

BRIDGESTONE MUNICIPAL UTILITY DISTRICT

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2021

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TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-8
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET	9-12
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	13
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES	14-15
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES	16
NOTES TO THE FINANCIAL STATEMENTS	17-35
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL-GENERAL FUND	37
SUPPLEMENTARY INFORMATION – REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE	
NOTES REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE (Included in the notes to the financial statements)	
SERVICES AND RATES	39-41
GENERAL FUND EXPENDITURES	42
INVESTMENTS	43
TAXES LEVIED AND RECEIVABLE	44-45
LONG-TERM DEBT SERVICE REQUIREMENTS	46-54
CHANGES IN LONG-TERM BOND DEBT	55-57
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES GENERAL FUND AND DEBT SERVICE FUND - FIVE YEARS	58-61
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS	62-63

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Board of Directors
Bridgestone Municipal Utility District

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The 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

April 19, 2022

**BRIDGESTONE MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021**

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, 2021. 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, 2021**

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 \$22,143,039 as of December 31, 2021. A portion of the District's net position reflects its net investment in capital assets (land, building and the water, wastewater and drainage facilities, less any debt used to acquire those assets that is still outstanding). The following is a comparative analysis of government-wide changes in net position:

**BRIDGESTONE MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	<u>Summary of Changes in the Statement of Net Position</u>		
	<u>2021</u>	<u>2020</u>	<u>Change Positive (Negative)</u>
Current and Other Assets	\$ 24,920,949	\$ 37,511,332	\$ (12,590,383)
Capital Assets (Net of Accumulated Depreciation)	<u>91,655,524</u>	<u>80,466,020</u>	<u>11,189,504</u>
Total Assets	<u>\$ 116,576,473</u>	<u>\$ 117,977,352</u>	<u>\$ (1,400,879)</u>
Deferred Outflows of Resources	<u>\$ 3,843,429</u>	<u>\$ 3,963,499</u>	<u>\$ (120,070)</u>
Bonds Payable	\$ 78,772,941	\$ 82,833,934	\$ 4,060,993
Due to Developers	5,250,434	5,284,498	34,064
Other Liabilities	<u>4,846,604</u>	<u>4,018,201</u>	<u>(828,403)</u>
Total Liabilities	<u>\$ 88,869,979</u>	<u>\$ 92,136,633</u>	<u>\$ 3,266,654</u>
Deferred Inflows of Resources	<u>\$ 9,406,884</u>	<u>\$ 8,820,084</u>	<u>\$ (586,800)</u>
Net Position:			
Net Investment in Capital Assets	\$ 11,479,950	\$ 491,755	\$ 10,988,195
Restricted	1,617,402	2,785,027	(1,167,625)
Unrestricted	<u>9,045,687</u>	<u>17,707,352</u>	<u>(8,661,665)</u>
Total Net Position	<u>\$ 22,143,039</u>	<u>\$ 20,984,134</u>	<u>\$ 1,158,905</u>

The following table provides a summary of the District's operations for the years ending December 31, 2021, and December 31, 2020. The District's net position increased by \$1,158,905.

	<u>Summary of Changes in the Statement of Activities</u>		
	<u>2021</u>	<u>2020</u>	<u>Change Positive (Negative)</u>
Revenues:			
Property Tax Revenues	\$ 8,728,604	\$ 8,327,983	\$ 400,621
Charges for Services	7,711,997	7,425,135	286,862
Sales Tax Revenues	1,477,297	1,328,478	148,819
Other Revenues	<u>305,879</u>	<u>411,572</u>	<u>(105,693)</u>
Total Revenues	<u>\$ 18,223,777</u>	<u>\$ 17,493,168</u>	<u>\$ 730,609</u>
Expenses for Services	<u>17,064,872</u>	<u>19,254,365</u>	<u>2,189,493</u>
Change in Net Position	<u>\$ 1,158,905</u>	<u>\$ (1,761,197)</u>	<u>\$ 2,920,102</u>
Net Position, Beginning of Year	<u>20,984,134</u>	<u>22,745,331</u>	<u>(1,761,197)</u>
Net Position, End of Year	<u>\$ 22,143,039</u>	<u>\$ 20,984,134</u>	<u>\$ 1,158,905</u>

**BRIDGESTONE MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of December 31, 2021, were \$7,963,464, a decrease of \$13,992,850 from the prior year.

The General Fund fund balance decreased by \$8,595,256, primarily due to operating costs, administrative costs and capital expenditures exceeding service revenues, sales tax revenues and property tax revenues.

The Debt Service Fund fund balance decreased by \$1,221,298, primarily due to the structure of the District's outstanding debt and the effect of issuing the Series 2021 Refunding Bonds.

The Capital Projects Fund fund balance decreased by \$4,176,296. The District used proceeds from bonds sold in previous years to fund various projects.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors adopted an unappropriated budget for the current year. Actual revenues were \$550,098 more than budgeted revenues, actual expenditures were \$8,396,254 more than budgeted expenditures, and actual transfers out totaled \$750,000 more than budgeted which resulted in a negative variance of \$8,596,156. See the budget to actual comparison for more information.

CAPITAL ASSETS

Capital assets as of December 31, 2021, total \$91,655,524 (net of accumulated depreciation) and include land and construction in progress, as well as the water, wastewater and drainage systems. The District used bond proceeds received in prior years as well as surplus funds to fund the purchase of land as well as construction/rehabilitation of water, wastewater and drainage facilities.

Capital Assets At Year-End			
	2021	2020	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 23,002,693	\$ 16,342,166	\$ 6,660,527
Construction in Progress	10,652,763	4,473,908	6,178,855
Capital Assets Subject to Depreciation:			
Buildings and Improvements	4,463,708	4,463,708	
Water System	24,636,595	24,472,495	164,100
Wastewater System	36,466,147	36,466,147	
Drainage System	22,935,723	22,574,262	361,461
Less Accumulated Depreciation	(30,502,105)	(28,326,666)	(2,175,439)
Total Net Capital Assets	\$ 91,655,524	\$ 80,466,020	\$ 11,189,504

**BRIDGESTONE MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021**

LONG-TERM DEBT ACTIVITY

As of December 31, 2021, the District had total bond debt payable of \$78,120,000. The changes in the debt position of the District during the fiscal year ended December 31, 2021, are summarized as follows:

Bond Debt Payable, January 1, 2021	\$ 82,720,000
Add: Bond Sale - Series 2021 Refunding	5,810,000
Less: Bond Principal Paid/Refunded	<u>10,410,000</u>
Bond Debt Payable, December 31, 2021	<u>\$ 78,120,000</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. Insured ratings are based on the ratings of the insurers and are subject to change.

