

CROSBY MUNICIPAL UTILITY DISTRICT

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2022

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

CROSBY MUNICIPAL UTILITY DISTRICT

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Crosby Municipal Utility District
Harris County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Crosby Municipal Utility District (the "District") as of and for the year ended December 31, 2022, 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, 2022, 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, Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund, Schedule of Changes in Net Pension Liability and Related Ratios, Schedule of District Contributions - Pension, and Schedule of Changes in Total Other Postemployment Benefits Liability and Related Ratios 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
Crosby Municipal Utility District

Supplementary Information

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

A handwritten signature in black ink that reads "McCall Gibson Swedlund Barfoot PLLC". The signature is written in a cursive, flowing style.

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

June 6, 2023

CROSBY MUNICIPAL UTILITY DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2022

Management's discussion and analysis of the financial performance of Crosby Municipal Utility District (the "District") provides an overview of the District's financial activities for the fiscal year ended December 31, 2022. 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 basic 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 basic 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 provide 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 customer service revenues, property tax revenues, operating costs, professional fees and administrative 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.

**CROSBY MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

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. The budgetary comparison schedule is included as RSI for the General Fund. Schedules related to the pension plan and the other postemployment benefits plan are also included as RSI.

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 \$14,942,233 as of December 31, 2022. A portion of the District's net position reflects its net investment in capital assets (land, buildings and equipment as well as the water and wastewater facilities, less any debt used to acquire those assets that is still outstanding).

**CROSBY MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The following is a comparative analysis of government-wide changes in Net Position:

	Summary of Changes in the Statement of Net Position		
	2022	2021	Change Positive (Negative)
Current and Other Assets	\$ 13,164,826	\$ 8,819,892	\$ 4,344,934
Capital Assets (Net of Accumulated Depreciation)	19,887,410	18,401,692	1,485,718
Total Assets	\$ 33,052,236	\$ 27,221,584	\$ 5,830,652
Deferred Outflows of Resources	\$ 309,065	\$ 343,074	\$ (34,009)
Due to Developer	\$ 439,016	\$	\$ (439,016)
Bonds Payable	14,560,836	8,447,789	(6,113,047)
Other Liabilities	967,211	960,306	(6,905)
Total Liabilities	\$ 15,967,063	\$ 9,408,095	\$ (6,558,968)
Deferred Inflows of Resources	\$ 2,452,005	\$ 1,737,049	\$ (714,956)
Net Position:			
Net Investment in Capital Assets	\$ 9,958,069	\$ 12,368,743	\$ (2,410,674)
Restricted	1,790,038	1,297,693	492,345
Unrestricted	3,194,126	2,753,078	441,048
Total Net Position	\$ 14,942,233	\$ 16,419,514	\$ (1,477,281)

The following table provides a summary of the District's operations for the years ended December 31, 2022, and December 31, 2021.

	Summary of Changes in the Statement of Activities		
	2022	2021	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 1,664,322	\$ 1,355,070	\$ 309,252
Charges for Services	2,452,625	2,214,464	238,161
Grant and Other Revenues	865,668	102,992	762,676
Total Revenues	\$ 4,982,615	\$ 3,672,526	\$ 1,310,089
Expenses for Services	6,459,896	3,459,496	(3,000,400)
Change in Net Position	\$ (1,477,281)	\$ 213,030	\$ (1,690,311)
Net Position, Beginning of Year	16,419,514	16,206,484	213,030
Net Position, End of Year	\$ 14,942,233	\$ 16,419,514	\$ (1,477,281)

**CROSBY MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of December 31, 2022, were \$10,087,687, an increase of \$3,558,855 from the prior year.

The General Fund fund balance increased by \$394,329, primarily due to service revenues exceeding operating, capital and administrative costs.

The Debt Service Fund fund balance increased by \$499,591, primarily due to the current year proceeds from the Series 2022 Defined Area No. 1 bonds and the structure of the District's outstanding debt.

The Capital Projects Fund fund balance increased by \$2,664,935, primarily due to the receipt of grant revenues as well as unspent bond proceeds.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors adopted an unappropriated budget for the current fiscal year. Actual revenues were \$364,900 more than budgeted revenues, actual expenditures were \$43,608 less than budgeted expenditures, and actual transfers in exceeded budget by \$35,821 which resulted in a positive budget variance of \$444,329. See the budget to actual comparison for more information.

LONG-TERM DEBT ACTIVITY

As of December 31, 2022, the District had total bond debt payable of \$14,555,000. The changes in the debt position of the District during the fiscal year ended December 31, 2022, are summarized as follows:

Bond Debt Payable, January 1, 2022	\$ 8,430,000
Add: Bond Sales	7,115,000
Less: Bond Principal Paid	<u>990,000</u>
Bond Debt Payable, December 31, 2022	<u>\$ 14,555,000</u>

The District's Series 2011 Bonds carry an underlying rating of "A" and an insured rating of "AA" by virtue of bond insurance issued by Assured Guaranty Municipal Corporation. The Series 2015 Refunding, Series 2017, Series 2019 and Series 2022 Bonds carry underlying ratings of "A" and insured ratings of "AA" by virtue of bond insurance issued by Build America Mutual Assurance Company. The Defined Area No. 1 Series 2022 Bonds do not carry an underlying or insured rating. Credit enhanced ratings provided through bond insurance policies are subject to change based on changes to the ratings of the insurers.

**CROSBY MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

CAPITAL ASSETS

Capital assets as of December 31, 2022, total \$19,887,410 (net of accumulated depreciation) and include land, buildings, equipment, furniture, fixtures, and vehicles as well as the water and wastewater systems.

Capital Assets At Year-End			
	2022	2021	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 260,900	\$ 260,900	\$
Construction in Progress	110,228	1,296,620	(1,186,392)
Capital Assets Subject to Depreciation:			
Water System	13,919,299	12,100,742	1,818,557
Wastewater System	14,186,835	12,941,151	1,245,684
Detention	443,044		443,044
Buildings, Furniture, Fixtures	575,912	575,912	
Vehicles, Machinery, Equipment	894,210	870,553	23,657
Less Accumulated Depreciation	<u>(10,503,018)</u>	<u>(9,644,186)</u>	<u>(858,832)</u>
Total Net Capital Assets	<u>\$ 19,887,410</u>	<u>\$ 18,401,692</u>	<u>\$ 1,485,718</u>

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 Crosby Municipal Utility District, P.O. Box 249, Crosby, TX 77532

CROSBY MUNICIPAL UTILITY DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2022

	<u>General Fund</u>	<u>Debt Service Fund</u>
ASSETS		
Cash	\$ 688,436	\$ 1,464,267
Investments	2,728,281	676,469
Cash with Tax Assessor/Collector		511,050
Receivables:		
Property Taxes	32,201	1,142,109
Penalty and Interest on Delinquent Taxes		
Service Accounts	224,689	
Other	475	
Due from Other Funds	133,816	
Prepaid Costs		26,138
Net Pension Asset		
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	<u>\$ 3,807,898</u>	<u>\$ 3,820,033</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension Plan Charges	\$	\$
Deferred Charges on Refunding Bonds		
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 3,807,898</u></u>	<u><u>\$ 3,820,033</u></u>

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$ 1,277,076	\$ 3,429,779	\$	\$ 3,429,779
3,855,377	7,260,127		7,260,127
	511,050		511,050
	1,174,310		1,174,310
		95,970	95,970
	224,689		224,689
	475		475
	133,816	(133,816)	
	26,138		26,138
		442,288	442,288
		260,900	260,900
		110,228	110,228
		19,516,282	19,516,282
<u>\$ 5,132,453</u>	<u>\$ 12,760,384</u>	<u>\$ 20,291,852</u>	<u>\$ 33,052,236</u>
\$	\$	\$ 262,742	\$ 262,742
		46,323	46,323
<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 309,065</u>	<u>\$ 309,065</u>
<u>\$ 5,132,453</u>	<u>\$ 12,760,384</u>	<u>\$ 20,600,917</u>	<u>\$ 33,361,301</u>

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

CROSBY MUNICIPAL UTILITY DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2022

	<u>General Fund</u>	<u>Debt Service Fund</u>
LIABILITIES		
Accounts Payable	\$ 83,796	\$
Accrued Interest Payable		
Due to Developer		
Compensated Absences Payable		
Due to Other Funds		76,981
Security Deposits	262,036	
Net Other Postemployment Benefits Liability		
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	<u>\$ 345,832</u>	<u>\$ 76,981</u>
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	\$ 109,882	\$ 2,031,737
Pension Plan Charges		
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>\$ 109,882</u>	<u>\$ 2,031,737</u>
FUND BALANCES		
Restricted for Authorized Construction	\$	\$
Restricted for Defined Area Operations	119,333	
Restricted for Defined Area Debt Service		235,190
Restricted for District Debt Service		1,476,125
Committed for HRA Costs	81,489	
Unassigned	3,151,362	
TOTAL FUND BALANCES	<u>\$ 3,352,184</u>	<u>\$ 1,711,315</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u><u>\$ 3,807,898</u></u>	<u><u>\$ 3,820,033</u></u>
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
\$ 51,430	\$ 135,226	\$	\$ 135,226
		117,137	117,137
		439,016	439,016
		64,332	64,332
56,835	133,816	(133,816)	
	262,036		262,036
		388,480	388,480
		945,000	945,000
		13,615,836	13,615,836
<u>\$ 108,265</u>	<u>\$ 531,078</u>	<u>\$ 15,435,985</u>	<u>\$ 15,967,063</u>
\$	\$ 2,141,619	\$ (99,890)	\$ 2,041,729
		410,276	410,276
<u>\$ - 0 -</u>	<u>\$ 2,141,619</u>	<u>\$ 310,386</u>	<u>\$ 2,452,005</u>
\$ 5,024,188	\$ 5,024,188	\$ (5,024,188)	\$
	119,333	(119,333)	
	235,190	(235,190)	
	1,476,125	(1,476,125)	
	81,489	(81,489)	
	3,151,362	(3,151,362)	
<u>\$ 5,024,188</u>	<u>\$ 10,087,687</u>	<u>\$ (10,087,687)</u>	<u>\$ - 0 -</u>
<u>\$ 5,132,453</u>	<u>\$ 12,760,384</u>		
		\$ 9,958,069	\$ 9,958,069
		1,790,038	1,790,038
		3,194,126	3,194,126
		<u>\$ 14,942,233</u>	<u>\$ 14,942,233</u>

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

CROSBY MUNICIPAL UTILITY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2022

Total Fund Balances - Governmental Funds	\$	10,087,687
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		19,887,410
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Assets, liabilities, deferred inflows of resources and deferred outflows of resources related to pension and other postemployment benefits are recorded in the government-wide financial statements.		(93,726)
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The difference between the net carrying amount of refunded bonds and the reacquisition price is recorded as a deferred outflow in the governmental activities and systematically charged to interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter.		46,323
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Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2021 and prior tax levies became part of recognized revenue in the governmental activities of the District.		195,860
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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 Developer	\$ (439,016)	
Accrued Interest Payable	(117,137)	
Compensated Absences Payable	(64,332)	
Bonds Payable	<u>(14,560,836)</u>	<u>(15,181,321)</u>

Total Net Position - Governmental Activities	\$	<u><u>14,942,233</u></u>
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The accompanying notes to the financial
statements are an integral part of this report.

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CROSBY MUNICIPAL UTILITY DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2022

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	\$ 114,286	\$ 1,545,240
Water and Wastewater Service	2,066,203	
Penalty and Interest	53,535	28,300
Tap Connection and Inspection Fees	295,064	
Grant Proceeds		
Investment and Miscellaneous Revenues	96,812	13,898
TOTAL REVENUES	\$ 2,625,900	\$ 1,587,438
EXPENDITURES/EXPENSES		
Service Operations:		
Personnel	\$ 919,242	\$
Professional Fees	315,790	33,970
Purchased Water Service	186,150	
Utilities	127,190	
Repairs and Maintenance	179,534	
Depreciation		
Other	487,860	17,408
Capital Outlay	51,626	
Developer Interest		
Conveyance of Capital Assets		
Debt Service:		
Bond Principal		990,000
Bond Interest		281,743
Bond Issuance Costs		
TOTAL EXPENDITURES/EXPENSES	\$ 2,267,392	\$ 1,323,121
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	\$ 358,508	\$ 264,317
OTHER FINANCING SOURCES (USES)		
Transfers In (Out)	\$ 35,821	\$ 100
Proceeds from Issuance of Long-Term Debt		235,174
TOTAL OTHER FINANCING SOURCES (USES)	\$ 35,821	\$ 235,274
NET CHANGE IN FUND BALANCES	\$ 394,329	\$ 499,591
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - JANUARY 1, 2022	2,957,855	1,211,724
FUND BALANCES/NET POSITION - DECEMBER 31, 2022	\$ 3,352,184	\$ 1,711,315

