBER 31, 2023		<u>\$ 3,880,543</u>	<u>\$ 5,178,244</u>
 TAXES RECEIVABLE BY			
YEAR:			
2023		\$ 3,824,361	\$ 5,099,148
2022		30,523	41,643
2021		7,255	9,894
2020		6,527	8,901
2019		5,560	8,896
2018		1,959	3,134
2017		1,169	2,030
2016		1,037	1,965
2015 and Prior		<u>2,152</u>	<u>2,633</u>
TOTAL		<u>\$ 3,880,543</u>	<u>\$ 5,178,244</u>

See accompanying independent auditor's report.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	2022	2021	2020
PROPERTY VALUATIONS:				
Land	\$ 553,814,398	\$ 534,824,487	\$ 448,475,766	\$ 440,519,827
Improvements	2,131,410,444	1,887,731,465	1,557,152,726	1,417,070,608
Personal Property	108,925,957	98,840,191	85,685,811	91,175,188
Exemptions	<u>(480,955,000)</u>	<u>(440,934,378)</u>	<u>(282,298,083)</u>	<u>(252,648,592)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 2,313,195,799</u>	<u>\$ 2,080,461,765</u>	<u>\$ 1,809,016,220</u>	<u>\$ 1,696,117,031</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.28	\$ 0.2936	\$ 0.30	\$ 0.30
Maintenance	<u>0.21</u>	<u>0.2152</u>	<u>0.22</u>	<u>0.22</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.49</u>	<u>\$ 0.5088</u>	<u>\$ 0.52</u>	<u>\$ 0.52</u>
ADJUSTED TAX LEVY*	<u>\$ 11,334,659</u>	<u>\$ 10,585,390</u>	<u>\$ 9,406,884</u>	<u>\$ 8,820,084</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>21.27 %</u>	<u>99.32 %</u>	<u>99.82 %</u>	<u>99.83 %</u>

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

Maintenance Tax – Maximum tax rate of \$0.25 per \$100 of assessed valuation approved by voters on August 14, 1976.

See accompanying independent auditor's report.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2023

S E R I E S - 2 0 1 4

Due During Fiscal Years Ending December 31	Principal Due May 1	Interest Due May 1/ November 1	Total
2024	\$ 120,000	\$ 120,012	\$ 240,012
2025	125,000	116,337	241,337
2026	130,000	112,512	242,512
2027	135,000	108,453	243,453
2028	145,000	104,078	249,078
2029	150,000	99,281	249,281
2030	160,000	94,050	254,050
2031	165,000	88,463	253,463
2032	175,000	82,513	257,513
2033	185,000	76,097	261,097
2034	195,000	69,210	264,210
2035	205,000	61,703	266,703
2036	215,000	53,566	268,566
2037	225,000	44,900	269,900
2038	235,000	35,700	270,700
2039	245,000	26,100	271,100
2040	260,000	16,000	276,000
2041	270,000	5,400	275,400
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
	<u>\$ 3,340,000</u>	<u>\$ 1,314,375</u>	<u>\$ 4,654,375</u>

See accompanying independent auditor's report.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2023

S E R I E S - 2 0 1 5

Due During Fiscal Years Ending December 31	Principal Due May 1	Interest Due May 1/ November 1	Total
2024	\$ 225,000	\$ 181,237	\$ 406,237
2025	225,000	176,034	401,034
2026	250,000	170,238	420,238
2027	250,000	163,675	413,675
2028	250,000	156,488	406,488
2029	275,000	148,612	423,612
2030	275,000	140,363	415,363
2031	300,000	131,550	431,550
2032	300,000	122,176	422,176
2033	325,000	112,206	437,206
2034	325,000	101,644	426,644
2035	350,000	90,456	440,456
2036	350,000	78,644	428,644
2037	375,000	66,409	441,409
2038	400,000	53,082	453,082
2039	400,000	39,081	439,081
2040	425,000	24,378	449,378
2041	460,000	8,337	468,337
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
	<u>\$ 5,760,000</u>	<u>\$ 1,964,610</u>	<u>\$ 7,724,610</u>

See accompanying independent auditor's report.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2023