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 Radcliffe Bobbitt Adams Polley PLLC, 2929 Allen Parkway, Suite 3450, Houston, TX 77019.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2021

	General Fund	Debt Service Fund
ASSETS		
Cash	\$ 658,712	\$ 915,341
Investments	9,505,285	2,170,343
Receivables:		
Property Taxes	3,196,285	4,365,483
Penalty and Interest on Delinquent Taxes		
Service Accounts	591,402	
Accrued Interest	2,942	1,493
Due from Other Funds	56,259	
Prepaid Costs	161,845	
Due from City of Houston	357,985	
Chloramination Credit Receivable		
Elevated Storage Tank Credit Receivable		
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	\$ 14,530,715	\$ 7,452,660
 DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Refunding Bonds	\$ -0-	\$ -0-
 TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 14,530,715	\$ 7,452,660

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$ 963	\$ 1,575,016	\$	\$ 1,575,016
3,409	11,679,037		11,679,037
	7,561,768		7,561,768
	591,402	29,268	29,268
	4,435		591,402
	56,259	(56,259)	4,435
	161,845	118,546	280,391
	357,985		357,985
		363,527	363,527
		2,478,120	2,478,120
		23,002,693	23,002,693
		10,652,763	10,652,763
		58,000,068	58,000,068
<u>\$ 4,372</u>	<u>\$ 21,987,747</u>	<u>\$ 94,588,726</u>	<u>\$ 116,576,473</u>
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 3,843,429</u>	<u>\$ 3,843,429</u>
<u>\$ 4,372</u>	<u>\$ 21,987,747</u>	<u>\$ 98,432,155</u>	<u>\$ 120,419,902</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, 2021

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	\$ 1,517,446	\$ 1,388
Accrued Interest Payable		
Due to Other Funds		56,259
Security and Developer Deposits	2,947,940	
Accrued Interest at Time of Sale		6,778
Long-Term Liabilities:		
Due to Developers		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	\$ 4,465,386	\$ 64,425
 DEFERRED INFLOWS OF RESOURCES		
Property Taxes	\$ 4,013,967	\$ 5,480,505
 FUND BALANCES		
Nonspendable - Prepaid Costs	\$ 161,845	\$
Restricted for Authorized Construction		
Restricted for Debt Service		1,907,730
Unassigned	5,889,517	
TOTAL FUND BALANCES	\$ 6,051,362	\$ 1,907,730
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 14,530,715	\$ 7,452,660
 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
\$	\$ 1,518,834	\$	\$ 1,518,834
		379,830	379,830
	56,259	(56,259)	
	2,947,940		2,947,940
	6,778	(6,778)	
		5,250,434	5,250,434
		3,080,000	3,080,000
		75,692,941	75,692,941
<u>\$ -0-</u>	<u>\$ 4,529,811</u>	<u>\$ 84,340,168</u>	<u>\$ 88,869,979</u>
<u>\$ -0-</u>	<u>\$ 9,494,472</u>	<u>\$ (87,588)</u>	<u>\$ 9,406,884</u>
\$	\$ 161,845	\$ (161,845)	\$
4,372	4,372	(4,372)	
	1,907,730	(1,907,730)	
	5,889,517	(5,889,517)	
<u>\$ 4,372</u>	<u>\$ 7,963,464</u>	<u>\$ (7,963,464)</u>	<u>\$ -0-</u>
<u>\$ 4,372</u>	<u>\$ 21,987,747</u>		
		\$ 11,479,950	\$ 11,479,950
		1,617,402	1,617,402
		9,045,687	9,045,687
		<u>\$ 22,143,039</u>	<u>\$ 22,143,039</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, 2021**

Total Fund Balances - Governmental Funds	\$	7,963,464
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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.		2,841,647
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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.		3,843,429
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Prepaid bond insurance costs are amortized over the term of the bonds in the government-wide financial statements.		118,546
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Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		91,655,524
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Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2020 and prior tax levies became part of recognized revenue in the governmental activities of the District.		116,856
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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	\$ (5,250,434)	
Accrued Interest Payable	(373,052)	
Bonds Payable	<u>(78,772,941)</u>	<u>(84,396,427)</u>
Total Net Position - Governmental Activities		<u>\$ 22,143,039</u>

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, 2021

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	\$ 3,691,694	\$ 5,035,786
Water Service	1,519,535	
Wastewater Service	1,391,665	
Solid Waste Disposal	1,115,387	
Water Authority Fees	3,148,097	
Penalty and Interest	85,049	65,237
Connection and Inspection Fees	383,055	
Water Authority Credits	256,966	
Sales Tax Revenues	1,477,297	
Investment and Miscellaneous Revenues	116,579	13,333
TOTAL REVENUES	\$ 13,185,324	\$ 5,114,356
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 957,404	\$ 26,491
Contracted Services	2,823,474	146,243
Purchased Water Service	3,330,260	
Utilities	409,627	
Water Authority Assessments	217,332	
Repairs and Maintenance	2,682,640	
Depreciation		
Other	964,603	19,726
Capital Outlay	9,619,210	
Developer Interest		
Conveyance of Assets		
Debt Service:		
Bond Issuance Costs		231,313
Bond Principal		4,410,000
Bond Interest		2,478,944
Payment to Refunded Bond Escrow Agent		5,000
TOTAL EXPENDITURES/EXPENSES	\$ 21,030,580	\$ 7,317,717
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	\$ (7,845,256)	\$ (2,203,361)
OTHER FINANCING SOURCES (USES)		
Transfers In/(Out)	\$ (750,000)	\$ 750,000
Transfer to Refunded Bond Escrow Agent		(6,029,296)
Bond Premium		451,359
Proceeds from Issuance of Long-Term Debt		5,810,000
TOTAL OTHER FINANCING SOURCES (USES)	\$ (750,000)	\$ 982,063
NET CHANGE IN FUND BALANCES	\$ (8,595,256)	\$ (1,221,298)
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - JANUARY 1, 2021	14,646,618	3,129,028
FUND BALANCES/NET POSITION - DECEMBER 31, 2021	\$ 6,051,362	\$ 1,907,730