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 1,659,526	\$ 4,796	\$ 1,664,322
	2,066,203		2,066,203
	81,835	9,523	91,358
	295,064		295,064
706,599	706,599		706,599
48,359	159,069		159,069
<u>\$ 754,958</u>	<u>\$ 4,968,296</u>	<u>\$ 14,319</u>	<u>\$ 4,982,615</u>
\$	\$ 919,242	\$ (46,719)	\$ 872,523
19,138	368,898		368,898
	186,150		186,150
	127,190		127,190
218,464	397,998		397,998
		858,832	858,832
	505,268		505,268
3,680,748	3,732,374	(3,732,374)	
390,107	390,107		390,107
		1,826,839	1,826,839
	990,000	(990,000)	
	281,743	18,877	300,620
625,471	625,471		625,471
<u>\$ 4,933,928</u>	<u>\$ 8,524,441</u>	<u>\$ (2,064,545)</u>	<u>\$ 6,459,896</u>
<u>\$ (4,178,970)</u>	<u>\$ (3,556,145)</u>	<u>\$ 2,078,864</u>	<u>\$ (1,477,281)</u>
\$ (35,921)	\$	\$	\$
6,879,826	7,115,000	(7,115,000)	
\$ 6,843,905	\$ 7,115,000	\$ (7,115,000)	\$ - 0 -
\$ 2,664,935	\$ 3,558,855	\$ (3,558,855)	\$
		(1,477,281)	(1,477,281)
2,359,253	6,528,832	9,890,682	16,419,514
<u>\$ 5,024,188</u>	<u>\$ 10,087,687</u>	<u>\$ 4,854,546</u>	<u>\$ 14,942,233</u>

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

CROSBY 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, 2022

Net Change in Fund Balances - Governmental Funds	\$	3,558,855
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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.		4,796
------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--	-------

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.		9,523
-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--	-------

The changes in assets, liabilities, deferred inflows of resources and deferred outflows of resources pertaining to pension and other postemployment benefits are reflected in the Statement of Activities.		46,719
------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--	--------

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.		(858,832)
----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--	-----------

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.		1,905,535
-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--	-----------

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.		990,000
-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--	---------

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.		(18,877)
-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--	----------

Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in the Statement of Net Position.		(7,115,000)
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Change in Net Position - Governmental Activities	\$	<u>(1,477,281)</u>
--------------------------------------------------	----	--------------------

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

CROSBY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1. CREATION OF DISTRICT

The District was created by an Act of the 59th Legislature, Regular Session, 1965 (compiled as 8280-315, Vernon's Texas Civil Statutes) and codified as Chapter 9012 of the Texas Special District Local Laws Code, in order to provide water and sanitary sewer service to the unincorporated community of Crosby. The District currently operates under the provisions of Chapters 49 and 54 of the Texas Water Code, and other general statutes of the State of Texas applicable to municipal utility districts. The District is empowered, among other things, to finance, purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water; and the collection, transportation and treatment of wastewater; and the control and diversion of storm water. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities. The District may also provide solid waste disposal and collection services. The District is also empowered to establish, operate and maintain fire-fighting facilities, independently or with one or more conservation and reclamation districts, after approval by the Commission and the voters of the District. Additionally, the District may, subject to certain limitations, develop and finance parks and recreational facilities.

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 Texas Commission on Environmental Quality (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 or not 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 sets 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.

CROSBY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

Net Position classifications are defined as follows:

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

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

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. The District's Statement of Net Position and Statement of Activities are combined with the governmental fund financial statements. The District is viewed as a special-purpose government and has the option of combining these financial statements. The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Any amounts recorded due to and due from other funds are eliminated in the Statement of Net Position. The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any, are eliminated by adjustment to obtain net total revenue and expense of the government-wide Statement of Activities.

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.

CROSBY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, property tax revenues, operating costs, professional fees and administrative 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, 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 collectable within the current period or soon enough thereafter to pay current liabilities. The District considers revenue reported in governmental funds to be available if they are collectable 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 2021 taxes collected during the period October 1, 2021, to December 31, 2022. In additions, taxes collected from January 1, 2022, to December 31, 2022 for the 2020 and prior tax levies are included in revenue. The 2022 tax levy has been fully deferred to pay for expenditures of the 2023 fiscal year.

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, 2022, the Debt Service Fund recorded a payable to the General Fund in the amount of \$76,981 for maintenance tax collections and the Capital Projects Fund recorded a payable to the General Fund in the amount of \$56,835 for amounts related to sale of bonds. During the current fiscal year, the Capital Projects Fund recorded a transfer in the amount of \$36,121 to the General Fund for amounts related to bond costs paid in the prior year, and the General Fund recorded transfers of \$100 each to the Debt Service Fund and the Capital Projects Fund.

CROSBY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Individual capital items, including infrastructure assets are capitalized, if they have an original cost greater than \$5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation over periods ranging from 5 to 40 years.

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.

Pension, Other Postemployment, and Employee Benefits

The Internal Revenue Service has determined that directors are considered to be “employees” for federal payroll tax purposes only. See Notes 8 and 9 for more information on the District's pension plan and other postemployment benefits plan which are for the benefit of the District's employees (Directors are excluded from participation). The District also maintains an HRA account for the benefit of its employees.

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.

CROSBY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 in governmental funds are classified 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. The District does not have any nonspendable fund balances.

Restricted: amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are 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 committed a portion of its General Fund fund balance for the benefit of its employees. The HRA account has a year end balance of \$81,489 which was an increase of \$2,549 over the previous year. The District contributed \$36,000 to the account and paid employee related costs totaling \$33,451.

Assigned: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances and does not have any assigned fund balances.

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.

CROSBY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 3. LONG-TERM DEBT

	Series 2011	Refunding Series 2015	Series 2017
Amount Outstanding – December 31, 2022	\$ 525,000	\$ 1,715,000	\$ 2,710,000
Interest Rates	4.00% - 4.375%	4.00%	2.00% - 3.25%%
Maturity Date	August 15, 2023/2027	August 15, 2023/2027	August 15, 2023/2037
Interest Payment Dates	February 15/ August 15	February 15/ August 15	February 15/ August 15
Callable Dates	August 15, 2019*	August 15, 2024*	August 15, 2026*
	Series 2019	Series 2022	Defined Area No. 1 Series 2022
Amount Outstanding – December 31, 2022	\$ 2,700,000	\$ 2,840,000	\$ 4,065,000
Interest Rates	2.00% - 2.85%	1.00% - 2.25%	5.00% - 5.75%
Maturity Date	August 15, 2023/2039	August 15, 2023/2041	August 15, 2024/2048
Interest Payment Dates	February 15/ August 15	February 15/ August 15	February 15/ August 15
Callable Dates	August 15, 2027*	August 15, 2029*	August 15, 2029*

* Or any date thereafter at a price of par plus unpaid accrued interest in whole or in part, at the option of the District. Series 2011 term bonds maturing on August 15, 2024 and 2027 are subject to mandatory redemption beginning August 15, 2023 and 2025, respectively. Series 2017 term bonds maturing on August 15, 2027, 2029, 2031, 2033, 2035 and 2037, are subject to mandatory redemption beginning August 15, 2026, 2028, 2030, 2032, 2034 and 2036, respectively. Series 2019 term bonds maturing on August 15, 2031, 2033, 2035, 2037 and 2039, are subject to mandatory redemption beginning August 15, 2030, 2032, 2034, 2036 and 2038, respectively. Series 2022 term bonds maturing on August 15, 2023, 2025, 2027, 2031, 2033, 2035, 2037, 2039, and 2041 are subject to mandatory redemption beginning on August 15, 2022, 2024, 2026, 2029, 2032, 2034, 2036, 2038, and 2040, respectively. Defined Area No. 1 Series 2022 term bonds maturing on August 15, 2032, 2036, 2039, 2042, and 2048 are subject to mandatory redemption beginning on August 15, 2031, 2033, 2037, 2040, and 2043, respectively.

CROSBY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 3. LONG-TERM DEBT (Continued)

As of December 31, 2022, the District had no remaining authorized but unissued tax bonds for water and sanitary sewer purposes. The District has authorized but unissued Defined Area No. 1 bonds in the amount of \$10,935,000 and Defined Area No. 2 of \$42,000,000 which may be issued to fund utility infrastructure within the defined areas.

Transactions concerning bonds payable are summarized in the following table:

	January 1, 2022	Additions	Retirements	December 31, 2022
Bonds Payable	\$ 8,430,000	\$ 7,115,000	\$ 990,000	\$ 14,555,000
Unamortized Discounts	(108,104)		(9,029)	(99,075)
Unamortized Premiums	125,893		20,982	104,911
Bonds Payable, Net	<u>\$ 8,447,789</u>	<u>\$ 7,115,000</u>	<u>\$ 1,001,953</u>	<u>\$ 14,560,836</u>
		Amount Due Within One Year		\$ 945,000
		Amount Due After One Year		<u>13,615,836</u>
		Bonds Payable, Net		<u>\$ 14,560,836</u>

Debt service requirements on the bonds outstanding are summarized in the following table:

Fiscal Year	Principal	Interest	Total
2023	\$ 945,000	\$ 432,794	\$ 1,377,794
2024	1,060,000	479,423	1,539,423
2025	1,080,000	447,336	1,527,336
2026	1,105,000	413,904	1,518,904
2027	890,000	377,279	1,267,279
2028-2032	3,025,000	1,572,975	4,597,975
2033-2037	3,160,000	1,104,051	4,264,051
2038-2042	1,825,000	627,913	2,452,913
2043-2047	1,190,000	291,526	1,481,526
2048	275,000	15,812	290,812
	<u>\$ 14,555,000</u>	<u>\$ 5,763,013</u>	<u>\$ 20,318,013</u>

During the year ended December 31, 2022, the District levied ad valorem debt service tax rate of \$0.422 per \$100 of assessed valuation, which resulted in a levy of \$1,767,820 on the adjusted taxable valuation of \$418,914,814 for the 2022 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 costs of assessing and collecting taxes. 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.

CROSBY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS

The bond order states that the District is required by the Securities and Exchange Commission to provide annual continuing disclosure of certain general financial information and operating data to certain information repositories. This information, along with the audited annual financial statements, is to be provided within six months after the end of each fiscal year.

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 each 5th year anniversary of each issue.

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 securities 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 securities are pledged. At fiscal year end, the carrying amount of the District's deposits was \$3,429,779 and the bank balance was \$3,439,742. 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, 2022, as listed below:

	<u>Cash</u>
GENERAL FUND	\$ 688,436
DEBT SERVICE FUND	1,464,267
CAPITAL PROJECTS FUND	<u>1,277,076</u>
TOTAL DEPOSITS	<u><u>\$ 3,429,779</u></u>

CROSBY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

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 State Comptroller of Public Accounts of the State of Texas has oversight of the pool. Federated Investors, Inc. manages the daily operations of the pool under a contract with the Comptroller. TexPool 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.

As of December 31, 2022, the District had the following investments and maturities:

Funds and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
TexPool	\$ 2,728,281	\$ 2,728,281
<u>DEBT SERVICE FUND</u>		
TexPool	676,469	676,469
<u>CAPITAL PROJECTS FUND</u>		
TexPool	<u>3,855,377</u>	<u>3,855,377</u>
TOTAL INVESTMENTS	<u>\$ 7,260,127</u>	<u>\$ 7,260,127</u>

CROSBY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The District's investments in TexPool were rated AAAm by Standard & Poor's. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investments in TexPool to have a maturity of less than one year due to the fact the share positions can usually be redeemed at the discretion of the District, unless there has been a significant change in value.

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

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2022 is summarized below:

	January 1, 2022	Increases	Decreases	December 31, 2022
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 260,900	\$	\$	\$ 260,900
Construction in Progress	1,296,620	2,344,550	3,530,942	110,228
Total Capital Assets Not Being Depreciated	\$ 1,557,520	\$ 2,344,550	\$ 3,530,942	\$ 371,128
Capital Assets Subject to Depreciation				
Water System	\$ 12,100,742	\$ 1,818,557	\$	\$ 13,919,299
Wastewater System	12,941,151	1,245,684		14,186,835
Detention		443,044		443,044
Buildings, Furniture, Fixtures	575,912			575,912
Vehicles, Machinery, Equipment	870,553	23,657		894,210
Total Capital Assets Subject to Depreciation	\$ 26,488,358	\$ 3,530,942	\$ -0-	\$ 30,019,300
Accumulated Depreciation				
Water System	\$ 3,797,136	\$ 402,593	\$	\$ 4,199,729
Wastewater System	5,144,505	372,065		5,516,570
Detention		9,845		9,845
Buildings, Furniture, Fixtures	152,490	15,128		167,618
Vehicles, Machinery, Equipment	550,055	59,201		609,256
Total Accumulated Depreciation	\$ 9,644,186	\$ 858,832	\$ -0-	\$ 10,503,018
Total Depreciable Capital Assets, Net of Accumulated Depreciation	\$ 16,844,172	\$ 2,672,110	\$ -0-	\$ 19,516,282
Total Capital Assets, Net of Accumulated Depreciation	\$ 18,401,692	\$ 5,016,660	\$ 3,530,942	\$ 19,887,410

CROSBY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 7. MAINTENANCE TAX

The Board of Directors of the District has the statutory authority to levy and collect an annual ad valorem tax for planning, maintaining, repairing and operating of the District's improvement, if such maintenance tax is authorized by a vote of the District's electors. Such tax would be in addition to taxes, which the District is authorized to levy for paying principal of and interest on the outstanding bonds, and any tax bonds, which may be issued in the future. To date, voters in the District have not approved the levy of a maintenance tax.

NOTE 8. PENSION PLAN

Plan Description

The District provides retirement for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System ("TCDRS"). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system. TCDRS issues an annual comprehensive financial report which is available on the TCDRS website.

Benefits Provided

The plan provisions are adopted by the governing body of the District, within the options available in the Texas state statutes governing the TCDRS (TCDRS Act). Members can retire at ages 60 and above with 10 or more years of service, with 30 years of service, regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 10 years of service but must leave their accumulated deposits in the plan to receive any employer-financed benefit. Members who withdraw their personal deposits in a lump sum are not entitled to any amounts contributed by the District.