S E R I E S - 2 0 1 6 R E F U N D I N G

Due During Fiscal Years Ending December 31	Principal Due May 1	Interest Due May 1/ November 1	Total
2024	\$ 1,875,000	\$ 722,212	\$ 2,597,212
2025	1,955,000	683,912	2,638,912
2026	2,040,000	641,412	2,681,412
2027	2,120,000	591,962	2,711,962
2028	2,195,000	538,025	2,733,025
2029	2,330,000	481,463	2,811,463
2030	2,425,000	418,994	2,843,994
2031	2,520,000	351,000	2,871,000
2032	2,595,000	277,425	2,872,425
2033	2,670,000	198,450	2,868,450
2034	2,085,000	127,125	2,212,125
2035	2,160,000	63,450	2,223,450
2036	1,035,000	15,525	1,050,525
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
	<u>\$ 28,005,000</u>	<u>\$ 5,110,955</u>	<u>\$ 33,115,955</u>

See accompanying independent auditor's report.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2023

S E R I E S - 2 0 1 8

Due During Fiscal Years Ending December 31	Principal Due May 1	Interest Due May 1/ November 1	Total
2024	\$ 175,000	\$ 274,625	\$ 449,625
2025	200,000	269,000	469,000
2026	200,000	263,000	463,000
2027	200,000	257,000	457,000
2028	225,000	250,344	475,344
2029	225,000	242,750	467,750
2030	225,000	234,594	459,594
2031	250,000	225,687	475,687
2032	250,000	216,000	466,000
2033	250,000	206,000	456,000
2034	275,000	195,500	470,500
2035	275,000	184,500	459,500
2036	300,000	173,000	473,000
2037	300,000	161,000	461,000
2038	325,000	148,500	473,500
2039	325,000	135,500	460,500
2040	350,000	122,000	472,000
2041	350,000	108,000	458,000
2042	400,000	93,000	493,000
2043	400,000	77,000	477,000
2044	400,000	61,000	461,000
2045	425,000	44,500	469,500
2046	450,000	27,000	477,000
2047	450,000	9,000	459,000
2048			
2049			
2050			
	<u>\$ 7,225,000</u>	<u>\$ 3,978,500</u>	<u>\$ 11,203,500</u>

See accompanying independent auditor's report.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2023

S E R I E S - 2 0 1 9

Due During Fiscal Years Ending December 31	Principal Due May 1	Interest Due May 1/ November 1	Total
2024	\$ 125,000	\$ 156,132	\$ 281,132
2025	125,000	153,006	278,006
2026	150,000	150,256	300,256
2027	150,000	147,256	297,256
2028	150,000	144,256	294,256
2029	175,000	141,006	316,006
2030	175,000	137,178	312,178
2031	175,000	132,913	307,913
2032	175,000	128,538	303,538
2033	200,000	123,725	323,725
2034	200,000	118,350	318,350
2035	200,000	112,850	312,850
2036	225,000	106,725	331,725
2037	225,000	99,975	324,975
2038	225,000	93,225	318,225
2039	250,000	86,100	336,100
2040	250,000	78,600	328,600
2041	275,000	70,725	345,725
2042	275,000	62,475	337,475
2043	300,000	53,850	353,850
2044	300,000	44,850	344,850
2045	300,000	35,850	335,850
2046	325,000	26,475	351,475
2047	350,000	16,350	366,350
2048	370,000	5,550	375,550
2049			
2050			
	<u>\$ 5,670,000</u>	<u>\$ 2,426,216</u>	<u>\$ 8,096,216</u>

See accompanying independent auditor's report.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2023

S E R I E S - 2 0 1 9 A R E F U N D I N G

Due During Fiscal Years Ending December 31	Principal Due May 1 **	Interest Due May 1/ November 1	Total
2024	\$ 440,000	\$ 405,150	\$ 845,150
2025	460,000	391,650	851,650
2026	485,000	377,475	862,475
2027	500,000	362,700	862,700
2028	525,000	347,325	872,325
2029	610,000	330,300	940,300
2030	1,085,000	304,875	1,389,875
2031	1,155,000	271,275	1,426,275
2032	1,160,000	236,550	1,396,550
2033	1,110,000	202,500	1,312,500
2034	1,065,000	169,875	1,234,875
2035	1,505,000	131,325	1,636,325
2036	3,625,000	87,375	3,712,375
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
	<u>\$ 13,725,000</u>	<u>\$ 3,618,375</u>	<u>\$ 17,343,375</u>

**The schedule above includes a final payment which is due on November 1, 2036.

See accompanying independent auditor's report.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2023

S E R I E S - 2 0 2 0 R E F U N D I N G

Due During Fiscal Years Ending December 31	Principal Due May 1	Interest Due May 1/ November 1	Total
2024	\$ 480,000	\$ 66,450	\$ 546,450
2025	470,000	53,400	523,400
2026	460,000	39,450	499,450
2027	500,000	25,050	525,050
2028	585,000	8,775	593,775
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
	<u>\$ 2,495,000</u>	<u>\$ 193,125</u>	<u>\$ 2,688,125</u>