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 8,727,480	\$ 1,124	\$ 8,728,604
	1,519,535		1,519,535
	1,391,665		1,391,665
	1,115,387		1,115,387
	3,148,097		3,148,097
	150,286	3,972	154,258
	383,055		383,055
	256,966	(81,572)	175,394
	1,477,297		1,477,297
573	130,485		130,485
<u>\$ 573</u>	<u>\$ 18,300,253</u>	<u>\$ (76,476)</u>	<u>\$ 18,223,777</u>
\$	\$ 983,895	\$	\$ 983,895
	2,969,717		2,969,717
	3,330,260		3,330,260
	409,627		409,627
	217,332		217,332
	2,682,640		2,682,640
		2,175,439	2,175,439
140	984,469		984,469
4,171,542	13,790,752	(13,790,752)	
5,187	5,187		5,187
		391,747	391,747
	231,313	(20,249)	211,064
	4,410,000	(4,410,000)	
	2,478,944	198,521	2,677,465
	5,000	(5,000)	
<u>\$ 4,176,869</u>	<u>\$ 32,525,166</u>	<u>\$ (15,460,294)</u>	<u>\$ 17,064,872</u>
<u>\$ (4,176,296)</u>	<u>\$ (14,224,913)</u>	<u>\$ 15,383,818</u>	<u>\$ 1,158,905</u>
\$	\$	\$	\$
	(6,029,296)	6,029,296	
	451,359	(451,359)	
	5,810,000	(5,810,000)	
<u>\$ -0-</u>	<u>\$ 232,063</u>	<u>\$ (232,063)</u>	<u>\$ -0-</u>
\$ (4,176,296)	\$ (13,992,850)	\$ 13,992,850	\$
		1,158,905	1,158,905
4,180,668	21,956,314	(972,180)	20,984,134
<u>\$ 4,372</u>	<u>\$ 7,963,464</u>	<u>\$ 14,179,575</u>	<u>\$ 22,143,039</u>

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, 2021**

Net Change in Fund Balances - Governmental Funds	\$ (13,992,850)
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.	1,124
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.	3,972
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.	(81,572)
Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.	(2,175,439)
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.	13,399,005
Bond premiums and bond insurance premiums are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities.	(431,110)
Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities.	4,410,000
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.	(198,521)
Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in the Statement of Net Position.	(5,810,000)
Governmental funds report the payment to the refunded bond escrow agent as an other financing use or as an expenditure if paid from District resources. However, the refunding of outstanding bonds decreases long-term liabilities in the Statement of Net Position.	6,034,296
Change in Net Position - Governmental Activities	<u>\$ 1,158,905</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, 2021

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. These classifications are defined as follows:

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

- 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, 2021

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 2020 tax levy collections during the period October 1, 2020, to December 31, 2021. In addition, taxes collected from January 1, 2021, to December 31, 2021, for prior tax levies are included in revenue. Recognition of tax revenues for the 2021 tax levy has been deferred until the 2022 fiscal year.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

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, 2021, the Debt Service Fund owed the General Fund \$56,259 for maintenance tax collections. The General Fund recorded a \$750,000 transfer to the Debt Service Fund to cover future debt service payments.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset.

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. Estimated useful lives are as follows:

	Years
Water System	10-45
Wastewater System	10-45
Drainage System	10-45

Budgeting

An annual unappropriated budget is adopted for the General Fund by the District’s Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The original 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 original budget 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, 2021

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 and does not have any assigned funds.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

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

	Series 2014	Series 2015	Refunding Series 2016	Series 2018
Amount Outstanding – December 31, 2021	\$ 3,565,000	\$ 6,210,000	\$ 31,485,000	\$ 7,400,000
Interest Rates	2.50% - 4.00%	2.125% - 4.000%	2.00% - 4.00%	3.00% - 4.00%
Maturity Dates – Serially Beginning/Ending	May 1, 2022/2041	May 1, 2022/2041	May 1, 2022/2036	May 1, 2023/2047
Interest Payment Dates	May 1/ November 1	May 1/ November 1	May 1/ November 1	May 1/ November 1
Callable Dates	May 1, 2022*	May 1, 2022*	May 1, 2022*	May 1, 2023*

* 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, May 1, 2028, May 1, 2030, May 1, 2032, May 1, 2034, May 1, 2036, May 1, 2038, and May 1, 2041, are subjected to mandatory redemption on May 1, 2025, May 1, 2027, May 1, 2029, May 1, 2031, May 1, 2033, May 1, 2035, May 1, 2037, and May 1, 2039, respectively. Series 2018 term bonds due May 1, 2037, are subject to mandatory redemption on May 1, 2035.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 3. LONG-TERM DEBT (Continued)

	<u>Series 2019</u>	<u>Refunding Series 2019A</u>	<u>Refunding Series 2020</u>	<u>Refunding Series 2021</u>
Amount Outstanding – December 31, 2021	\$ 5,670,000	\$ 14,485,000	\$ 3,495,000	\$ 5,810,000
Interest Rates	2.00% - 3.00%	2.00% - 3.00%	2.00% - 3.00%	3.00%
Maturity Dates – Serially Beginning/Ending	May 1, 2024/2048	May 1, 2022/2036	May 1, 2022/2028	May 1, 2022/2038
Interest Payment Dates	May 1/ November 1	May 1/ November 1	May 1/ November 1	May 1/ November 1
Callable Dates	May 1, 2024**	May 1, 2024**	May 1, 2025**	May 1, 2030**

** 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 2019 term bonds due May 1, 2046 and May 1, 2048 are subjected to mandatory redemption on May 1, 2045 and May 1, 2047, respectively. Series 2021 Refunding term bonds due May 1, 2036 and May 1, 2038 are subjected to mandatory redemption on May 1, 2035 and May 1, 2037, respectively.

The following is a summary of transactions regarding bonds payable for the year ended December 31, 2021:

	<u>January 1, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>December 31, 2021</u>
Bonds Payable	\$ 82,720,000	\$ 5,810,000	\$ 10,410,000	\$ 78,120,000
Unamortized Discounts	(513,783)		(144,920)	(368,863)
Unamortized Premiums	627,717	451,359	57,272	1,021,804
Bonds Payable, Net	<u>\$ 82,833,934</u>	<u>\$ 6,261,359</u>	<u>\$ 10,322,352</u>	<u>\$ 78,772,941</u>
		Amount Due Within One Year		\$ 3,080,000
		Amount Due After One Year		<u>75,692,941</u>
		Bonds Payable, Net		<u>\$ 78,772,941</u>

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 3. LONG-TERM DEBT (Continued)

As of December 31, 2021, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2022	\$ 3,080,000	\$ 2,235,602	\$ 5,315,602
2023	3,350,000	2,167,939	5,517,939
2024	3,600,000	2,087,518	5,687,518
2025	3,715,000	2,000,314	5,715,314
2026	3,870,000	1,906,668	5,776,668
2027-2031	21,730,000	7,852,266	29,582,266
2032-2036	25,960,000	4,377,128	30,337,128
2037-2041	8,070,000	1,479,712	9,549,712
2042-2046	3,575,000	526,000	4,101,000
2047-2048	1,170,000	30,900	1,200,900
	<u>\$ 78,120,000</u>	<u>\$ 24,664,047</u>	<u>\$ 102,784,047</u>

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, 2021, the District had authorized but unissued tax and revenue bonds in the amount of \$38,668 and unlimited tax bonds of \$74,635,000 that may be issued for the purpose of constructing facilities to serve the District and for refunding purposes.