Benefit amounts are determined by the sum of the employee's deposits to the plan, with interest, and employer-financed monetary credit. The level of these monetary credits is adopted by the governing body of the District within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated deposits and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act. As of the most recent plan valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	<u>3</u>
Inactive employees entitled but not yet receiving benefits	<u>9</u>
Active employees	<u>11</u>

CROSBY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 8. PENSION PLAN (Continued)

Contributions

The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The employer contributed using the actuarially determined rate of 7.0% for the 2021 calendar year and 8.39% for the 2022 calendar year. The deposit rate payable by the employee members for calendar years 2021 and 2022 was 7.0% as adopted by the governing body of the District. The employee deposit rate and the employer contribution rate may be changed by the governing body of the District within the options available in the TCDRS Act. For the year ending December 31, 2022, the District contributed \$54,001 and its employees contributed \$45,055.

Actuarial Assumptions

The total pension asset in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions:

Actuarial valuation date	12/31/21
Actuarial cost method	Entry Age Normal
Amortization method	Straight-line amortization over expected working life
Asset Valuation Method	5-years, non-asymptotic
Actuarial Assumptions:	
Investment return, net	7.50%
Projected salary increases	4.70%
Inflation	2.50%

All actuarial assumptions that determined the total pension liability as of December 31, 2021 were based on the results of an actuarial experience study for the period January 1, 2017 – December 31, 2020, except where required to be different by GASB 68.

Mortality rates were based on the following: 135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

CROSBY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 8. PENSION PLAN (Continued)

Depletion of Plan Assets/ GASB Discount Rate

The discount rate is the single rate of return that, when applied to all projected benefit payments results in an actuarial present value of projected benefit payments equal to the total of the following:

- 1) The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension plan's fiduciary net position is projected to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term rate of return, calculated using the long-term expected rate of return on pension plan investments.
- 2) The actuarial present value of projected benefit payments not included in (1), calculated using the municipal bond rate.

Therefore, if plan investments in a given future year are greater than projected benefit payments in that year and are invested such that they are expected to earn the long-term rate of return, the discount rate applied to projected benefit payments in that year should be the long-term expected rate of return on plan investments. If future years exist where this is not the case, then an index rate reflecting the yield on a 20-year, tax-exempt municipal bond should be used to discount the projected benefit payments for those years.

The determination of a future date when plan investments are not sufficient to pay projected benefit payments is often referred to as a depletion date projection. A depletion date projection compares projections of the pension plan's fiduciary net position to projected benefit payments and aims to determine a future date, if one exists, when the fiduciary net position is projected to be less than projected benefit payments. If an evaluation of the sufficiency of the projected fiduciary net position compared to projected benefit payments can be made with sufficient reliability without performing a depletion date projection, alternative methods to determine sufficiency may be applied.

In order to determine the discount rate to be used by the employer we have used an alternative method to determine the sufficiency of the fiduciary net position in all future years. The alternative method used reflects the funding requirements under the employer's funding policy and the legal requirements under the TCDRS Act as follows:

CROSBY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 8. PENSION PLAN (Continued)

Depletion of Plan Assets/ GASB Discount Rate (Continued)

- 1) TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods.
- 2) Under the TCDRS Act, the employer is legally required to make the contribution specified in the funding policy.
- 3) The employer's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost.
- 4) An increased cost due to the adoption of a COLA is required to be funded over a period of 15 years, if applicable.

Based on the above, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments. Based on the expected level of cash flows and investment returns to the system, the fiduciary net position as a percentage of total pension liability is projected to increase from its current level in future years.

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the employer is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses for GASB 68 purposes.

Therefore, we have used a discount rate of 7.60%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.50%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

CROSBY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 8. PENSION PLAN (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2022 information for a 10-year time horizon.

Note that the valuation assumption for long-term expected return is reviewed annually is reassessed in detail at a minimum of every four years and is set based on a 30-year time horizon. The most recent analysis was performed in 2021.

Asset Class	Target Allocation	Geometric Real Rate of Return (Expected minus Inflation)
US Equities	11.50%	3.80%
Private Equity	25.00%	6.80%
Global Equities	2.50%	4.10%
International Equities-Development	5.00%	3.80%
International Equities-Emerging	6.00%	4.30%
Investment-Grade Bonds	3.00%	-0.85%
Strategic Credit	9.00%	1.77%
Direct Lending	16.00%	6.25%
Distressed Debt	4.00%	4.50%
REIT Equities	2.00%	3.10%
Master Limited Partnerships (MLPs)	2.00%	3.85%
Private Real Estate Partnerships	6.00%	5.10%
Hedge Funds	6.00%	1.55%
Cash Equivalents	2.00%	-1.05%

CROSBY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 8. PENSION PLAN (Continued)

Changes in Net Pension Liability/(Asset):

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(a)-(b)
Balances of December 31, 2020	\$ 2,963,611	\$ 3,000,418	\$ (36,807)
Changes for the year:			
Service Costs	96,733		96,733
Interest on the Total Pension Liability	229,105		229,105
Effect of Economic/Demographic Gains or Losses	20,791		20,791
Effect of Assumptions Changes or Inputs	10,001		10,001
Benefit Payments	(93,337)	(93,337)	
Administrative Expenses		(1,985)	1,985
Member Contributions		51,430	(51,430)
Net investment income		660,140	(660,140)
Employer Contributions		51,430	(51,430)
Other		1,096	(1,096)
Balances of December 31, 2021	<u>\$ 3,226,904</u>	<u>\$ 3,669,192</u>	<u>\$ (442,288)</u>

Sensitivity Analysis - The following presents the net pension liability of the District, calculated using the discount rate of 7.60%, as well as what the District net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.60%) or 1 percentage point higher (8.60%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
	6.60%	7.60%	8.60%
Total pension liability	\$ 3,723,395	\$ 3,226,911	\$ 2,814,243
Fiduciary net position	<u>3,669,199</u>	<u>3,669,199</u>	<u>3,669,199</u>
Net pension liability(asset)	<u>\$ 54,196</u>	<u>\$ (442,288)</u>	<u>\$ (854,956)</u>

CROSBY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 8. PENSION PLAN (Continued)

As of December 31, 2022, the deferred inflows and outflows of resources are as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$	\$ 76,629
Changes in assumptions		132,112
Net difference between projected and actual earnings	410,276	
Contributions paid to TCDRS subsequent to the measurement date		54,001
Total	<u>\$ 410,276</u>	<u>\$ 262,742</u>

The District made plan contributions subsequent to the measurement date and prior to the District fiscal year-end of \$54,001, which are recorded as deferred outflows of resources. Other amounts reported as deferred outflows of resources will be recognized as follows:

Year ended December 31:	
2022	\$ (35,401)
2023	(80,639)
2024	(43,807)
2025	(41,688)
2026	0
Thereafter	0

NOTE 9. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The District provides other postemployment benefits (OPEB) for all of its retirees meeting the following conditions: (1) retire from employment with the District and are 65 years of age or older and receiving Medicare; and (2) at the time of retirement, have been employed by the District on a full-time basis for no less than 20 consecutive years and are currently employed full time with the District. The District will pay or reimburse the retired Qualified Employee for the cost of Medicare Parts B, D (Express Scripts), and F (Supplemental Policy). In addition, the District will pay the cost of basic vision and dental coverage for the retired Qualified Employee.

Funding Policy

Currently, the District's other postemployment benefits are unfunded. That is, the District has not determined if a separate Trust Fund or equivalent arrangement will be established into which the District would make contributions to advance-fund the obligation. As of December 31, 2022, there was one retiree receiving other postemployment benefits.

CROSBY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Discount Rate

For plans that do not have formal assets, the discount rate should equal the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA/Aa or higher credit rating as of the measurement date. For the purpose of this AMM calculation, the municipal bond rate is 4.05% (based on the daily rate of Fidelity's "20-Year Municipal GO AA Index" closest to but not later than the measurement date). The discount rate was 1.84% as of the beginning of the measurement year.

Plan Assets

There are no plan assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Summary of Membership Information

The following table provides a summary of the plan participants as of the measurement date:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	1
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	-0-
Active Plan Members	<u>9</u>
Total Plan Members	<u><u>10</u></u>

Sensitivity of Total OPEB Liability

Regarding the sensitivity of the total OPEB liability to changes in the discount rate, the following presents the plan's total OPEB liability, calculated using a discount rate of 4.05%, as well as what the plan's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

1% Decrease 3.05%	Current Discount Rate Assumption 4.05%	1% Increase 5.05%
<u> </u>	<u> </u>	<u> </u>
\$451,179	\$388,480	\$335,641

Regarding the sensitivity of the total OPEB liability to changes in the healthcare cost trend rates, the following presents the plan's total OPEB liability, calculated using the assumed trend rates as well as what the plan's total OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

CROSBY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Sensitivity of Total OPEB Liability (Continued)

<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate Assumption</u>	<u>1% Increase</u>
\$328,876	\$388,480	\$463,738

Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each AMM calculation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As authorized by GASB Statement No. 75, the Alternative Measurement Method allows the employer to use simplifications of certain assumptions in measuring the costs and liabilities.

The following simplifying assumptions were made:

Retirement age for active employees – Retirement age for active employees was assumed to be age 65, or after 20 years of service, if later.

Active Member Marital Status – Assumption of marital status for active employees has been incorporated in the acceptance probability for spousal coverage. Using this approach, the percentage of future retired plan members taking spousal coverage was assumed at 0%. For active employees, spouses' genders were assumed to be opposite to the members' genders and females were assumed 3 years younger than their spouses. Covered spouse data were collected for current retired plan members as of the valuation date and were assumed to remain unchanged until the assumed death of the spouses.

Mortality – Life expectancies were based on the PUB-2010 Amount Weighted General Healthy mortality tables, generationally projected from the year 2010 using Projection Scale MP-2021.

Health insurance premiums – Health insurance premiums for retirees in effect at January 1, 2023 were used as the basis for calculation of the present value of total benefits to be paid.

CROSBY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Methods and Assumptions (Continued)

Turnover – Non-group-specific age-based turnover rates derived from the withdrawal assumptions used in the December 31, 2021 actuarial valuation of the Texas County & District Retirement System were used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

Roll Forward Disclosure – Since the measurement date and the valuation date are the same, no update procedures were used to roll forward the total OPEB liability from the December 31, 2022 valuation date to the December 31, 2022 measurement date.

Assumption change – The discount rate was changed from 1.84% as of the beginning of the measurement period to 4.05% as of December 31, 2022 (based on the long-term municipal bond rate). This change increased the total OPEB liability. The premiums were updated based on information provided for this valuation. Updated mortality and withdrawal rates to be derived from those used in the December 31, 2021 Texas County & District Retirement System valuation.

GASB Statement No. 75 requires state and local government employers to recognize the net OPEB liability and the OPEB expense on their financial statements, along with the related deferred outflows and inflows of resources. The District did not have any deferred inflows and outflows of resources as of the measurement date and report date. The net OPEB liability is the difference between the total OPEB liability and the plan's fiduciary net position. In traditional actuarial terms, this is analogous to the accrued liability less the market value of assets. Since the plan is currently unfunded, the net OPEB liability is equal to the total OPEB liability.

The OPEB expense recognized each fiscal year is equal to the change in the total OPEB liability from the beginning of the year to the end of the year, not including the impact of employer contributions, adjusted for deferred recognition of the liability.

A valuation or a calculation using the Alternative Measurement Method (AMM) to determine the total OPEB liability is required to be performed at least every two years. For the employer's financial reporting purposes, the total OPEB liability and OPEB expense should be measured as of the employer's "measurement date" which may not be earlier than the employer's prior fiscal year end-date. If the valuation or AMM calculation used to determine the total pension liability is not calculated as of the measurement date, the total OPEB liability is required to be rolled forward from the valuation date to the measurement date.

CROSBY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Changes in Total OPEB Liability:

Balances of December 31, 2021	\$ 374,597
Changes for the year:	
Service cost	26,853
Interest on total OPEB liability	7,314
Difference between expected and actual experience of the Total OPEB Liability	(26,800)
Changes in assumption and other inputs	14,440
Benefit payments	<u>(7,924)</u>
Balances of December 31, 2022	<u>\$ 388,480</u>

NOTE 10. COMPENSATED ABSENCES

Compensated absences payable recorded in the accompanying financial statements relates to accumulated earned and vested sick time. Accumulated compensated absences related to sick time amounting to approximately \$64,332 as of December 31, 2022, are recorded in the financial statement, since such compensation is fully vested. This is an increase of \$3,398 over the prior year balance of \$60,934.

NOTE 11. WATER SUPPLY CONTRACT

Effective August 1, 2020, the District entered into a Water Supply Contract ("Contract") with the San Jacinto River Authority (the "Authority"). This replaced an agreement in effect since 1990. The Contract states the Authority will provide up to 1,000,000 gallons of untreated surface water per day ("demand quantity") to the District. The District may request quantities up to, but not in excess of 110% of the demand quantity. The rate as of December 31, 2022, was \$0.51 per 1,000 gallons. During the current fiscal year, the district paid \$186,150 for water purchased in accordance with the Contract. The Contract is in effect for a term of 30 years.