See accompanying independent auditor's report.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2023

S E R I E S - 2 0 2 1 R E F U N D I N G

Due During Fiscal Years Ending December 31	Principal Due May 1	Interest Due May 1/ November 1	Total
2024	\$ 160,000	\$ 161,700	\$ 321,700
2025	155,000	156,975	311,975
2026	155,000	152,325	307,325
2027	200,000	147,000	347,000
2028	195,000	141,075	336,075
2029	195,000	135,225	330,225
2030	245,000	128,625	373,625
2031	290,000	120,600	410,600
2032	285,000	111,975	396,975
2033	330,000	102,750	432,750
2034	375,000	92,175	467,175
2035	370,000	81,000	451,000
2036	615,000	66,225	681,225
2037	960,000	42,600	1,002,600
2038	940,000	14,100	954,100
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
	<u>\$ 5,470,000</u>	<u>\$ 1,654,350</u>	<u>\$ 7,124,350</u>

See accompanying independent auditor's report.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2023

S E R I E S - 2 0 2 2

Due During Fiscal Years Ending December 31	Principal Due May 1	Interest Due May 1/ November 1	Total
2024	\$ 570,000	\$ 645,432	\$ 1,215,432
2025	600,000	622,032	1,222,032
2026	600,000	598,032	1,198,032
2027	650,000	573,032	1,223,032
2028	725,000	545,532	1,270,532
2029	750,000	516,032	1,266,032
2030	775,000	485,532	1,260,532
2031	800,000	457,032	1,257,032
2032	825,000	431,657	1,256,657
2033	850,000	410,782	1,260,782
2034	875,000	393,530	1,268,530
2035	900,000	375,780	1,275,780
2036	925,000	357,530	1,282,530
2037	950,000	338,187	1,288,187
2038	975,000	317,369	1,292,369
2039	1,000,000	295,394	1,295,394
2040	1,050,000	271,675	1,321,675
2041	1,075,000	246,440	1,321,440
2042	1,100,000	220,612	1,320,612
2043	1,125,000	194,190	1,319,190
2044	1,175,000	166,877	1,341,877
2045	1,200,000	137,924	1,337,924
2046	1,250,000	107,299	1,357,299
2047	1,275,000	75,737	1,350,737
2048	1,300,000	43,550	1,343,550
2049	1,350,000	20,550	1,370,550
2050	1,380,000	6,900	1,386,900
	<u>\$ 26,050,000</u>	<u>\$ 8,854,639</u>	<u>\$ 34,904,639</u>

See accompanying independent auditor's report.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2023

ANNUAL REQUIREMENTS
FOR ALL SERIES

Due During Fiscal Years Ending December 31	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2024	\$ 4,170,000	\$ 2,732,950	\$ 6,902,950
2025	4,315,000	2,622,346	6,937,346
2026	4,470,000	2,504,700	6,974,700
2027	4,705,000	2,376,128	7,081,128
2028	4,995,000	2,235,898	7,230,898
2029	4,710,000	2,094,669	6,804,669
2030	5,365,000	1,944,211	7,309,211
2031	5,655,000	1,778,520	7,433,520
2032	5,765,000	1,606,834	7,371,834
2033	5,920,000	1,432,510	7,352,510
2034	5,395,000	1,267,409	6,662,409
2035	5,965,000	1,101,064	7,066,064
2036	7,290,000	938,590	8,228,590
2037	3,035,000	753,071	3,788,071
2038	3,100,000	661,976	3,761,976
2039	2,220,000	582,175	2,802,175
2040	2,335,000	512,653	2,847,653
2041	2,430,000	438,902	2,868,902
2042	1,775,000	376,087	2,151,087
2043	1,825,000	325,040	2,150,040
2044	1,875,000	272,727	2,147,727
2045	1,925,000	218,274	2,143,274
2046	2,025,000	160,774	2,185,774
2047	2,075,000	101,087	2,176,087
2048	1,670,000	49,100	1,719,100
2049	1,350,000	20,550	1,370,550
2050	1,380,000	6,900	1,386,900
	<u>\$ 97,740,000</u>	<u>\$ 29,115,145</u>	<u>\$ 126,855,145</u>

See accompanying independent auditor's report.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED DECEMBER 31, 2023