During the year ended December 31, 2021, the District levied an ad valorem debt service tax rate of \$0.30 per \$100 of assessed valuation, which resulted in a tax levy of \$5,427,048 on the adjusted taxable valuation of \$1,809,016,220 for the 2021 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.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

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 \$3,106,554 and the bank balance was \$2,948,767. The District was not exposed to custodial credit risk at year-end.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at December 31, 2021, as listed below:

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Total</u>
GENERAL FUND	\$ 658,712	\$ 886,296	\$ 1,545,008
DEBT SERVICE FUND	915,341	645,242	1,560,583
CAPITAL PROJECTS FUND	<u>963</u>	<u> </u>	<u>963</u>
TOTAL DEPOSITS	<u>\$ 1,575,016</u>	<u>\$ 1,531,538</u>	<u>\$ 3,106,554</u>

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

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 Investors, 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.

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.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

The District records its investment in certificates of deposit at acquisition cost. As of December 31, 2021, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
TexPool	\$ 4,969,999	\$ 4,969,999
TexSTAR	3,648,990	3,648,990
Certificates of Deposit	886,296	886,296
<u>DEBT SERVICE FUND</u>		
TexPool	1,525,101	1,525,101
Certificates of Deposit	645,242	645,242
<u>CAPITAL PROJECTS FUND</u>		
TexSTAR	3,409	3,409
TOTAL INVESTMENTS	\$ 11,679,037	\$ 11,679,037

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At December 31, 2021, 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.

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.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021 is as follows:

	January 1, 2021	Increases	Decreases	December 31, 2021
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 16,342,166	\$ 6,660,527	\$	\$ 23,002,693
Construction in Progress	4,473,908	6,704,416	525,561	10,652,763
Total Capital Assets Not Being Depreciated	<u>\$ 20,816,074</u>	<u>\$ 13,364,943</u>	<u>\$ 525,561</u>	<u>\$ 33,655,456</u>
Capital Assets Subject to Depreciation				
Buildings and Improvements	\$ 4,463,708	\$	\$	\$ 4,463,708
Water System	24,472,495	164,100		24,636,595
Wastewater System	36,466,147			36,466,147
Drainage System	22,574,262	361,461		22,935,723
Total Capital Assets Subject to Depreciation	<u>\$ 87,976,612</u>	<u>\$ 525,561</u>	<u>\$ - 0 -</u>	<u>\$ 88,502,173</u>
Less Accumulated Depreciation				
Buildings and Improvements	\$ 104,559	\$ 112,675	\$	\$ 217,234
Water System	9,210,214	583,994		9,794,208
Wastewater System	12,711,561	957,982		13,669,543
Drainage System	6,300,332	520,788		6,821,120
Total Accumulated Depreciation	<u>\$ 28,326,666</u>	<u>\$ 2,175,439</u>	<u>\$ - 0 -</u>	<u>\$ 30,502,105</u>
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 59,649,946</u>	<u>\$ (1,649,878)</u>	<u>\$ - 0 -</u>	<u>\$ 58,000,068</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 80,466,020</u>	<u>\$ 11,715,065</u>	<u>\$ 525,561</u>	<u>\$ 91,655,524</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, 2021, the District levied an ad valorem maintenance tax rate of \$0.22 per \$100 of assessed valuation, which resulted in a tax levy of \$3,979,836 on the adjusted taxable valuation of \$1,809,016,220 for the 2021 tax year.

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.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

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 (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.

NOTE 10. WATER AND WASTEWATER SERVICE AGREEMENTS

NORTHWOODS EDUCATION FOUNDATION

On March 12, 2001, the District entered into a Water Supply and Wastewater Treatment Service Agreement with Northwoods Educational Foundation (Northwoods) in which Northwoods paid the District \$190,750 comprised of payments of \$72,000 for 32,000 gallons per day (gpd) of capacity in the District's water plant and \$118,750 for 25,000 gpd of capacity in the District's

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 10. WATER AND WASTEWATER SERVICE AGREEMENTS (Continued)

NORTHWOODS EDUCATION FOUNDATION (Continued)

wastewater treatment plant. Northwoods constructed a waterline and wastewater collection facility and provided the District a site for a lift station. Upon completion of construction, Northwoods conveyed the portion of such facilities located between the point of connection to the District's system to the location of the metering equipment to the District. The District is responsible for maintenance of said facilities. The water and wastewater rates charged to Northwoods shall not exceed the rates charged to commercial customers in the District's rate order. The term of this agreement is 40 years.

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. KUMC paid the District a total of \$15,067 for its share of capacity comprised of \$7,227 for capacity in the District's water plant and \$7,840 for capacity in the District's wastewater treatment plant in accordance with this agreement. The District, at its sole cost, 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.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 10. WATER AND WASTEWATER SERVICE AGREEMENTS (Continued)

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.

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.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 11. 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 \$4.60 per 1,000 gallons of water pumped from each well. The District recorded expenditures of \$217,332 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 \$5.05 per 1,000 gallons of water. The District recorded expenditures of \$3,330,260 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, \$10,234 was a return of principal with the balance being applicable to interest. The following is a schedule of the remaining chloramine conversion credits to be received under the terms of the agreement.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 11. NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY
(Continued)

Chloramine Conversion Reimbursement (Continued)

Fiscal Year	Principal
2022	\$ 10,849
2023	11,499
2024	12,189
2025	12,921
2026	13,696
2027-2031	81,838
2032-2036	109,518
2037-2040	111,017
	\$ 363,527

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, \$71,338 was a return of principal with the balance being applicable to interest. The following is a schedule of the remaining elevated storage tank credits to be received under the terms of the agreement.

Fiscal Year	Principal
2022	\$ 75,619
2023	80,156
2024	84,965
2025	90,063
2026	95,467
2027-2031	570,445
2032-2036	763,385
2037-2040	718,020
	\$ 2,478,120

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 12. 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 \$5,250,434, a decrease of \$34,064 from prior year.

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 \$1,477,297 in relation to this agreement.

NOTE 14. REFUNDING BOND SALE

On December 15, 2021, the District closed on the sale of its \$5,810,000 Series 2021 Unlimited Tax Refunding Bonds. Proceeds of the bonds were used to refund \$6,000,000 of the Series 2011 Refunding Bonds with interest rates of 4.00%-5.00%, maturity dates of 2022-2038, and a redemption date of December 15, 2021. The refunding resulted in gross savings of \$1,614,478 and net present value savings of \$1,246,042.

NOTE 15. ECONOMIC UNCERTAINTIES

On March 11, 2020, the World Health Organization declared the COVID-19 virus a global pandemic. Since that time, the District has not experienced any decrease in property values, unusual tax delinquencies, or interruptions to service as a result of COVID-19. The District will continue to carefully monitor the situation and evaluate the financial statement impact, if any, that results from the pandemic.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 16. SUBSEQUENT EVENT – BOND SALE

On January 27, 2022, subsequent to year-end, the District closed on the sale of its \$26,050,000 Unlimited Tax Bonds, Series 2022. Proceeds of the bonds are being used to fund the design and construction of the following: 0.2 MGD interim wastewater treatment plant and lift station; public water and sanitary sewer extension to serve wastewater treatment plant no. 2; water plant no. 4 construction; elevated storage tank rehabilitation; wastewater treatment plant no. 1 improvements and digester and blower improvements; smart meters; wastewater treatment plant no. 1 concrete wall construction; land acquisition for the wastewater treatment plant and lift station; engineering; and certain issuance costs of the bonds.