NOTE 12. RISK MANAGEMENT

The District is exposed to risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, and natural disasters. The District participates in the Texas Municipal League Intergovernmental Risk Pool (TML) to provide property and liability insurance coverage. The District, along with other participating entities, contributes annual amounts determined by TML's management. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

CROSBY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 13. DEFINED AREAS

Defined Area No. 1

The District annexed an approximately 193-acre tract (the "Murff Tract"), which has been designated by the District as a defined area known as Defined Area No. 1. The designation was approved in an election held on November 6, 2018, by the voters in the Murff Tract. The District has adopted a tax plan which allows it to assess higher taxes in the defined area than the rest of the District to pay the debt service on bonds issued to provide water and sewer improvements to the defined area. Voters in the Murff Tract authorized the issuance of bonds up to \$15,000,000, the levy of a tax on the Murff tract to pay such bonds and the levy of a maintenance tax on the Murff tract. See Note 14 for information related to the 2022 Bond Sale.

The District is authorized to levy a maintenance tax in an unlimited amount per \$100 of assessed valuation for property within the Defined Area No. 1, in addition to the District's debt service tax rate applicable to the remainder of the District. During the fiscal year ended December 31, 2022, the District levied an ad valorem maintenance tax rate on property within Defined Area No. 1 of \$0.345 per \$100 of assessed valuation which resulted in a levy of \$109,882 on the adjusted taxable valuation of \$31,849,931 for the 2022 tax year.

The District also levied an ad valorem debt service tax rate on property within Defined Area No. 1 of \$0.515 per \$100 of assessed valuation, which resulted in a levy of \$164,027 on the adjusted taxable valuation of \$31,849,931 for the Defined Area No. 1 for the 2022 tax year.

Defined Area No. 2

The District established the 207.17 Starlight Homes L.L.C. Tract, which has been designated by the District as a defined area known as Defined Area No. 2. The designation was approved in an election held on November 8, 2022, by the voters in the 207.17 Starlight Homes L.L.C. Tract. The District has adopted a tax plan which allows it to assess higher taxes in the defined area than the rest of the District to pay the debt service on bonds issued to provide water and sewer improvements to the defined area. Voters in the 207.17 Starlight Homes L.L.C Tract authorized the issuance of bonds up to \$42,000,000, the levy of a tax on the 207.17 Starlight Homes L.L.C tract to pay such bonds and the levy of a maintenance tax on the 207.17 Starlight Homes L.L.C tract.

The District is authorized to levy a maintenance tax in an unlimited amount per \$100 of assessed valuation for property within the Defined Area No. 2, in addition to the District's debt service tax rate applicable to the remainder of the District. The District did not levy a Defined Area No. 2 maintenance or debt service tax for the 2022 tax year.

CROSBY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 14. BOND SALES

On February 17, 2022, the District issued \$3,050,000 of Unlimited Tax Bonds, Series 2022. Proceeds from the bonds will be used to fund construction and engineering costs for Water Well No. 2 and Krenek at US 90 Area Wastewater Force Main. Additional proceeds were used to pay for issuance costs of the bonds.

On December 13, 2022, the District issued \$4,065,000 of Defined Area No. 1 Unlimited Tax Bonds, Series 2022. Proceeds from the bonds will be used to fund construction and engineering costs for Pecan Estates Section 1 water, sewer and drainage improvements as well as Pecan Estates Phase 2 stormwater detention basin (partial). Additional proceeds were used to pay for capitalized interest and issuance costs of the bonds.

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CROSBY MUNICIPAL UTILITY DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2022

CROSBY MUNICIPAL UTILITY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	\$ 9,000	\$ 114,286	\$ 105,286
Water and Wastewater Service	1,950,000	2,066,203	116,203
Penalty and Interest	50,000	53,535	3,535
Tap Connection and Inspection Fees	234,000	295,064	61,064
Investment and Miscellaneous Revenues	<u>18,000</u>	<u>96,812</u>	<u>78,812</u>
TOTAL REVENUES	<u>\$ 2,261,000</u>	<u>\$ 2,625,900</u>	<u>\$ 364,900</u>
EXPENDITURES			
Service Operations:			
Personnel	\$ 919,600	\$ 919,242	\$ 358
Professional Fees	298,000	315,790	(17,790)
Purchased Water Service	187,000	186,150	850
Utilities	153,000	127,190	25,810
Repairs and Maintenance	176,000	179,534	(3,534)
Other	572,400	487,860	84,540
Capital Outlay	<u>5,000</u>	<u>51,626</u>	<u>(46,626)</u>
TOTAL EXPENDITURES	<u>\$ 2,311,000</u>	<u>\$ 2,267,392</u>	<u>\$ 43,608</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (50,000)</u>	<u>\$ 358,508</u>	<u>\$ 408,508</u>
OTHER FINANCING SOURCES(USES)			
Transfers In (Out)	<u>\$ -0-</u>	<u>\$ 35,821</u>	<u>\$ 35,821</u>
NET CHANGE IN FUND BALANCE	\$ (50,000)	\$ 394,329	\$ 444,329
FUND BALANCE - JANUARY 1, 2022	<u>2,957,855</u>	<u>2,957,855</u>	<u></u>
FUND BALANCE - DECEMBER 31, 2022	<u>\$ 2,907,855</u>	<u>\$ 3,352,184</u>	<u>\$ 444,329</u>

CROSBY MUNICIPAL UTILITY DISTRICT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
DECEMBER 31, 2022

	Actuarial Valuation as of 12/31/2021	Actuarial Valuation as of 12/31/2020
Total Pension Liability		
Service Cost	\$ 96,733	\$ 73,133
Interest on total pension liability	229,105	208,209
Effect of plan changes		
Effect of economic/demographic gains or losses	20,791	44,898
Effect of changes of assumptions	10,001	186,167
Benefit payments, including refunds of employee contributions	<u>(93,337)</u>	<u>(90,525)</u>
Net change in total pension liability	\$ 263,293	\$ 421,882
Total pension liability, beginning	<u>2,963,611</u>	<u>2,541,729</u>
Total pension liability, ending (a)	<u>\$ 3,226,904</u>	<u>\$ 2,963,611</u>
Plan Fiduciary Net Position		
Contributions - employer	\$ 51,430	\$ 51,052
Contributions - employee	51,430	51,052
Net investment income	660,140	280,026
Benefit payments, including refunds of employee contributions	(93,337)	(90,525)
Administrative Expense	(1,985)	(2,195)
Other	<u>1,096</u>	<u>611</u>
Net Change in plan fiduciary net position	\$ 668,774	\$ 290,021
Plan Fiduciary net position, beginning	<u>3,000,418</u>	<u>2,710,397</u>
Plan Fiduciary net position, ending (b)	<u>\$ 3,669,192</u>	<u>\$ 3,000,418</u>
Net Pension Liability/(Asset), Ending = (a) - (b)	<u><u>\$ (442,288)</u></u>	<u><u>\$ (36,807)</u></u>
Plan fiduciary net position as a percentage of the total pension liability	113.71%	101.24%
Covered employee payroll	\$ 734,711	\$ 729,319
Net pension liability as a percentage of covered employee payroll	-60.20%	-5.05%

Note: Data for years 2012 and 2013 not available at time of audit.

Actuarial Valuation as of 12/31/2019	Actuarial Valuation as of 12/31/2018	Actuarial Valuation as of 12/31/2017	Actuarial Valuation as of 12/31/2016	Actuarial Valuation as of 12/31/2015	Actuarial Valuation as of 12/31/2014
\$ 81,206	\$ 72,958	\$ 72,658	\$ 79,491	\$ 72,313	\$ 74,586
186,685	169,104	151,827	132,860	116,470	101,939
				(20,684)	17,329
59,395	1,098	5,005	(3,711)	21,587	9,321
		11,784		13,987	
<u>(17,859)</u>	<u>(50,231)</u>	<u>(7,152)</u>	<u>(9,141)</u>	<u>(7,152)</u>	<u>(14,496)</u>
\$ 309,427	\$ 192,929	\$ 234,122	\$ 199,499	\$ 196,521	\$ 188,679
<u>2,232,302</u>	<u>2,039,373</u>	<u>1,805,251</u>	<u>1,605,752</u>	<u>1,409,231</u>	<u>1,220,552</u>
<u>\$ 2,541,729</u>	<u>\$ 2,232,302</u>	<u>\$ 2,039,373</u>	<u>\$ 1,805,251</u>	<u>\$ 1,605,752</u>	<u>\$ 1,409,231</u>
\$ 47,081	\$ 48,326	\$ 44,142	\$ 44,492	\$ 42,289	\$ 43,811
47,081	48,326	44,142	44,492	42,289	43,811
371,358	(41,531)	278,357	125,283	(41,526)	98,584
(17,859)	(50,231)	(7,152)	(9,141)	(7,152)	(14,496)
(2,065)	(1,817)	(1,501)	(1,362)	(1,206)	(1,211)
<u>2,990</u>	<u>1,610</u>	<u>1,073</u>	<u>5,601</u>	<u>358</u>	<u>242</u>
\$ 448,586	\$ 4,683	\$ 359,061	\$ 209,365	\$ 35,052	\$ 170,741
<u>2,261,811</u>	<u>2,257,128</u>	<u>1,898,067</u>	<u>1,688,702</u>	<u>1,653,650</u>	<u>1,482,909</u>
<u>\$ 2,710,397</u>	<u>\$ 2,261,811</u>	<u>\$ 2,257,128</u>	<u>\$ 1,898,067</u>	<u>\$ 1,688,702</u>	<u>\$ 1,653,650</u>
<u>\$ (168,668)</u>	<u>\$ (29,509)</u>	<u>\$ (217,755)</u>	<u>\$ (92,816)</u>	<u>\$ (82,950)</u>	<u>\$ (244,419)</u>
106.64%	101.32%	110.68%	105.14%	105.17%	117.34%
\$ 672,588	\$ 690,375	\$ 630,607	\$ 635,605	\$ 604,133	\$ 625,878
-25.08%	-4.27%	-34.53%	-14.60%	-13.73%	-39.05%

**CROSBY MUNICIPAL UTILITY DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS – PENSION
DECEMBER 31, 2022**

Ending December 31	Determined Contribution	Employer Contribution	Deficiency (Excess)	Covered Payroll	as a Percentage of Covered Payroll
2013	\$ 14,860	\$ 41,775	\$ (26,915)	\$ 596,789	7.00%
2014	\$ 19,965	\$ 43,811	\$ (23,846)	\$ 625,878	7.00%
2015	\$ 24,528	\$ 42,289	\$ (17,761)	\$ 604,103	7.00%
2016	\$ 20,022	\$ 44,492	\$ (24,470)	\$ 635,605	7.00%
2017	\$ 23,017	\$ 44,142	\$ (21,125)	\$ 630,607	7.00%
2018	\$ 26,579	\$ 48,326	\$ (21,747)	\$ 690,375	7.00%
2019	\$ 25,222	\$ 47,081	\$ (21,859)	\$ 672,588	7.00%
2020	\$ 30,486	\$ 51,052	\$ (20,566)	\$ 729,319	7.00%
2021	\$ 35,487	\$ 51,430	\$ (15,943)	\$ 734,714	7.00%
2022	\$ 45,055	\$ 54,001	\$ (8,946)	\$ 771,443	7.00%

Valuation Date	Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which the contributions are reported.
----------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	19.3 years (based on contribution rate calculated in 12/31/2021 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career including inflation.
Investment Rate of Return	7.50%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2015, 2017, 2019: New inflation, mortality and other assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	2015: Employer contributions reflect the current service matching rate was increased to 175% for future benefits. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2016, 2018, 2019, 2020 and 2021: No changes in plan provisions were reflected in the schedule.

**Only changes that affect the benefit amount and that are effective 2015 and later are shown in the Notes to Schedule.*

CROSBY MUNICIPAL UTILITY DISTRICT
SCHEDULE OF CHANGES IN TOTAL OTHER POSTEMPLOYMENT BENEFITS
LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Year Ended December 31, 2022	Year Ended December 31, 2021	Year Ended December 31, 2020
Total OPEB Liability			
Service cost	\$ 26,853	\$ 24,520	\$ 18,505
Interest on total OPEB liability	7,314	7,244	8,271
Difference between expected and actual experience of the Total OPEB Liability	(26,800)		
Changes in assumptions and other inputs	14,440	8,145	34,486
Benefit payments	<u>(7,924)</u>	<u>(5,982)</u>	<u>(5,695)</u>
Net change in total OPEB liability	\$ 13,883	\$ 33,927	\$ 55,567
Total OPEB liability, beginning	<u>374,597</u>	<u>340,670</u>	<u>285,103</u>
Total OPEB liability, ending	<u>\$ 388,480</u>	<u>\$ 374,597</u>	<u>\$ 340,670</u>
Covered employee payroll	\$ 682,977	\$ 653,528	\$ 644,807
Total OPEB liability as a % of covered-employee payroll	56.88%	57.32%	52.83%

Methods and Assumptions Used to Determine Total OPEB Liability:

Actuarial Cost Method	Entry Age Normal
Discount Rate	4.05%
Salary Increases	4.00%
Retirement Age	Employees were assumed to retire at age 65, or after 20 years of service, if later.
Mortality	PUB-2010 Amount-Weighted General Healthy mortality tables generationally projected from the year 2010 using Projection Scale MP-2021.
Healthcare Cost Trend Rates	4.00% for each year.
Notes	Changes in assumptions and other inputs include the change in the discount rate from 1.84% as of the beginning of the measurement period to 4.05% as of December 31, 2022. Premiums were updated based on information provided. Updated mortality and withdrawal rates to be derived from those used in the December 31, 2021 Texas County & District Retirement System valuation. These changes are reflected in the Schedule of Changes in Total OPEB Liability. There were no benefit changes during the year.