Description	Original Bonds Issued	Bonds Outstanding January 1, 2023
Bridgestone Municipal Utility District		
Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds - Series 2014	\$ 4,040,000	\$ 3,455,000
Bridgestone Municipal Utility District		
Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds - Series 2015	6,410,000	5,985,000
Bridgestone Municipal Utility District		
Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds - Series 2016	35,055,000	29,795,000
Bridgestone Municipal Utility District		
Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds - Series 2018	7,400,000	7,400,000
Bridgestone Municipal Utility District		
Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds - Series 2019	5,670,000	5,670,000
Bridgestone Municipal Utility District		
Unlimited Tax Refunding Bonds - Series 2019A	16,640,000	14,115,000
Bridgestone Municipal Utility District		
Unlimited Tax Refunding Bonds - Series 2020	4,020,000	2,990,000
Bridgestone Municipal Utility District		
Unlimited Tax Refunding Bonds - Series 2021	5,810,000	5,630,000
Bridgestone Municipal Utility District		
Unlimited Tax Bonds - Series 2022	<u>26,050,000</u>	<u>26,050,000</u>
TOTAL	<u><u>\$ 111,095,000</u></u>	<u><u>\$ 101,090,000</u></u>
Bond Authority:	<u>Unlimited Tax and Revenue Bonds</u>	<u>Unlimited Tax Bonds</u>
Amount Authorized by Voters	\$ 115,412,000	\$ 75,000,000
Amount Issued	<u>115,373,332</u>	<u>26,415,000</u>
Remaining to be Issued	<u><u>\$ 38,668</u></u>	<u><u>\$ 48,585,000</u></u>

See accompanying independent auditor's report.

Current Year Transactions				Bonds Outstanding December 31, 2023	Paying Agent
Bonds Sold	Retirements				
	Principal	Interest			
\$	\$ 115,000	\$ 123,538	\$ 3,340,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
	225,000	186,159	5,760,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
	1,790,000	758,862	28,005,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
	175,000	279,875	7,225,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
		158,006	5,670,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
	390,000	417,600	13,725,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
	495,000	77,400	2,495,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
	160,000	166,500	5,470,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
		656,832	26,050,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
<u>\$ - 0 -</u>	<u>\$ 3,350,000</u>	<u>\$ 2,824,772</u>	<u>\$ 97,740,000</u>		

Debt Service Fund cash and investment balances as of December 31, 2023:

\$ 2,405,927

Average annual debt service payment (principal and interest) for remaining term
of all debt:

\$ 4,698,339

See accompanying independent auditor's report.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2023	2022	2021
REVENUES			
Property Taxes	\$ 4,333,095	\$ 3,907,031	\$ 3,691,694
Water Service	1,680,263	1,723,765	1,519,535
Wastewater Service	2,589,242	1,821,214	1,391,665
Solid Waste Disposal		818,328	1,115,387
Water Authority Fees	3,773,425	3,847,600	3,148,097
Penalty and Interest	96,323	87,986	85,049
Connection and Inspection Fees	988,343	574,515	383,055
Water Authority Credits	278,380	256,966	256,966
Sales Tax Revenues	1,594,929	1,548,305	1,477,297
Security Service Fees	248,300	167,700	
Construction Advances	1,005,746	219,816	
Investment and Miscellaneous Revenues	1,155,297	420,563	116,579
TOTAL REVENUES	\$ 17,743,343	\$ 15,393,789	\$ 13,185,324
EXPENDITURES			
Professional Fees	\$ 723,295	\$ 1,041,984	\$ 957,404
Contracted Services	2,965,450	2,796,920	2,823,474
Purchased Water Service	2,700,579	3,037,597	3,330,260
Utilities	399,391	494,806	409,627
Water Authority Assessments	821,084	1,052,264	217,332
Repairs and Maintenance	2,242,317	1,674,527	2,682,640
Other	1,663,955	1,236,354	964,603
Capital Outlay	11,826,342	1,895,395	9,645,240
TOTAL EXPENDITURES	\$ 23,342,413	\$ 13,229,847	\$ 21,030,580
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (5,599,070)	\$ 2,163,942	\$ (7,845,256)
OTHER FINANCING SOURCES (USES)			
Transfers In/(Out)	\$	\$ 11,261,278	\$ (750,000)
Capital Recovery Fees and Contributions			
TOTAL OTHER FINANCING SOURCES (USES)	\$ - 0 -	\$ 11,261,278	\$ (750,000)
NET CHANGE IN FUND BALANCE	\$ (5,599,070)	\$ 13,425,220	\$ (8,595,256)
BEGINNING FUND BALANCE	19,476,582	6,051,362	14,646,618
ENDING FUND BALANCE	\$ 13,877,512	\$ 19,476,582	\$ 6,051,362