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BRIDGESTONE MUNICIPAL UTILITY DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2021

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Property Taxes	\$ 3,610,200	\$ 3,691,694	\$ 81,494
Water Service	1,725,000	1,519,535	(205,465)
Wastewater Service	1,260,000	1,391,665	131,665
Solid Waste Disposal	1,050,000	1,115,387	65,387
Water Authority Fees	2,665,000	3,148,097	483,097
Penalty and Interest	90,000	85,049	(4,951)
Connection and Inspection Fees	350,000	383,055	33,055
Water Authority Credits	256,966	256,966	
Sales Tax Revenues	1,320,000	1,477,297	157,297
Investment and Miscellaneous Revenues	<u>308,060</u>	<u>116,579</u>	<u>(191,481)</u>
TOTAL REVENUES	<u>\$ 12,635,226</u>	<u>\$ 13,185,324</u>	<u>\$ 550,098</u>
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 537,500	\$ 957,404	\$ (419,904)
Contracted Services	2,620,526	2,823,474	(202,948)
Purchased Water/Pumpage Fees	3,425,000	3,547,592	(122,592)
Utilities	325,000	409,627	(84,627)
Other	1,382,300	964,603	417,697
Capital Outlay/Repairs and Maintenance	<u>4,344,000</u>	<u>12,301,850</u>	<u>(7,957,850)</u>
TOTAL EXPENDITURES	<u>\$ 12,634,326</u>	<u>\$ 21,030,580</u>	<u>\$ (8,396,254)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 900</u>	<u>\$ (7,845,256)</u>	<u>\$ (7,846,156)</u>
OTHER FINANCING SOURCES(USES)			
Transfers Out	<u>\$ -0-</u>	<u>\$ (750,000)</u>	<u>\$ (750,000)</u>
NET CHANGE IN FUND BALANCE	\$ 900	\$ (8,595,256)	\$ (8,596,156)
FUND BALANCE - JANUARY 1, 2021	<u>14,646,618</u>	<u>14,646,618</u>	
FUND BALANCE - DECEMBER 31, 2021	<u>\$ 14,647,518</u>	<u>\$ 6,051,362</u>	<u>\$ (8,596,156)</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, 2021

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED DECEMBER 31, 2021

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):

Based on the rate order approved December 21, 2021

	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:	\$ 13.31		Y		
SURCHARGE:					
Solid Waste/ Garbage	\$ 17.22		Y		
Regional Water Authority Fees	\$ 5.05 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: \$13.31 Surcharge: \$67.72

See accompanying independent auditor's report.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED DECEMBER 31, 2021

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>3</u>	<u>3</u>	x 1.0	<u>3</u>
≤¾"	<u>5,869</u>	<u>5,843</u>	x 1.0	<u>5,843</u>
1"	<u>186</u>	<u>183</u>	x 2.5	<u>458</u>
1½"	<u>41</u>	<u>40</u>	x 5.0	<u>200</u>
2"	<u>200</u>	<u>194</u>	x 8.0	<u>1,552</u>
3"	<u>6</u>	<u>5</u>	x 15.0	<u>75</u>
4"	<u>6</u>	<u>6</u>	x 25.0	<u>150</u>
6"	<u>2</u>	<u>2</u>	x 50.0	<u>100</u>
8"	<u>7</u>	<u>7</u>	x 80.0	<u>560</u>
10"	<u> </u>	<u> </u>	x 115.0	<u> </u>
Total Water Connections	<u><u>6,320</u></u>	<u><u>6,283</u></u>		<u><u>8,941</u></u>
Total Wastewater Connections	<u><u>6,072</u></u>	<u><u>6,043</u></u>	x 1.0	<u><u>6,043</u></u>

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

Gallons pumped into system: 47,933,000 Water Accountability Ratio: 90.8%
(Gallons billed/Gallons pumped and purchased)

Gallons billed to customers: 645,363,000

Gallons purchased: 662,855,000 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, 2021**

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, 2021

PROFESSIONAL FEES:	
Auditing	\$ 26,500
Engineering	669,460
Legal	260,544
Financial Advisor	<u>900</u>
TOTAL PROFESSIONAL FEES	<u>\$ 957,404</u>
PURCHASED WATER SERVICE	<u>\$ 3,330,260</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 129,651
Operations and Billing	290,466
Solid Waste Disposal	1,118,889
Security	<u>1,284,468</u>
TOTAL CONTRACTED SERVICES	<u>\$ 2,823,474</u>
UTILITIES	<u>\$ 409,627</u>
REPAIRS AND MAINTENANCE	<u>\$ 2,682,640</u>
ADMINISTRATIVE EXPENDITURES:	
Director and General Manager Fees, Including Payroll Taxes	\$ 70,762
Insurance	84,105
Office Supplies and Postage	141,391
Election	15,024
Other	<u>27,940</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 339,222</u>
CAPITAL OUTLAY	<u>\$ 9,619,210</u>
TAP CONNECTIONS	<u>\$ 114,650</u>
OTHER EXPENDITURES:	
Bulk Water Purchases	\$ 38,113
Chemicals	286,035
Commission on Purchase of Land	26,030
Laboratory Fees	88,076
Permit Fees	31,010
Reconnection and Inspection Fees	20,710
Water Authority Assessments	217,332
Regulatory Assessment	14,718
Sludge Hauling	<u>32,069</u>
TOTAL OTHER EXPENDITURES	<u>\$ 754,093</u>
TOTAL EXPENDITURES	<u><u>\$ 21,030,580</u></u>

See accompanying independent auditor's report.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
INVESTMENTS
DECEMBER 31, 2021