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CROSBY MUNICIPAL UTILITY DISTRICT
SUPPLEMENTARY INFORMATION – REQUIRED BY THE
WATER DISTRICT FINANCIAL MANAGEMENT GUIDE
DECEMBER 31, 2022

**CROSBY MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED DECEMBER 31, 2022**

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

<u> X </u>	Retail Water	<u> </u>	Wholesale Water	<u> </u>	Drainage
<u> X </u>	Retail Wastewater	<u> </u>	Wholesale Wastewater	<u> </u>	Irrigation
<u> </u>	Parks/Recreation	<u> </u>	Fire Protection	<u> </u>	Security
<u> </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): _____				

2. RETAIL SERVICE PROVIDERS

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

The following rates are based on the rate order effective July 1, 2022.

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons over Minimum Use	Usage Levels
WATER:	\$ 17.50	2,000	N	\$ 4.50	2,001 and over
WASTEWATER:	\$ 24.05	2,000	N	\$ 5.25	2,001 and over
SJRA:				110% of raw water purchased	1,000
District employs winter averaging for wastewater usage?					<u> </u> <u> X </u> Yes No

Total monthly charges per 10,000 gallons usage: Water: \$53.50 Wastewater: \$66.05 Surcharge: \$6.21*

* Includes the SJRA fees plus the TCEQ regulatory fee of 0.5% of water and wastewater charges

See accompanying independent auditor's report.

**CROSBY MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED DECEMBER 31, 2022**

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			x 1.0	
≤¾"	<u>1,280</u>	<u>1,261</u>	x 1.0	<u>1,261</u>
1"	<u>28</u>	<u>28</u>	x 2.5	<u>70</u>
1½"	<u>13</u>	<u>13</u>	x 5.0	<u>65</u>
2"	<u>84</u>	<u>84</u>	x 8.0	<u>672</u>
3"	<u>8</u>	<u>8</u>	x 15.0	<u>120</u>
4"	<u>9</u>	<u>9</u>	x 25.0	<u>225</u>
6"	<u>17</u>	<u>17</u>	x 50.0	<u>850</u>
8"			x 80.0	
10"			x 115.0	
Total Water Connections	<u>1,439</u>	<u>1,420</u>		<u>3,263</u>
Total Wastewater Connections	<u>1,446</u>	<u>1,396</u>	x 1.0	<u>1,396</u>

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

Gallons billed to customers:	150,125,000	Water Accountability Ratio: 72% (Gallons billed/Gallons purchased)
Gallons purchased:	207,262,000	<u>From:</u> San Jacinto River Authority

See accompanying independent auditor's report.

**CROSBY MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED DECEMBER 31, 2022**

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.

**CROSBY MUNICIPAL UTILITY DISTRICT
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2022**

PERSONNEL EXPENDITURES (Including Benefits)	<u>\$ 919,242</u>
PROFESSIONAL FEES:	
Auditing and Accounting Assistance	\$ 46,830
Engineering	80,982
Legal	162,978
Lobbyist	<u>25,000</u>
TOTAL PROFESSIONAL FEES	<u>\$ 315,790</u>
PURCHASED WATER SERVICE	<u>\$ 186,150</u>
UTILITIES	<u>\$ 127,190</u>
REPAIRS AND MAINTENANCE	<u>\$ 179,534</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 28,050
Election Costs	23,610
Insurance	68,341
Uncollectible Accounts	23,492
Administration, Meetings and Travel Costs	13,240
Other	<u>31,598</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 188,331</u>
CAPITAL OUTLAY	<u>\$ 51,626</u>
OTHER EXPENDITURES:	
Chemicals	\$ 106,024
Fuel, Materials and Supplies	119,937
Permit Fees	10,843
Sludge Hauling	<u>62,725</u>
TOTAL OTHER EXPENDITURES	<u>\$ 299,529</u>
TOTAL EXPENDITURES	<u><u>\$ 2,267,392</u></u>

Number of persons employed by the District 9 Full-Time -0- Part-Time

See accompanying independent auditor's report.

CROSBY MUNICIPAL UTILITY DISTRICT
INVESTMENTS
DECEMBER 31, 2022

<u>Funds</u>	<u>Identification or Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Accrued Interest Receivable at End of Year</u>
<u>GENERAL FUND</u>					
TexPool	XXXX0002	Varies	Daily	\$ 2,668,951	\$
TexPool	XXXX0008	Varies	Daily	59,330	
TOTAL GENERAL FUND				<u>\$ 2,728,281</u>	<u>\$ -0-</u>
<u>DEBT SERVICE FUND</u>					
TexPool	XXXX0007	Varies	Daily	<u>\$ 676,469</u>	<u>\$ -0-</u>
<u>CAPITAL PROJECTS FUND</u>					
TexPool	XXXX0001	Varies	Daily	\$ 8,570	\$
TexPool	XXXX0017	Varies	Daily	1,015,844	
TexPool	XXXX0018	Varies	Daily	2,830,963	
TOTAL CAPITAL PROJECTS FUND				<u>\$ 3,855,377</u>	<u>\$ -0-</u>
TOTAL - ALL FUNDS				<u><u>\$ 7,260,127</u></u>	<u><u>\$ -0-</u></u>

See accompanying independent auditor's report.

**CROSBY MUNICIPAL UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Defined Area No. 1 Maintenance Taxes		Defined Area No. 1 Debt Service Taxes		Crosby MUD Debt Service Taxes	
TAXES RECEIVABLE -						
JANUARY 1, 2022	\$ 4,815		\$ -0-		\$ 920,414	
Adjustments to Beginning Balance	<u>(700)</u>	\$ 4,115	<u>-0-</u>	\$ -0-	<u>(4,969)</u>	\$ 915,445
Original 2022 Tax Levy	\$ 109,882		\$ 164,027		\$ 1,519,912	
Adjustment to 2022 Tax Levy	<u>109,882</u>		<u>164,027</u>		<u>247,908</u>	<u>1,767,820</u>
TOTAL TO BE ACCOUNTED FOR		\$ 113,997		\$ 164,027		\$ 2,683,265
TAX COLLECTIONS:						
Prior Years	\$ 4,115		\$		\$ 815,555	
Current Year	<u>77,681</u>	<u>81,796</u>	<u>115,958</u>	<u>115,958</u>	<u>773,670</u>	<u>1,589,225</u>
TAXES RECEIVABLE - DECEMBER 31, 2022		<u>\$ 32,201</u>		<u>\$ 48,069</u>		<u>\$ 1,094,040</u>
TAXES RECEIVABLE BY						
YEAR:						
2022		\$ 32,201		\$ 48,069		\$ 994,150
2021						27,374
2020						8,998
2019						6,076
2018						4,543
2017						4,862
2001 - 2016		<u> </u>		<u> </u>		<u>48,037</u>
TOTAL		<u>\$ 32,201</u>		<u>\$ 48,069</u>		<u>\$ 1,094,040</u>

See accompanying independent auditor's report.

**CROSBY MUNICIPAL UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
PROPERTY VALUATIONS - DISTRICT:				
Land	\$ 159,801,090	\$ 111,385,097	\$ 99,791,412	\$ 89,770,327
Improvements	265,795,102	222,101,695	203,592,758	206,593,840
Personal Property	58,414,431	57,713,361	43,505,497	78,840,358
Exemptions	<u>(65,095,809)</u>	<u>(53,382,546)</u>	<u>(54,266,587)</u>	<u>(70,648,645)</u>
TOTAL DISTRICT	<u>\$ 418,914,814</u>	<u>\$ 337,817,607</u>	<u>\$ 292,623,080</u>	<u>\$ 304,555,880</u>
 TAX RATES PER \$100 VALUATION:				
Debt Service	<u>\$ 0.422</u>	<u>\$ 0.45247</u>	<u>\$ 0.46</u>	<u>\$ 0.49</u>
 ADJUSTED TAX LEVY*	<u>\$ 1,767,820</u>	<u>\$ 1,528,523</u>	<u>\$ 1,346,066</u>	<u>\$ 1,492,324</u>
 PROPERTY VALUATIONS - DEFINED AREA NO. 1:	<u>\$ 31,849,931</u>	<u>\$ 13,370,459</u>	<u>\$ 871,257</u>	<u>\$ 474,553</u>
 TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.515	\$ 0.00	\$ 0.00	\$ 0.00
Maintenance	<u>0.345</u>	<u>0.86</u>	<u>0.86</u>	<u>0.86</u>
TOTAL TAX RATES PER \$100 VALUATION:	<u>\$ 0.860</u>	<u>\$ 0.86</u>	<u>\$ 0.86</u>	<u>\$ 0.86</u>
 ADJUSTED TAX LEVY*	<u>\$ 273,909</u>	<u>\$ 114,986</u>	<u>\$ 7,493</u>	<u>\$ 4,081</u>
 PERCENTAGE OF TOTAL TAXES COLLECTED TO TAXES LEVIED	<u>47.38 %</u>	<u>98.33 %</u>	<u>99.33 %</u>	<u>99.59 %</u>

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

See accompanying independent auditor's report.

CROSBY MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2022

S E R I E S - 2 0 1 1			
Due During Fiscal Years Ending December 31	Principal Due August 15	Interest Due February 15/ August 15	Total
2023	\$ 95,000	\$ 22,238	\$ 117,238
2024	100,000	18,438	118,438
2025	105,000	14,438	119,438
2026	110,000	9,844	119,844
2027	115,000	5,031	120,031
2028			
2029			
2030			
2031			
2032			
2033			
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2036			
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2042			
2043			
2044			
2045			
2046			
2047			
2048			
	<u>\$ 525,000</u>	<u>\$ 69,989</u>	<u>\$ 594,989</u>

See accompanying independent auditor's report.

CROSBY MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2022

REFUNDING SERIES - 2015			
Due During Fiscal Years Ending December 31	Principal Due August 15	Interest Due February 15/ August 15	Total
2023	\$ 355,000	\$ 68,600	\$ 423,600
2024	375,000	54,400	429,400
2025	390,000	39,400	429,400
2026	410,000	23,800	433,800
2027	185,000	7,400	192,400
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
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2043			
2044			
2045			
2046			
2047			
2048			
	<u>\$ 1,715,000</u>	<u>\$ 193,600</u>	<u>\$ 1,908,600</u>

See accompanying independent auditor's report.

CROSBY MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2022

S E R I E S - 2 0 1 7			
Due During Fiscal Years Ending December 31	Principal Due August 15	Interest Due February 15/ August 15	Total
2023	\$ 185,000	\$ 77,150	\$ 262,150
2024	185,000	73,450	258,450
2025	180,000	69,750	249,750
2026	180,000	66,150	246,150
2027	180,000	60,750	240,750
2028	180,000	55,350	235,350
2029	180,000	49,950	229,950
2030	180,000	44,550	224,550
2031	180,000	39,150	219,150
2032	180,000	33,750	213,750
2033	180,000	28,350	208,350
2034	180,000	22,950	202,950
2035	180,000	17,325	197,325
2036	180,000	11,700	191,700
2037	180,000	5,850	185,850
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
	<u>\$ 2,710,000</u>	<u>\$ 656,175</u>	<u>\$ 3,366,175</u>

See accompanying independent auditor's report.

CROSBY MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2022

S E R I E S - 2 0 1 9			
Due During Fiscal Years Ending December 31	Principal Due August 15	Interest Due February 15/ August 15	Total
2023	\$ 160,000	\$ 62,760	\$ 222,760
2024	160,000	59,560	219,560
2025	160,000	56,360	216,360
2026	160,000	53,160	213,160
2027	160,000	49,960	209,960
2028	160,000	46,760	206,760
2029	160,000	43,560	203,560
2030	160,000	40,160	200,160
2031	160,000	36,560	196,560
2032	160,000	32,960	192,960
2033	160,000	29,160	189,160
2034	160,000	25,360	185,360
2035	160,000	21,360	181,360
2036	155,000	17,360	172,360
2037	155,000	13,098	168,098
2038	155,000	8,835	163,835
2039	155,000	4,417	159,417
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
	<u>\$ 2,700,000</u>	<u>\$ 601,390</u>	<u>\$ 3,301,390</u>

See accompanying independent auditor's report.

CROSBY MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2022

S E R I E S - 2 0 2 2			
Due During Fiscal Years Ending December 31	Principal Due August 15	Interest Due February 15/ August 15	Total
2023	\$ 150,000	\$ 52,275	\$ 202,275
2024	150,000	50,775	200,775
2025	150,000	49,088	199,088
2026	150,000	47,400	197,400
2027	150,000	45,338	195,338
2028	150,000	43,275	193,275
2029	150,000	40,275	190,275
2030	150,000	37,275	187,275
2031	150,000	34,275	184,275
2032	150,000	31,275	181,275
2033	150,000	28,275	178,275
2034	150,000	25,275	175,275
2035	150,000	22,275	172,275
2036	150,000	19,275	169,275
2037	150,000	16,088	166,088
2038	150,000	12,900	162,900
2039	150,000	9,712	159,712
2040	145,000	6,525	151,525
2041	145,000	3,262	148,262
2042			
2043			
2044			
2045			
2046			
2047			
2048			
	<u>\$ 2,840,000</u>	<u>\$ 574,838</u>	<u>\$ 3,414,838</u>

See accompanying independent auditor's report.