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2020	2019	2023	2022	2021	2020	2019
\$ 3,204,979	\$ 3,027,163	24.3 %	25.4 %	28.0 %	26.0 %	25.2 %
1,509,558	1,432,493	9.5	11.2	11.5	12.3	11.9
1,314,483	1,307,722	14.6	11.8	10.6	10.7	10.9
1,092,480	1,071,210		6.1	8.5	8.9	8.9
2,986,371	2,615,716	21.3	25.0	23.9	24.3	21.8
12,425	78,603	0.5	0.6	0.6	0.1	0.7
442,282	353,110	5.6	3.7	2.9	3.6	2.9
256,966	256,966	1.6	1.7	1.9	2.1	2.1
1,328,478	1,360,679	9.0	10.1	11.2	10.8	11.3
		1.4	1.0			
		5.7				
<u>152,002</u>	<u>511,146</u>	<u>6.5</u>	<u>3.4</u>	<u>0.9</u>	<u>1.2</u>	<u>4.3</u>
<u>\$ 12,300,024</u>	<u>\$ 12,014,808</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 816,038	\$ 629,413	4.1 %	6.8 %	7.3 %	6.6 %	5.2 %
2,483,351	2,216,472	16.7	18.2	21.4	20.2	18.4
3,029,513	2,604,650	15.2	19.7	25.3	24.6	21.7
294,455	313,756	2.3	3.2	3.1	2.4	2.6
339,325	317,501	4.6	6.8	1.6	2.8	2.6
3,100,308	1,402,648	12.6	10.9	20.3	25.2	11.7
1,038,272	1,132,239	9.4	8.0	7.3	8.4	9.4
<u>3,620,862</u>	<u>5,502,185</u>	<u>66.7</u>	<u>12.3</u>	<u>73.2</u>	<u>29.4</u>	<u>45.8</u>
<u>\$ 14,722,124</u>	<u>\$ 14,118,864</u>	<u>131.6 %</u>	<u>85.9 %</u>	<u>159.5 %</u>	<u>119.6 %</u>	<u>117.4 %</u>
<u>\$ (2,422,100)</u>	<u>\$ (2,104,056)</u>	<u>(31.6) %</u>	<u>14.1 %</u>	<u>(59.5) %</u>	<u>(19.6) %</u>	<u>(17.4) %</u>
\$	\$ 60,123					
	<u>313,608</u>					
<u>\$ - 0 -</u>	<u>\$ 373,731</u>					
\$ (2,422,100)	\$ (1,730,325)					
<u>17,068,718</u>	<u>18,799,043</u>					
<u>\$ 14,646,618</u>	<u>\$ 17,068,718</u>					