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	\$ 4,969,999	\$
TexSTAR	XXXX2220	Varies	Daily	1,581,331	
TexSTAR	XXXX5550	Varies	Daily	89,543	
TexSTAR	XXXX2221	Varies	Daily	1,978,116	
Certificate of Deposit	XXXX8126	0.45%	02/07/22	246,467	994
Certificate of Deposit	XXXX8058	0.50%	02/12/22	244,322	1,077
Certificate of Deposit	XXXX5320	0.35%	02/23/22	142,527	425
Certificate of Deposit	XXXX2107	0.45%	04/30/22	142,976	432
Certificate of Deposit	XXXX0574	0.04%	03/08/22	110,004	14
TOTAL GENERAL FUND				<u>\$ 9,505,285</u>	<u>\$ 2,942</u>
<u>DEBT SERVICE FUND</u>					
TexPool	XXXX0002	Varies	Daily	\$ 1,525,101	\$
Certificate of Deposit	XXXX1501	0.35%	03/03/22	244,323	710
Certificate of Deposit	XXXX4223	0.50%	06/26/22	248,097	639
Certificate of Deposit	XXXX5483	0.25%	08/15/22	152,822	144
TOTAL DEBT SERVICE FUND				<u>\$ 2,170,343</u>	<u>\$ 1,493</u>
<u>CAPITAL PROJECTS FUND</u>					
TexSTAR	XXXX4440	Varies	Daily	\$ 3,409	\$ -0-
TOTAL - ALL FUNDS				<u>\$ 11,679,037</u>	<u>\$ 4,435</u>

See accompanying independent auditor's report.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2021

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
JANUARY 1, 2021	\$ 2,781,600		\$ 3,803,028	
Adjustments to Beginning				
Balance	<u>(38,125)</u>	\$ 2,743,475	<u>(53,356)</u>	\$ 3,749,672
Original 2021 Tax Levy	\$ 3,829,089		\$ 5,221,485	
Adjustment to 2021 Tax Levy	<u>150,747</u>	<u>3,979,836</u>	<u>205,563</u>	<u>5,427,048</u>
TOTAL TO BE				
ACCOUNTED FOR		\$ 6,723,311		\$ 9,176,720
TAX COLLECTIONS:				
Prior Years	\$ 2,709,343		\$ 3,696,216	
Current Year	<u>817,683</u>	<u>3,527,026</u>	<u>1,115,021</u>	<u>4,811,237</u>
TAXES RECEIVABLE -				
DECEMBER 31, 2021		<u>\$ 3,196,285</u>		<u>\$ 4,365,483</u>
TAXES RECEIVABLE BY				
YEAR:				
2021		\$ 3,162,153		\$ 4,312,027
2020		14,148		19,293
2019		7,708		12,333
2018		3,632		5,812
2017		3,630		6,304
2016		2,944		5,579
2015		537		1,073
2014		479		956
2013 and Prior		<u>1,054</u>		<u>2,106</u>
TOTAL		<u>\$ 3,196,285</u>		<u>\$ 4,365,483</u>

See accompanying independent auditor's report.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020	2019	2018
PROPERTY VALUATIONS:				
Land	\$ 448,475,766	\$ 440,519,827	\$ 421,246,928	\$ 400,728,354
Improvements	1,557,152,726	1,417,070,608	1,343,981,854	1,210,445,751
Personal Property	85,685,811	91,175,188	93,517,405	72,626,822
Exemptions	<u>(282,298,083)</u>	<u>(252,648,592)</u>	<u>(264,486,827)</u>	<u>(148,224,887)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 1,809,016,220</u>	<u>\$ 1,696,117,031</u>	<u>\$ 1,594,259,360</u>	<u>\$ 1,535,576,040</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.30	\$ 0.30	\$ 0.32	\$ 0.32
Maintenance	<u>0.22</u>	<u>0.22</u>	<u>0.20</u>	<u>0.20</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.52</u>	<u>\$ 0.52</u>	<u>\$ 0.52</u>	<u>\$ 0.52</u>
ADJUSTED TAX LEVY*	<u>\$ 9,406,884</u>	<u>\$ 8,820,084</u>	<u>\$ 8,290,149</u>	<u>\$ 7,990,380</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>20.55 %</u>	<u>99.62 %</u>	<u>99.76 %</u>	<u>99.88 %</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, 2021

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
2022	\$ 110,000	\$ 126,637	\$ 236,637
2023	115,000	123,537	238,537
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			
	<u>\$ 3,565,000</u>	<u>\$ 1,564,549</u>	<u>\$ 5,129,549</u>

See accompanying independent auditor's report.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2021

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
2022	\$ 225,000	\$ 193,050	\$ 418,050
2023	225,000	186,159	411,159
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			
	<u>\$ 6,210,000</u>	<u>\$ 2,343,819</u>	<u>\$ 8,553,819</u>

See accompanying independent auditor's report.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2021

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
2022	\$ 1,690,000	\$ 810,562	\$ 2,500,562
2023	1,790,000	758,862	2,548,862
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			
	<u>\$ 31,485,000</u>	<u>\$ 6,680,379</u>	<u>\$ 38,165,379</u>

See accompanying independent auditor's report.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2021

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
2022	\$	\$ 282,500	\$ 282,500
2023	175,000	279,875	454,875
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			
	<u>\$ 7,400,000</u>	<u>\$ 4,540,875</u>	<u>\$ 11,940,875</u>

See accompanying independent auditor's report.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2021

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
2022	\$	\$ 158,006	\$ 158,006
2023		158,006	158,006
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
	<u>\$ 5,670,000</u>	<u>\$ 2,742,228</u>	<u>\$ 8,412,228</u>

See accompanying independent auditor's report.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2021

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
2022	\$ 370,000	\$ 427,150	\$ 797,150
2023	390,000	417,600	807,600
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			
	<u>\$ 14,485,000</u>	<u>\$ 4,463,125</u>	<u>\$ 18,948,125</u>

See accompanying independent auditor's report.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2021

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
2022	\$ 505,000	\$ 87,400	\$ 592,400
2023	495,000	77,400	572,400
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			
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2042			
2043			
2044			
2045			
2046			
2047			
2048			
	<u>\$ 3,495,000</u>	<u>\$ 357,925</u>	<u>\$ 3,852,925</u>

See accompanying independent auditor's report.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2021

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
2022	\$ 180,000	\$ 150,297	\$ 330,297
2023	160,000	166,500	326,500
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			
	<u>\$ 5,810,000</u>	<u>\$ 1,971,147</u>	<u>\$ 7,781,147</u>

See accompanying independent auditor's report.