CROSBY MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2022

DEFINED AREA NO. 1 SERIES - 2022

Due During Fiscal Years Ending December 31	Principal Due August 15	Interest Due February 15/ August 15	Total
2023	\$	\$ 149,771	\$ 149,771
2024	90,000	222,800	312,800
2025	95,000	218,300	313,300
2026	95,000	213,550	308,550
2027	100,000	208,800	308,800
2028	105,000	203,800	308,800
2029	110,000	198,550	308,550
2030	115,000	193,050	308,050
2031	120,000	187,300	307,300
2032	125,000	181,150	306,150
2033	130,000	174,744	304,744
2034	135,000	167,756	302,756
2035	145,000	160,500	305,500
2036	150,000	152,706	302,706
2037	160,000	144,644	304,644
2038	165,000	135,844	300,844
2039	175,000	126,768	301,768
2040	185,000	117,144	302,144
2041	195,000	106,738	301,738
2042	205,000	95,768	300,768
2043	215,000	84,238	299,238
2044	225,000	71,875	296,875
2045	235,000	58,938	293,938
2046	250,000	45,425	295,425
2047	265,000	31,050	296,050
2048	275,000	15,812	290,812
	<u>\$ 4,065,000</u>	<u>\$ 3,667,021</u>	<u>\$ 7,732,021</u>

See accompanying independent auditor's report.

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CROSBY MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2022

ANNUAL REQUIREMENTS
FOR ALL SERIES

Due During Fiscal Years Ending December 31	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2023	\$ 945,000	\$ 432,794	\$ 1,377,794
2024	1,060,000	479,423	1,539,423
2025	1,080,000	447,336	1,527,336
2026	1,105,000	413,904	1,518,904
2027	890,000	377,279	1,267,279
2028	595,000	349,185	944,185
2029	600,000	332,335	932,335
2030	605,000	315,035	920,035
2031	610,000	297,285	907,285
2032	615,000	279,135	894,135
2033	620,000	260,529	880,529
2034	625,000	241,341	866,341
2035	635,000	221,460	856,460
2036	635,000	201,041	836,041
2037	645,000	179,680	824,680
2038	470,000	157,579	627,579
2039	480,000	140,897	620,897
2040	330,000	123,669	453,669
2041	340,000	110,000	450,000
2042	205,000	95,768	300,768
2043	215,000	84,238	299,238
2044	225,000	71,875	296,875
2045	235,000	58,938	293,938
2046	250,000	45,425	295,425
2047	265,000	31,050	296,050
2048	275,000	15,812	290,812
	<u>\$ 14,555,000</u>	<u>\$ 5,763,013</u>	<u>\$ 20,318,013</u>

See accompanying independent auditor's report.

**CROSBY MUNICIPAL UTILITY DISTRICT
ANALYSIS OF CHANGES IN LONG-TERM DEBT
FOR THE YEAR ENDED DECEMBER 31, 2022**

Description	Original Bonds Issued	Bonds Outstanding January 1, 2022
Crosby Municipal Utility District Unlimited Tax Bonds - Series 2011	\$ 1,920,000	\$ 620,000
Crosby Municipal Utility District Unlimited Tax Refunding Bonds - Series 2015	3,315,000	2,055,000
Crosby Municipal Utility District Unlimited Tax Bonds - Series 2017	3,700,000	2,895,000
Crosby Municipal Utility District Unlimited Tax Bonds - Series 2019	3,250,000	2,860,000
Crosby Municipal Utility District Unlimited Tax Bonds - Series 2022	3,050,000	
Crosby Municipal Utility District Defined Area No. 1 Unlimited Tax Bonds - Series 2022	4,065,000	
TOTAL	<u>\$ 19,300,000</u>	<u>\$ 8,430,000</u>

Bond Authority:	Tax Bonds	Defined Area No. 1 Tax Bonds	Defined Area No. 2 Tax Bonds
Amount Authorized by Voters	\$ 10,000,000	\$ 15,000,000	\$ 42,000,000
Amount Issued	<u>10,000,000</u>	<u>4,065,000</u>	
Remaining to be Issued	<u>\$ - 0 -</u>	<u>\$ 10,935,000</u>	<u>\$ 42,000,000</u>

Debt Service Fund cash and investment balances as of
December 31, 2022: \$ 2,651,786

Average annual debt service payment (principal and interest) for remaining term
of all debt: \$ 781,462

See Note 3 for interest rates, interest payment dates and maturity dates.

See accompanying independent auditor's report.

Current Year Transactions					
Bonds Sold	Retirements		Bonds Outstanding December 31, 2022	Paying Agent	
	Principal	Interest			
\$	\$ 95,000	\$ 25,848	\$ 525,000	Wells Fargo Bank Austin, TX	
	340,000	82,200	1,715,000	US Bank Minneapolis, MN	
	185,000	80,850	2,710,000	Wells Fargo Bank Austin, TX	
	160,000	65,960	2,700,000	Wells Fargo Bank Austin, TX	
3,050,000	210,000	26,885	2,840,000	UMB Bank, N.A. Houston, TX	
<u>4,065,000</u>			<u>4,065,000</u>	UMB Bank, N.A. Houston, TX	
<u>\$ 7,115,000</u>	<u>\$ 990,000</u>	<u>\$ 281,743</u>	<u>\$ 14,555,000</u>		
 <u>Revenue Bonds</u>					
\$ 2,885,000					
<u>2,885,000</u>					
<u>\$ - 0 -</u>					

See accompanying independent auditor's report.

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

	Amounts		
	2022	2021	2020
REVENUES			
Water and Wastewater Service	\$ 2,066,203	\$ 1,912,164	\$ 1,869,850
Penalty and Interest	53,535	44,445	29,119
Tap Connection and Inspection Fees	295,064	225,850	264,097
Property Taxes - Defined Area	114,286	7,493	4,081
Investment and Miscellaneous Revenues	96,812	66,236	60,978
TOTAL REVENUES	<u>\$ 2,625,900</u>	<u>\$ 2,256,188</u>	<u>\$ 2,228,125</u>
EXPENDITURES			
Personnel	\$ 919,242	\$ 1,037,536	\$ 1,003,901
Professional Fees	315,790	300,783	243,873
Purchased Water Service	186,150	180,675	175,680
Utilities	127,190	135,195	99,830
Repairs and Maintenance	179,534	167,474	245,308
Other	487,860	413,050	420,854
Capital Outlay	51,626	2,827	16,387
TOTAL EXPENDITURES	<u>\$ 2,267,392</u>	<u>\$ 2,237,540</u>	<u>\$ 2,205,833</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 358,508</u>	<u>\$ 18,648</u>	<u>\$ 22,292</u>
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	<u>\$ 35,821</u>	<u>\$ - 0 -</u>	<u>\$ (176,602)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 394,329</u>	<u>\$ 18,648</u>	<u>\$ (154,310)</u>
BEGINNING FUND BALANCE	<u>2,957,855</u>	<u>2,939,207</u>	<u>3,093,517</u>
ENDING FUND BALANCE	<u><u>\$ 3,352,184</u></u>	<u><u>\$ 2,957,855</u></u>	<u><u>\$ 2,939,207</u></u>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2019	2018	2022	2021	2020	2019	2018
\$ 1,971,383	\$ 2,193,047	78.7 %	84.8 %	83.9 %	85.5 %	82.6 %
80,682	70,797	2.0	2.0	1.3	3.5	2.7
148,825	48,959	11.2	10.0	11.9	6.4	1.8
		4.4	0.3	0.2		
106,564	338,577	3.7	2.9	2.7	4.6	12.8
\$ 2,307,454	\$ 2,651,380	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
\$ 1,012,937	\$ 891,880	35.0 %	46.0 %	45.1 %	43.9 %	33.6 %
266,449	288,615	12.0	13.3	10.9	11.5	10.9
161,975	159,490	7.1	8.0	7.9	7.0	6.0
131,585	135,513	4.8	6.0	4.5	5.7	5.1
261,085	203,433	6.8	7.4	11.0	11.3	7.7
284,108	276,218	18.6	18.3	18.9	12.3	10.4
153,497	247,109	2.0	0.1	0.7	6.7	9.3
\$ 2,271,636	\$ 2,202,258	86.3 %	99.1 %	99.0 %	98.4 %	83.0 %
\$ 35,818	\$ 449,122	13.7 %	0.9 %	1.0 %	1.6 %	17.0 %
\$ (107)	\$ - 0 -					
\$ 35,711	\$ 449,122					
3,057,806	2,608,684					
\$ 3,093,517	\$ 3,057,806					

See accompanying independent auditor's report.

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

	Amounts		
	2022	2021	2020
REVENUES			
Property Taxes	\$ 1,545,240	\$ 1,356,543	\$ 1,467,926
Penalty and Interest	28,300	33,240	50,294
Investment and Miscellaneous Revenues	13,898	34,926	43,337
TOTAL REVENUES	<u>\$ 1,587,438</u>	<u>\$ 1,424,709</u>	<u>\$ 1,561,557</u>
EXPENDITURES			
Tax Collection Expenditures	\$ 47,828	\$ 60,684	\$ 48,314
Debt Service Principal	990,000	1,170,000	1,095,000
Debt Service Interest and Fees	285,293	297,742	298,290
TOTAL EXPENDITURES	<u>\$ 1,323,121</u>	<u>\$ 1,528,426</u>	<u>\$ 1,441,604</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 264,317</u>	<u>\$ (103,717)</u>	<u>\$ 119,953</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	\$ 100	\$	\$
Proceeds from Issuance of Long-Term Debt	235,174		
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ 235,274</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
NET CHANGE IN FUND BALANCE	\$ 499,591	\$ (103,717)	\$ 119,953
BEGINNING FUND BALANCE	<u>1,211,724</u>	<u>1,315,441</u>	<u>1,195,488</u>
ENDING FUND BALANCE	<u>\$ 1,711,315</u>	<u>\$ 1,211,724</u>	<u>\$ 1,315,441</u>
TOTAL ACTIVE RETAIL WATER CONNECTIONS	<u>1,420</u>	<u>1,304</u>	<u>1,258</u>
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	<u>1,396</u>	<u>1,249</u>	<u>1,244</u>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2019	2018	2022	2021	2020	2019	2018
\$ 1,492,333	\$ 1,372,445	97.3 %	95.2 %	94.0 %	95.5 %	94.9 %
57,773	71,917	1.8	2.3	3.2	3.7	5.0
12,947	908	0.9	2.5	2.8	0.8	0.1
<u>\$ 1,563,053</u>	<u>\$ 1,445,270</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 44,335	\$ 60,966	3.0 %	4.3 %	3.1 %	2.8 %	4.2 %
955,000	990,000	62.4	82.1	70.1	61.1	68.5
281,431	277,528	18.0	20.9	19.1	18.0	19.2
<u>\$ 1,280,766</u>	<u>\$ 1,328,494</u>	<u>83.4 %</u>	<u>107.3 %</u>	<u>92.3 %</u>	<u>81.9 %</u>	<u>91.9 %</u>
\$ 282,287	\$ 116,776	16.6 %	(7.3) %	7.7 %	18.1 %	8.1 %
\$	\$					
<u>\$ - 0 -</u>	<u>\$ - 0 -</u>					
\$ 282,287	\$ 116,776					
913,201	796,425					
<u>\$ 1,195,488</u>	<u>\$ 913,201</u>					
1,170	1,153					
1,130	1,113					

See accompanying independent auditor's report.

**CROSBY MUNICIPAL UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
DECEMBER 31, 2022**

District Mailing Address - Crosby Municipal Utility District
P.O. Box 249
Crosby, Texas 77532

District Telephone Number - (281) 328-4242

Board Members	Term of Office (Elected or Appointed)	Fees of office for the year ended December 31, 2022	Expense reimbursements for the year ended December 31, 2022	Title
Steve Schreiber	05/2021 05/2025 (Elected)	\$ 7,200	\$ 97	President
Eddie Foster	05/2019 05/2023 (Elected)	\$ 5,100	\$ 937	Vice President
Donna Davenport	01/2020 05/2023 (Appointed)	\$ 5,250	\$ 86	Treasurer/ Investment Officer
Wesley Zarsky	05/2021 05/2025 (Elected)	\$ 5,100	\$ -0-	Secretary
Diane Feland	11/2020 05/2023 (Appointed)	\$ 5,400	\$ 84	Assistant Secretary

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: May 30, 2023

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

See accompanying independent auditor's report.

**CROSBY MUNICIPAL UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
DECEMBER 31, 2022**

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended December 31, 2022</u>	<u>Title</u>
Baker, Williams, Matthieson LLP	2017	\$ 162,978 \$ 187,990	General Counsel Bond Counsel
McCall Gibson Swedlund Barfoot PLLC	12/15/20	\$ 40,000 \$ 15,750	Auditor AUP & Bond Related
San Jacinto Tax Service	04/17/01	\$ 13,323	Tax Assessor
IDS Engineering Group	05/04/04	\$ 274,778	Engineer
Perdue Brandon Fielder Collins & Mott LLP	2018	\$ 7,729	Delinquent Tax Attorney
Hilltop Securities, Inc.		\$ 150,891	Financial Advisor

See accompanying independent auditor's report.