See accompanying independent auditor's report.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2023	2022	2021
REVENUES			
Property Taxes	\$ 5,907,308	\$ 5,326,031	\$ 5,035,786
Penalty and Interest	70,100	108,404	65,237
Investment and Miscellaneous Revenues	<u>146,938</u>	<u>28,735</u>	<u>13,333</u>
TOTAL REVENUES	<u>\$ 6,124,346</u>	<u>\$ 5,463,170</u>	<u>\$ 5,114,356</u>
EXPENDITURES			
Tax Collection Expenditures	\$ 223,802	\$ 170,090	\$ 186,460
Debt Service Principal	3,350,000	3,080,000	4,410,000
Debt Service Interest and Fees	2,832,422	2,741,525	2,484,944
Bond Issuance Costs			231,313
Payment to Refunded Escrow Agent			<u>5,000</u>
TOTAL EXPENDITURES	<u>\$ 6,406,224</u>	<u>\$ 5,991,615</u>	<u>\$ 7,317,717</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (281,878)</u>	<u>\$ (528,445)</u>	<u>\$ (2,203,361)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	\$	\$	\$ 750,000
Payment to Refunded Bond Escrow Agent			(6,029,296)
Proceeds from Issuance of Long-Term Debt			5,810,000
Bond Premium			<u>451,359</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 982,063</u>
NET CHANGE IN FUND BALANCE	\$ (281,878)	\$ (528,445)	\$ (1,221,298)
BEGINNING FUND BALANCE	<u>1,379,285</u>	<u>1,907,730</u>	<u>3,129,028</u>
ENDING FUND BALANCE	<u>\$ 1,097,407</u>	<u>\$ 1,379,285</u>	<u>\$ 1,907,730</u>
TOTAL ACTIVE RETAIL WATER CONNECTIONS	<u>6,297</u>	<u>6,295</u>	<u>6,283</u>
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	<u>6,062</u>	<u>6,062</u>	<u>6,043</u>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2020	2019	2023	2022	2021	2020	2019
\$ 5,137,608	\$ 4,844,524	96.5 %	97.5 %	98.4 %	98.0 %	96.5 %
63,940	62,871	1.1	2.0	1.3	1.2	1.3
43,147	111,504	2.4	0.5	0.3	0.8	2.2
<u>\$ 5,244,695</u>	<u>\$ 5,018,899</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 176,749	\$ 183,596	3.7 %	3.1 %	3.6 %	3.4 %	3.7 %
1,285,000	2,775,000	54.7	56.4	86.2	24.5	55.3
2,605,185	2,449,377	46.2	50.2	48.6	49.7	48.8
162,912	523,366			4.5	3.1	10.4
63,000	32,000			0.1	1.2	0.6
<u>\$ 4,292,846</u>	<u>\$ 5,963,339</u>	<u>104.6 %</u>	<u>109.7 %</u>	<u>143.0 %</u>	<u>81.9 %</u>	<u>118.8 %</u>
<u>\$ 951,849</u>	<u>\$ (944,440)</u>	<u>(4.6) %</u>	<u>(9.7) %</u>	<u>(43.0) %</u>	<u>18.1 %</u>	<u>(18.8) %</u>
\$	\$					
(4,067,634)	(16,590,504)					
4,020,000	16,640,000					
208,793	473,870					
<u>\$ 161,159</u>	<u>\$ 523,366</u>					
\$ 1,113,008	\$ (421,074)					
2,016,020	2,437,094					
<u>\$ 3,129,028</u>	<u>\$ 2,016,020</u>					
<u>6,274</u>	<u>6,265</u>					
<u>6,043</u>	<u>6,044</u>					

See accompanying independent auditor's report.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
DECEMBER 31, 2023

District Mailing Address - Bridgestone Municipal Utility District
c/o Polley Garza PLLC
P.O. Box 66568
Houston, TX 77266

District Telephone Number - (346) 440-1275

Board Members	Term of Office (Elected or <u>Appointed</u>)	Fees of Office for the year ended <u>December 31, 2023</u>	Expense Reimbursements for the year ended <u>December 31, 2023</u>	<u>Title</u>
Michael Crayton	05/22 05/26 (Elected)	\$ 7,200	\$ 3,615	President
Martha Gutierrez	12/20 05/24 (Appointed)	\$ 7,200	\$ 4,130	Vice- President
David Berry	11/20 05/24 (Elected)	\$ 7,200	\$ 4,787	Secretary
Mickey Draper	11/20 05/24 (Elected)	\$ 7,200	\$ 3,067	Assistant Secretary
Martha Velazquez	05/22 05/26 (Elected)	\$ 7,200	\$ 13	Treasurer

Notes: No Director has any business or family relationships (as defined by the Texas Water Code) with major landowners in the District, with the District's developers or with any of the District's consultants.

Submission date of most recent District Registration Form: June 8, 2022

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200 as set by Board Resolution on July 25, 2023. Fees of Office are the amounts actually paid to a Director during the District's current fiscal year.

See accompanying independent auditor's report.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
DECEMBER 31, 2023

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended December 31, 2023</u>	<u>Title</u>
Polley Garza PLLC	05/14/01	\$ 465,819	General Counsel
McCall Gibson Swedlund Barfoot PLLC	01/11/99	\$ 32,000 \$ 4,000	Auditor AUP Services
Myrtle Cruz, Inc.	11/16/78	\$ 145,917	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	07/01/96	\$ 24,338	Delinquent Tax Attorney
Quiddity Engineering, LLC	04/01/93	\$ 2,416,557	Engineer
The GMS Group, LLC	10/02/12	\$ 1,500	Financial Advisor
Mary Jarmon	05/15/07	\$ -0-	Investment Officer
Water District Management Company, Inc.	05/05/09	\$ 1,299,730	Operator
Equi-Tax, Inc.	07/28/77	\$ 114,583	Tax Assessor/ Collector
Harris County	01/01/04	\$ 1,266,841	Law Enforcement

See accompanying independent auditor's report.