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BRIDGESTONE MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2021

ANNUAL REQUIREMENTS
FOR ALL SERIES

Due During Fiscal Years Ending December 31	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2022	\$ 3,080,000	\$ 2,235,602	\$ 5,315,602
2023	3,350,000	2,167,939	5,517,939
2024	3,600,000	2,087,518	5,687,518
2025	3,715,000	2,000,314	5,715,314
2026	3,870,000	1,906,668	5,776,668
2027	4,055,000	1,803,096	5,858,096
2028	4,270,000	1,690,366	5,960,366
2029	3,960,000	1,578,637	5,538,637
2030	4,590,000	1,458,679	6,048,679
2031	4,855,000	1,321,488	6,176,488
2032	4,940,000	1,175,177	6,115,177
2033	5,070,000	1,021,728	6,091,728
2034	4,520,000	873,879	5,393,879
2035	5,065,000	725,284	5,790,284
2036	6,365,000	581,060	6,946,060
2037	2,085,000	414,884	2,499,884
2038	2,125,000	344,607	2,469,607
2039	1,220,000	286,781	1,506,781
2040	1,285,000	240,978	1,525,978
2041	1,355,000	192,462	1,547,462
2042	675,000	155,475	830,475
2043	700,000	130,850	830,850
2044	700,000	105,850	805,850
2045	725,000	80,350	805,350
2046	775,000	53,475	828,475
2047	800,000	25,350	825,350
2048	370,000	5,550	375,550
	<u>\$ 78,120,000</u>	<u>\$ 24,664,047</u>	<u>\$ 102,784,047</u>

See accompanying independent auditor's report.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED DECEMBER 31, 2021

Description	Original Bonds Issued	Bonds Outstanding January 1, 2021
Bridgestone Municipal Utility District Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds - Series 2011	\$ 6,470,000	\$ 6,100,000
Bridgestone Municipal Utility District Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds - Series 2014	4,040,000	3,670,000
Bridgestone Municipal Utility District Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds - Series 2015	6,410,000	6,410,000
Bridgestone Municipal Utility District Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds - Series 2016	35,055,000	33,085,000
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	16,365,000
Bridgestone Municipal Utility District Unlimited Tax Refunding Bonds - Series 2020	4,020,000	4,020,000
Bridgestone Municipal Utility District Unlimited Tax Refunding Bonds - Series 2021	<u>5,810,000</u>	<u> </u>
TOTAL	<u><u>\$ 91,515,000</u></u>	<u><u>\$ 82,720,000</u></u>

See accompanying independent auditor's report.

<u>Current Year Transactions</u>				
<u>Bonds Sold</u>	<u>Retirements</u>		<u>Bonds Outstanding December 31, 2021</u>	<u>Paying Agent</u>
	<u>Principal</u>	<u>Interest</u>		
\$	\$ 6,100,000	\$ 283,850	\$ - 0 -	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	105,000	129,325	3,565,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	200,000	201,550	6,210,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	1,600,000	876,363	31,485,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
		282,500	7,400,000	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
	1,880,000	449,650	14,485,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	525,000	97,700	3,495,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
<u>5,810,000</u>			<u>5,810,000</u>	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
<u>\$ 5,810,000</u>	<u>\$ 10,410,000</u>	<u>\$ 2,478,944</u>	<u>\$ 78,120,000</u>	

See accompanying independent auditor's report.

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BRIDGESTONE MUNICIPAL UTILITY DISTRICT
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED DECEMBER 31, 2021

	Unlimited Tax and Revenue Bonds	Unlimited Tax Bonds	
Bond Authority:			
Amount Authorized by Voters	\$ 115,412,000	\$ 75,000,000	
Amount Issued	115,373,332	365,000	
Remaining to be Issued	\$ 38,668	\$ 74,635,000	
Debt Service Fund cash and investment balances as of December 31, 2021:			\$ 3,085,684
Average annual debt service payment (principal and interest) for remaining term of all debt:			\$ 3,806,817

See accompanying independent auditor's report.

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

	Amounts		
	2021	2020	2019
REVENUES			
Property Taxes	\$ 3,691,694	\$ 3,204,979	\$ 3,027,163
Water Service	1,519,535	1,509,558	1,432,493
Wastewater Service	1,391,665	1,314,483	1,307,722
Solid Waste Disposal	1,115,387	1,092,480	1,071,210
Water Authority Fees	3,148,097	2,986,371	2,615,716
Penalty and Interest	85,049	12,425	78,603
Connection and Inspection Fees	383,055	442,282	353,110
Water Authority Credits	256,966	256,966	256,966
Sales Tax Revenues	1,477,297	1,328,478	1,360,679
Investment and Miscellaneous Revenues	<u>116,579</u>	<u>152,002</u>	<u>511,146</u>
TOTAL REVENUES	<u>\$ 13,185,324</u>	<u>\$ 12,300,024</u>	<u>\$ 12,014,808</u>
EXPENDITURES			
Professional Fees	\$ 957,404	\$ 816,038	\$ 629,413
Contracted Services	2,823,474	2,483,351	2,216,472
Purchased Water Service	3,330,260	3,029,513	2,604,650
Utilities	409,627	294,455	313,756
Water Authority Assessments	217,332	339,325	317,501
Repairs and Maintenance	2,682,640	3,100,308	1,402,648
Other	964,603	1,038,272	1,132,239
Capital Outlay	<u>9,645,240</u>	<u>3,620,862</u>	<u>5,502,185</u>
TOTAL EXPENDITURES	<u>\$ 21,030,580</u>	<u>\$ 14,722,124</u>	<u>\$ 14,118,864</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (7,845,256)</u>	<u>\$ (2,422,100)</u>	<u>\$ (2,104,056)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In/(Out)	\$ (750,000)	\$	\$ 60,123
Capital Recovery Fees and Contributions	<u> </u>	<u> </u>	<u>313,608</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ (750,000)</u>	<u>\$ - 0 -</u>	<u>\$ 373,731</u>
NET CHANGE IN FUND BALANCE	\$ (8,595,256)	\$ (2,422,100)	\$ (1,730,325)
BEGINNING FUND BALANCE	<u>14,646,618</u>	<u>17,068,718</u>	<u>18,799,043</u>
ENDING FUND BALANCE	<u>\$ 6,051,362</u>	<u>\$ 14,646,618</u>	<u>\$ 17,068,718</u>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2018	2017	2021	2020	2019	2018	2017
\$ 2,739,462	\$ 2,600,801	28.0 %	26.0 %	25.2 %	23.0 %	24.3 %
1,462,109	1,485,176	11.5	12.3	11.9	12.2	13.8
1,287,593	1,270,797	10.6	10.7	10.9	10.8	11.8
1,067,580	1,038,484	8.5	8.9	8.9	8.9	9.7
2,294,804	2,045,655	23.9	24.3	21.8	19.2	19.0
100,750	83,715	0.6	0.1	0.7	0.8	0.8
1,110,090	674,531	2.9	3.6	2.9	9.3	6.3
256,966	256,966	1.9	2.1	2.1	2.2	2.4
1,278,493	1,090,368	11.2	10.8	11.3	10.7	10.1
346,636	198,302	0.9	1.2	4.3	2.9	1.8
<u>\$ 11,944,483</u>	<u>\$ 10,744,795</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 510,310	\$ 507,651	7.3 %	6.6 %	5.2 %	4.3 %	4.7 %
2,222,776	2,146,134	21.4	20.2	18.4	18.6	20.0
2,220,948	1,899,807	25.3	24.6	21.7	18.6	17.7
371,093	316,188	3.1	2.4	2.6	3.1	2.9
370,535	446,542	1.6	2.8	2.6	3.1	4.2
1,054,255	1,113,633	20.3	25.2	11.7	8.8	10.4
1,870,943	1,164,987	7.3	8.4	9.4	15.7	10.8
1,077,300	3,074,325	73.2	29.4	45.8	9.0	28.6
<u>\$ 9,698,160</u>	<u>\$ 10,669,267</u>	<u>159.5 %</u>	<u>119.6 %</u>	<u>117.4 %</u>	<u>81.2 %</u>	<u>99.3 %</u>
<u>\$ 2,246,323</u>	<u>\$ 75,528</u>	<u>(59.5) %</u>	<u>(19.6) %</u>	<u>(17.4) %</u>	<u>18.8 %</u>	<u>0.7 %</u>
\$ 649,989	\$					
<u>2,182,445</u>	<u>596,925</u>					
<u>\$ 2,832,434</u>	<u>\$ 596,925</u>					
\$ 5,078,757	\$ 672,453					
<u>13,720,286</u>	<u>13,047,833</u>					
<u>\$ 18,799,043</u>	<u>\$ 13,720,286</u>					

See accompanying independent auditor's report.