McCALL GIBSON SWEDLUND BARFOOT PLLC

Certified Public Accountants

13100 Wortham Center Drive
Suite 235
Houston, Texas 77065-5610
(713) 462-0341
Fax (713) 462-2708

PO Box 29584
Austin, TX 78755-5126
(512) 610-2209
www.mgsbpllc.com
E-Mail: mgsb@mgsbpllc.com

June 6, 2023

Board of Directors
Crosby Municipal Utility District

We have audited the financial statements of the governmental activities and each major fund of Crosby Municipal Utility District (the "District") for the year ended December 31, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you in our audit engagement letter dated December 15, 2020, and subsequent audit continuance letters. Professional standards also require that we communicate to you the following information related to our audit. For the purposes of this letter, the term "management" refers to the Board of Directors and/or District consultants.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. Significant accounting policies used by the District, including new accounting policies, if any, that have been adopted and implemented during the current fiscal year, are discussed in Note 2. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period. The financial statement disclosures are neutral, consistent, and clear.

Accounting estimates are an integral part of the financial statements and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's financial statements were management's estimate of depreciable lives of capital assets and amounts recorded as due to developer. Depreciation of infrastructure assets is based on industry wide accepted estimated useful lives taken on a straight-line basis, or on the life of the applicable contract in the case of intangible assets. Amounts shown as due to developer are based on final construction costs plus an estimated 15% for engineering and other fees. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The District's Bookkeeper and Board of Directors will be provided with all such adjustments.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 6, 2023.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We were engaged to perform the following non-attest services for the District: (1) preparation of financial statements and related notes and schedules in conformity with accounting principles generally accepted in the United States of America and (2) preparation of the capital assets schedules. These services were performed based on information provided by you. We performed these services in accordance with applicable professional standards. The non-attest services we performed are limited to those specifically defined and did not result in assuming management responsibilities.

We applied certain limited procedures to the Management's Discussion and Analysis, budgetary comparison schedule for the General Fund, and the pension and OPEB related schedules which are required supplementary information ("RSI") that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on supplementary information required by the Texas Commission on Environmental Quality, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Board of Directors of the District and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,



McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

Crosby MUD
Trial Balance Worksheet - Grouped by Type

Account	Type	Description	12/31/21 Adjusted Balance	12/31/22 Unadjusted Balance	Adjusting JE Adjustments	12/31/22 Adjusted Balance	12/31/22 WP Reference
1-1110	A	CASH - G.F.	678,145.32	489,925.98		489,925.98	B-1
1-1115	A	DEFINED AREA 1 M&O FUND	8,269.46	66,824.08		66,824.08	B-1
1-1118	A	PETTY CASH	500.00	500.00		500.00	B-1-1
1-1131	A	CD (TEXPOOL)	2,181,031.27	2,668,951.31		2,668,951.31	B-1
1-1150	A	SERVICES A/R	177,366.66	224,689.12		224,689.12	E-1
1-1155	A	Taxes Receivable-Defined Area 1	4,815.40	4,815.40		32,201.35	D-1a
		GOF #14 To adjust per tax analysis			27,385.95		
1-1156	A	MISC A/R	0.00	21,661.84		0.00	
		GOF #8 To reclass engineering to Capital Account			(21,661.84)		
1-1157	A	SERVICE ACCOUNTS REC. - ISF	0.00	475.00		475.00	Pass
1-1178	A	Due from Tax-Defined Area 1	107,979.04	107,979.04		76,980.73	D-1a/A-4
		GOF #14 To adjust per tax analysis			(30,998.31)		
1-1179.01	A	DUE FROM CPF 2022	0.00	0.00		3,625.00	I-2/A-10
		GOF #12 TO adjust per transfer and cy eng exp			3,625.00		
1-1180.01	A	Due From Defined Area Construction	0.00	0.00		53,209.51	I-2/A-11
		GOF #13 To adjust Due from Defined Area for Bond App Costs			53,209.51		
1-1300	A	PREPAID EXPENSES	23,492.19	23,492.19		0.00	
		GOF #11 To Write off stale dated prepaid			(23,492.19)		
Total Assets			<u>3,181,599.34</u>	<u>3,609,313.96</u>	<u>8,068.12</u>	<u>3,617,382.08</u>	
1-2000	L	ACCOUNTS PAYABLE	(56,532.88)	(56,765.04)		(51,142.27)	N-1
		GOF #2 To reverse payables into acct accrued in py			47,038.92		
		GOF #4 To reverse prior tceq put into AP in py, reaccrue cy TCEQ payable			9,726.12		
		GOF #7 To adjust for Dec Legal 2022, Dec eng, SJRA			(51,142.27)		
1-2100	L	A/P	0.00	302.50		0.00	N-1
		GOF #2 To reverse payables into acct accrued in py			(47,038.92)		
		GOF #5 To wipe out cy expense already taken in py			46,736.42		
1-2110	L	TCEQ FEES PAYABLE	(9,506.77)	(9,803.68)		(10,116.15)	E-1
		GOF #3 To adjust TWC Revenue Put into TCEQ Payable			9,803.68		
		GOF #4 To reverse prior tceq put into AP in py, reaccrue cy TCEQ payable			(10,116.15)		
1-2112	L	FICA PAY	516.81	516.81		516.81	Pass
1-2113	L	W/H PAY	3.00	3.00		3.00	Pass
1-2114	L	EMPLOYEE RETIREMENT PAYABLE	(12,489.68)	(12,931.56)		(12,931.56)	R-6
1-2115	L	GROUP INS PAY	9,926.55	11,882.12		11,882.12	R-1-1
1-2118	L	SUTA PAYABLE	0.00	31.24		31.24	Pass
1-2120	L	ACCRUED WAGES	(11,886.70)	(11,886.70)		(11,886.70)	R-3

Crosby MUD
Trial Balance Worksheet - Grouped by Type

Account	Type	Description	12/31/21 Adjusted Balance	12/31/22 Unadjusted Balance	Adjusting JE Adjustments	12/31/22 Adjusted Balance	12/31/22 WP Reference
1-2161	L	CUSTOMER METER DEP	(226,475.00)	(258,036.24)		(258,036.24)	E-1-2
1-2162	L	CONTRACTOR DEPOSIT	(12,050.00)	0.00		(4,000.00)	P-2
		GOF #1 To adjust FUND Balance to match Py audit Report			(4,000.00)		
1-2164	L	ANNEXATION FEES	22,731.28	(23,773.81)		(1,691.02)	F-1
		GOF #1 To adjust FUND Balance to match Py audit Report			22,731.28		
		GOF #5 To wipe out cy expense already taken in py			(14,615.41)		
		GOF #6 To reclass Legal Services regarding annexes			2,135.00		
		GOF #7 To adjust for Dec Legal 2022, Dec eng, SJRA			6,637.31		
		GOF #9 To reclass eng based on testwork			(2,165.19)		
		GOF #10 To reclass annex- true up starlight to actual owed			7,359.80		
1-2200	L	Deferred Taxes-Defined Area 1	(114,985.80)	(114,985.80)		(109,882.26)	D-1a
		GOF #14 To adjust per tax analysis			5,103.54		
		Total Liabilities	<u>(410,749.19)</u>	<u>(475,447.16)</u>	<u>28,194.13</u>	<u>(447,253.03)</u>	
1-3000	Q	FUND BALANCE	(2,710,686.35)	(2,752,118.87)		(2,770,850.98)	~
		GOF #1 To adjust FUND Balance to match Py audit Report			(18,732.11)		
1-3010	Q	Prior Period Adjustment	(62,540.95)	0.00		0.00	W-1
1-8930	Q	TRANSFER TO 2022 BOND SERIES	0.00	100.00		100.00	Pass
1-8931	Q	TRANSFER TO DA 1 CONSTRUCTION	0.00	100.00		100.00	A-11
1-8932	Q	TRANSFER TO DA 1 DEBT SERVICE	0.00	100.00		100.00	A-10
		Total Equity	<u>(2,773,227.30)</u>	<u>(2,751,818.87)</u>	<u>(18,732.11)</u>	<u>(2,770,550.98)</u>	
		Total Liabilities & Equity	<u>(3,183,976.49)</u>	<u>(3,227,266.03)</u>	<u>9,462.02</u>	<u>(3,217,804.01)</u>	
1-4100	R	WATER REV	(924,911.12)	(1,008,480.48)		(1,008,090.45)	E-1
		GOF #4 To reverse prior tceq put into AP in py, reaccrue cy TCEQ payable			390.03		
1-4110	R	WATER TAP	(178,780.17)	(222,680.74)		(222,680.74)	V-1
1-4111	R	SJRA fee	0.00	(48,650.15)		(48,650.15)	E-1
1-4200	R	SEWER	(987,252.92)	(1,058,113.02)		(1,058,113.02)	E-1
1-4201	R	GREASE TRAP INSP	(37,260.00)	(43,807.16)		(43,807.16)	E-1
1-4210	R	SEWER TAP FEES	(9,810.00)	(28,575.78)		(28,575.78)	V-1
1-4330	R	CUT OFF PENTALTIES	(44,444.64)	(53,534.77)		(53,534.77)	E-1
1-4400	R	M&O INCOME TAX- DEFINED AREA No. 1	(7,492.81)	(112,794.44)		(114,285.62)	D-1a
		GOF #14 To adjust per tax analysis			(1,491.18)		
1-5340	R	TWC WATER REVENUE	0.00	0.00		(9,803.68)	E-1
		GOF #3 To adjust TWC Revenue Put into TCEQ Payable			(9,803.68)		
1-5391	R	INTEREST INCOME	(995.26)	(38,461.14)		(38,461.14)	W-1

Crosby MUD
Trial Balance Worksheet - Grouped by Type

Account	Type	Description	12/31/21 Adjusted Balance	12/31/22 Unadjusted Balance	Adjusting JE Adjustments	12/31/22 Adjusted Balance	12/31/22 WP Reference
1-5392	R	TCEQ FEE	(9,506.77)	0.00		0.00	E-1
1-5394	R	SALE OF METER AND SCRAP	(118.00)	0.00		0.00	Pass
1-5397	R	RET'D CKS FEES	(75.00)	0.00		0.00	Pass
1-5398	R	RETURN CHECK CHARGE	0.00	(105.00)		(105.00)	Pass
1-5399	R	MISC	(37,168.48)	1,225.26		1,225.26	V-2
1-6327.01	R	STARLIGHT ELECTION- DEF AREA 2	0.00	(9,536.18)		(8,461.20)	F-1
		GOF #6 To reclass Legal Services regarding annexes			7,487.20		
		GOF #7 To adjust for Dec Legal 2022, Dec eng, SJRA			947.58		
		GOF #10 To reclass annex- true up starlight to actual owed			(7,359.80)		
Total Revenue			<u>(2,237,815.17)</u>	<u>(2,623,513.60)</u>	<u>(9,829.85)</u>	<u>(2,633,343.45)</u>	
1-6100	E	BULK WATER	180,675.00	185,685.00		186,150.00	W-6
		GOF #5 To wipe out cy expense already taken in py			(15,345.00)		
		GOF #7 To adjust for Dec Legal 2022, Dec eng, SJRA			15,810.00		
1-6111	E	SALARY AND WAGES	250,530.23	220,644.88		220,644.88	R-1
1-6113	E	GROUP INS PREM	48,781.31	42,307.22		42,307.22	R-1-1
1-6114	E	EMP RETIRE PREM	17,673.79	18,648.63		18,648.63	R-6
1-6115	E	WORKERS COMP	4,189.34	4,699.18		4,699.18	PASS
1-6134	E	CONTRACT LABOR	58,136.17	24,462.70		24,462.70	W-1-1
1-6135	E	MAINT & REPAIR	8,663.51	1,624.52		1,624.52	W-1-1
1-6136	E	SLUDGE REMOVAL	0.00	10,179.67		10,179.67	W-4-1
1-6141	E	FUEL AND LUBRICANTS	12,663.41	14,097.99		14,097.99	Pass
1-6142	E	CHEMICALS	91,232.06	82,053.60		82,053.60	W-1
1-6144	E	MAT & SUPPLIES	46,585.63	52,367.99		52,367.99	W-1-1
1-6145	E	METER EXP	49,046.38	68,578.87		68,578.87	W-1-1
1-6148	E	SAFETY SUPPLIES	665.54	733.09		733.09	Pass
1-6153	E	INS & SURETY BONDS	15,909.00	18,122.01		18,122.01	Pass
1-6155	E	PERMITS	9,023.95	4,645.05		4,645.05	Pass
1-6156	E	UNIFORM RENTAL (PURCHASE)	216.45	252.81		252.81	Pass
1-6157	E	RENT	1,289.42	1,220.50		1,220.50	Pass
1-6159	E	MISCELLANEOUS EXPENSE	6,180.11	2,298.08		2,298.08	Pass
1-6160	E	EDUCATION	6,223.12	887.61		887.61	Pass
1-6161	E	WATER CONSERVATION	125.00	4,647.00		4,647.00	Pass
1-6211	E	SALARY AND WAGES	250,530.20	220,644.81		220,644.81	R-1
1-6213	E	GROUP INS	48,783.05	42,312.89		42,312.89	R-1-1
1-6214	E	EMP RETIRE PREM	17,673.79	18,677.92		18,677.92	R-6
1-6215	E	WORKERS COMP	4,189.33	4,699.17		4,699.17	PASS
1-6234	E	CONTRACT LABOR	8,529.32	34,160.24		34,160.24	W-1-1
1-6235	E	MAINT & REPAIR	1,544.87	702.48		702.48	W-1-1
1-6236	E	SLUDGE REMOVAL	35,811.91	52,544.83		52,544.83	W-1