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

	Amounts		
	2021	2020	2019
REVENUES			
Property Taxes	\$ 5,035,786	\$ 5,137,608	\$ 4,844,524
Penalty and Interest	65,237	63,940	62,871
Investment and Miscellaneous Revenues	<u>13,333</u>	<u>43,147</u>	<u>111,504</u>
TOTAL REVENUES	<u>\$ 5,114,356</u>	<u>\$ 5,244,695</u>	<u>\$ 5,018,899</u>
EXPENDITURES			
Tax Collection Expenditures	\$ 186,460	\$ 176,749	\$ 183,596
Debt Service Principal	4,410,000	1,285,000	2,775,000
Debt Service Interest and Fees	2,484,944	2,605,185	2,449,377
Bond Issuance Costs	231,313	162,912	523,366
Payment to Refunded Escrow Agent	<u>5,000</u>	<u>63,000</u>	<u>32,000</u>
TOTAL EXPENDITURES	<u>\$ 7,317,717</u>	<u>\$ 4,292,846</u>	<u>\$ 5,963,339</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (2,203,361)</u>	<u>\$ 951,849</u>	<u>\$ (944,440)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	\$ 750,000	\$	\$
Transfer to Refunded Escrow Agent	(6,029,296)	(4,067,634)	(16,590,504)
Proceeds from Issuance of Long-Term Debt	5,810,000	4,020,000	16,640,000
Bond Premium	<u>451,359</u>	<u>208,793</u>	<u>473,870</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ 982,063</u>	<u>\$ 161,159</u>	<u>\$ 523,366</u>
NET CHANGE IN FUND BALANCE	\$ (1,221,298)	\$ 1,113,008	\$ (421,074)
BEGINNING FUND BALANCE	<u>3,129,028</u>	<u>2,016,020</u>	<u>2,437,094</u>
ENDING FUND BALANCE	<u>\$ 1,907,730</u>	<u>\$ 3,129,028</u>	<u>\$ 2,016,020</u>
TOTAL ACTIVE RETAIL WATER CONNECTIONS	<u>6,283</u>	<u>6,274</u>	<u>6,265</u>
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	<u>6,043</u>	<u>6,043</u>	<u>6,044</u>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2018	2017	2021	2020	2019	2018	2017
\$ 4,760,466	\$ 4,928,234	98.4 %	98.0 %	96.5 %	96.9 %	97.7 %
64,563	67,051	1.3	1.2	1.3	1.3	1.3
87,665	50,644	0.3	0.8	2.2	1.8	1.0
<u>\$ 4,912,694</u>	<u>\$ 5,045,929</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 184,758	\$ 176,679	3.6 %	3.4 %	3.7 %	3.8 %	3.5 %
2,665,000	2,500,000	86.2	24.5	55.3	54.2	49.5
2,672,019	2,768,966	48.6	49.7	48.8	54.4	54.9
		4.5	3.1	10.4		
		0.1	1.2	0.6		
<u>\$ 5,521,777</u>	<u>\$ 5,445,645</u>	<u>143.0 %</u>	<u>81.9 %</u>	<u>118.8 %</u>	<u>112.4 %</u>	<u>107.9 %</u>
<u>\$ (609,083)</u>	<u>\$ (399,716)</u>	<u>(43.0) %</u>	<u>18.1 %</u>	<u>(18.8) %</u>	<u>(12.4) %</u>	<u>(7.9) %</u>
\$	\$					
<u>\$ - 0 -</u>	<u>\$ - 0 -</u>					
\$ (609,083)	\$ (399,716)					
3,046,177	3,445,893					
<u>\$ 2,437,094</u>	<u>\$ 3,046,177</u>					
6,240	6,204					
<u>6,033</u>	<u>6,015</u>					

See accompanying independent auditor's report.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
DECEMBER 31, 2021

District Mailing Address - Bridgestone Municipal Utility District
c/o Radcliffe Bobbitt Adams Polley PLLC
2929 Allen Parkway, Suite 3450
Houston, TX 77019

District Telephone Number - (713) 237-1221

Board Members	Term of Office (Elected or <u>Appointed</u>)	Fees of Office for the year ended <u>December 31, 2021</u>	Expense Reimbursements for the year ended <u>December 31, 2021</u>	<u>Title</u>
Mickey Draper	11/20 05/24 (Elected)	\$ 7,200	\$ 2,449	President
Michael Crayton	05/18 05/22 (Elected)	\$ 7,200	\$ 2,464	Vice- President/ Treasurer
Skip Warren	05/18 05/22 (Elected)	\$ 7,200	\$ 1,722	Secretary
David Berry	11/20 05/24 (Elected)	\$ 7,200	\$ 2,122	Assistant Secretary
Martha Gutierrez	12/20 05/24 (Appointed)	\$ 7,200	\$ 2,490	Director

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: December 2021

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 14, 2003. 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, 2021

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended December 31, 2021</u>	<u>Title</u>
Radcliffe Bobbitt Adams Polley PLLC	05/14/01	\$ 238,565 \$ 63,187	General Counsel Bond Counsel
McCall Gibson Swedlund Barfoot PLLC	01/11/99	\$ 26,500 \$ 4,250	Auditor Bond and AUP
Myrtle Cruz, Inc.	11/16/78	\$ 132,151	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	07/01/96	\$ 18,191	Delinquent Tax Attorney
Jones & Carter, Inc.	04/01/93	\$ 2,002,487	Engineer
The GMS Group, LLC	10/02/12	\$ 64,332	Financial Advisor
Mary Jarmon	05/15/07	\$ -0-	Investment Officer
Water District Management Company, Inc.	05/05/09	\$ 1,099,033	Operator
Kenneth Byrd, RTA	07/28/77	\$ 93,655	Tax Assessor/ Collector
Harris County	01/01/04	\$ 1,284,468	Law Enforcement

See accompanying independent auditor's report.