Crosby MUD
Trial Balance Worksheet - Grouped by Type

Account	Type	Description	12/31/21 Adjusted Balance	12/31/22 Unadjusted Balance	Adjusting JE Adjustments	12/31/22 Adjusted Balance	12/31/22 WP Reference
1-6241	E	FUEL AND LUBRICANTS	12,663.31	11,291.26		11,291.26	Pass
1-6242	E	CHEMICALS	24,255.72	23,969.84		23,969.84	Pass
1-6244	E	MAT & SUPPLIES	28,446.28	30,551.87		30,551.87	W-1-1
1-6248	E	SAFETY SUPPLIES	662.57	1,027.39		1,027.39	Pass
1-6253	E	SECURITY BOND PREMIUMS	15,909.00	18,122.01		18,122.01	PASS
1-6255	E	PERMITS	3,749.04	6,198.09		6,198.09	Pass
1-6256	E	UNIFORM RENTAL (PURCHASE)	216.46	252.81		252.81	Pass
1-6257	E	RENT	184.90	142.50		142.50	Pass
1-6259	E	OTHER EXP	2,294.54	2,347.87		2,347.87	Pass
1-6260	E	EDUCATION	509.88	437.61		437.61	Pass
1-6310	E	DIRECTORS FEES	27,000.00	28,050.00		28,050.00	W-4
1-6311	E	SALARY AND WAGES	235,079.78	202,352.37		202,352.37	R-1
1-6312	E	EMP RETIRE PREM	53,929.32	47,114.43		47,114.43	R-1
1-6313	E	GROUP INS PREM	62,355.16	56,301.49		56,301.49	R-1-1
1-6314	E	EMPLOYEE RETIREMENT	16,082.20	16,674.78		16,674.78	R-6
1-6315	E	WORKERS COMP	4,189.33	4,576.65		4,576.65	Pass
1-6317	E	UNEMPLOYMENT	2,770.20	56.57		56.57	R-1
1-6320	E	LEGAL	157,903.61	164,098.34		162,977.71	W-2
		GOF #5 To wipe out cy expense already taken in py			(8,923.25)		
		GOF #6 To reclass Legal Services regarding annexes			(9,622.20)		
		GOF #7 To adjust for Dec Legal 2022, Dec eng, SJRA			17,424.82		
1-6321	E	AUDITING	40,875.00	48,580.00		48,580.00	W-4-1
1-6322	E	ENGINEERING FEES	104,830.80	133,179.86		79,232.41	W-3
		GOF #5 To wipe out cy expense already taken in py			(8,155.26)		
		GOF #7 To adjust for Dec Legal 2022, Dec eng, SJRA			10,271.18		
		GOF #8 To reclass engineering to Capital Account			(9,482.05)		
		GOF #9 To reclass eng based on testwork			2,165.19		
		GOF #12 TO adjust per transfer and cy eng exp			(5,700.00)		
		GOF #13 To adjust Due from Defined Area for Bond App Costs			(43,046.51)		
1-6324	E	Lobbyist Fees & Expenses	0.00	25,000.00		25,000.00	W-4-1
1-6325	E	ELECTION EXPENSES	0.00	23,609.98		23,609.98	W-4-1
1-6330	E	PROFESSIONAL FEES	0.00	674.00		674.00	Pass
1-6334	E	CONTRACT LABOR	41,553.84	50,004.97		50,004.97	W-1-1
1-6338	E	LEGAL NOTICES	262.08	1,115.88		1,115.88	Pass
1-6339	E	MEDICAL EXPENSE	0.00	330.00		330.00	Pass
1-6340	E	PRINTING & OFFICE	9,255.13	3,940.39		3,940.39	Pass
1-6348	E	SAFETY SUPPLIES	0.00	9,362.29		9,362.29	W-1
1-6350	E	POSTAGE	7,524.51	0.00		0.00	W-1

Crosby MUD
Trial Balance Worksheet - Grouped by Type

Account	Type	Description	12/31/21 Adjusted Balance	12/31/22 Unadjusted Balance	Adjusting JE Adjustments	12/31/22 Adjusted Balance	12/31/22 WP Reference
1-6351	E	TELEPHONE	7,479.69	8,589.86		8,589.86	Pass
1-6352	E	UTILITIES	127,715.45	118,599.62		118,599.62	W-1
1-6353.000	E	SECURITY BOND PREMIUM	16,521.00	18,121.98		18,121.98	PASS
1-6354	E	TRAVEL	4,298.02	2,399.07		2,399.07	W-4
1-6356	E	UNIFORM RENTAL (PURCHASE)	404.50	0.00		0.00	Pass
1-6357	E	RENTS AND LEASES	3,303.53	3,095.14		3,095.14	Pass
1-6359.000	E	MISCELLANEOUS EXPENSE	7,601.62	6,402.25		30,249.15	Pass
		GOF #1 To adjust FUND Balance to match Py audit Report			0.83		
		GOF #5 To wipe out cy expense already taken in py			302.50		
		GOF #7 To adjust for Dec Legal 2022, Dec eng, SJRA			51.38		
		GOF #11 To Write off stale dated prepaid			23,492.19		
1-6361.01	E	TOWER SUBSCRIPTIONS	0.00	9,547.07		9,547.07	W-1
1-6370	E	TCEQ Assessment Fees	9,493.96	10,163.00		0.00	E-1
		GOF #13 To adjust Due from Defined Area for Bond App Costs			(10,163.00)		
1-8912	E	TRANSFER TO CAPITAL	0.00	(38,196.31)		(36,121.31)	I-2
		GOF #12 TO adjust per transfer and cy eng exp			2,075.00		
1-8915	E	TRANS GFA	0.00	25,482.00		5,000.00	W-4-1
		GOF #8 To reclass engineering to Capital Account			(20,482.00)		
1-8925	E	TRSF TO HRA ACCOUNT	36,000.00	36,000.00		36,000.00	A-3/W-4-1
1-8926.01	E	CAPITAL OUTLAY	0.00	0.00		51,625.89	I-2
		GOF #8 To reclass engineering to Capital Account			51,625.89		
Total Expense			<u>2,240,192.32</u>	<u>2,241,465.67</u>	<u>(7,700.29)</u>	<u>2,233,765.38</u>	
Totals			<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	
Net Profit/(Loss)			<u>(2,377.15)</u>	<u>382,047.93</u>	<u>17,530.14</u>	<u>399,578.07</u>	

Crosby MUD
Adjusting Journal Entries

January 1, 2022 - December 31, 2022

Date	Reference	Account	Description	WP Reference	Debit	Credit	Net Income Effect
Adjusting Journal Entries							
12/31/22	GOF #1		To adjust FUND Balance to match Py 1				(0.83)
			audit Report				
		1-2162	CONTRACTOR DEPOSIT			4,000.00	
		1-2164	ANNEXATION FEES		22,731.28		
		1-3000	FUND BALANCE			18,732.11	
		1-6359.000	MISCELLANEOUS EXPENSE		0.83		
12/31/22	GOF #2		To reverse payables into acct accrued 1				0.00
			in py				
		1-2100	A/P			47,038.92	
		1-2000	ACCOUNTS PAYABLE		47,038.92		
12/31/22	GOF #3		To adjust TWC Revenue Put into 1				9,803.68
			TCEQ Payable				
		1-2110	TCEQ FEES PAYABLE		9,803.68		
		1-5340	TWC WATER REVENUE			9,803.68	
12/31/22	GOF #4		To reverse prior tceq put into AP in 1				(390.03)
			py, reaccrue cy TCEQ payable				
		1-2000	ACCOUNTS PAYABLE		9,726.12		
		1-2110	TCEQ FEES PAYABLE			10,116.15	
		1-4100	WATER REV		390.03		
12/31/22	GOF #5		To wipe out cy expense already taken 1				32,121.01
			in py				
		1-2164	ANNEXATION FEES			14,615.41	
		1-6320	LEGAL			8,923.25	
		1-6100	BULK WATER			15,345.00	
		1-6322	ENGINEERING FEES			8,155.26	
		1-6359.000	MISCELLANEOUS EXPENSE		302.50		
		1-2100	A/P		46,736.42		
12/31/22	GOF #6		To reclass Legal Services regarding 1				2,135.00
			annexes				
		1-6327.01	STARLIGHT ELECTION- DEF AREA 2		7,487.20		
		1-2164	ANNEXATION FEES		2,135.00		
		1-6320	LEGAL			9,622.20	
12/31/22	GOF #7		To adjust for Dec Legal 2022, Dec 1				(44,504.96)
			eng, SJRA				
		1-6320	LEGAL		17,424.82		
		1-2000	ACCOUNTS PAYABLE			51,142.27	
		1-6359.000	MISCELLANEOUS EXPENSE		51.38		

Crosby MUD
Adjusting Journal Entries

January 1, 2022 - December 31, 2022

Date	Reference	Account	Description	WP Reference	Debit	Credit	Net Income Effect
		1-6100	BULK WATER		15,810.00		
		1-6327.01	STARLIGHT ELECTION- DEF AREA 2		947.58		
		1-2164	ANNEXATION FEES		6,637.31		
		1-6322	ENGINEERING FEES		10,271.18		
12/31/22	GOF #8		To reclass engineering to Capital Account	1			(21,661.84)
		1-8926.01	CAPITAL OUTLAY		51,625.89		
		1-8915	TRANS GFA			20,482.00	
		1-1156	MISC A/R			21,661.84	
		1-6322	ENGINEERING FEES			9,482.05	
12/31/22	GOF #9		To reclass eng based on testwork	1			(2,165.19)
		1-2164	ANNEXATION FEES			2,165.19	
		1-6322	ENGINEERING FEES		2,165.19		
12/31/22	GOF #10		To reclass annex- true up starlight to actual owed	1			7,359.80
		1-6327.01	STARLIGHT ELECTION- DEF AREA 2			7,359.80	
		1-2164	ANNEXATION FEES		7,359.80		
12/31/22	GOF #11		To Write off stale dated prepaid	1			(23,492.19)
		1-1300	PREPAID EXPENSES			23,492.19	
		1-6359.000	MISCELLANEOUS EXPENSE		23,492.19		
12/31/22	GOF #12		TO adjust per transfer and cy eng exp	1			3,625.00
		1-8912	TRANSFER TO CAPITAL		2,075.00		
		1-1179.01	DUE FROM CPF 2022		3,625.00		
		1-6322	ENGINEERING FEES			5,700.00	
12/31/22	GOF #13		To adjust Due from Defined Area for Bond App Costs	1			53,209.51
		1-1180.01	Due From Defined Area Construction		53,209.51		
		1-6322	ENGINEERING FEES			43,046.51	
		1-6370	TCEQ Assessment Fees			10,163.00	
Totals for Adjusting Journal Entries					<u>341,046.83</u>	<u>341,046.83</u>	<u>16,038.96</u>
Report Totals					<u>341,046.83</u>	<u>341,046.83</u>	<u>16,038.96</u>

Journal Entry count = 13

ISI: \$7,204.00

Crosby MUD

Repair and Replacement Fund

Trial Balance Worksheet - Grouped by Type

Account	Type	Description	12/31/21 Adjusted Balance	12/31/22 Unadjusted Balance	Adjusting JE Adjustments	12/31/22 Adjusted Balance	12/31/22 WP Reference
2-1110	A	CASH-REPAIR & REPLACEMENT	49,661.00	49,696.86		y 49,696.86	B-1
2-1131	A	CD/TEXPOOL	58,403.15	59,330.07		59,330.07	B-1
Total Assets			<u>108,064.15</u>	<u>109,026.93</u>	<u>0.00</u>	<u>109,026.93</u>	
Total Liabilities							
2-3000	Q	UNALLOCATED FUND BAL	(88,126.43)	(108,064.15)		(108,064.15)	~
Total Equity			<u>(88,126.43)</u>	<u>(108,064.15)</u>	<u>0.00</u>	<u>(108,064.15)</u>	
Total Liabilities & Equity			<u>(88,126.43)</u>	<u>(108,064.15)</u>	<u>0.00</u>	<u>(108,064.15)</u>	
2-4345	R	PAYMENT IN LIEU OF TAXES	(19,898.75)	0.00		0.00	D-2
2-5391	R	INTEREST INCOME	(38.97)	(962.78)		(962.78)	Pass
Total Revenue			<u>(19,937.72)</u>	<u>(962.78)</u>	<u>0.00</u>	<u>(962.78)</u>	
Total Expense							
Totals			<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	
Net Profit/(Loss)			<u>19,937.72</u>	<u>962.78</u>	<u>0.00</u>	<u>962.78</u>	

A-2

Crosby MUD
Trial Balance Worksheet - Grouped by Type

Account	Type	Description	12/31/21 Adjusted Balance	12/31/22 Unadjusted Balance	Adjusting JE Adjustments	12/31/22 Adjusted Balance	12/31/22 WP Reference
3-1110	A	CASH--HRA ACCT	78,939.87	81,489.24		81,489.24	B-1
		Total Assets	<u>78,939.87</u>	<u>81,489.24</u>	<u>0.00</u>	<u>81,489.24</u>	
		Total Liabilities					
3-3000	Q	FUND BALANCE	(77,852.59)	(78,939.87)		(78,939.87)	~
		Total Equity	<u>(77,852.59)</u>	<u>(78,939.87)</u>	<u>0.00</u>	<u>(78,939.87)</u>	
		Total Liabilities & Equity	<u>(77,852.59)</u>	<u>(78,939.87)</u>	<u>0.00</u>	<u>(78,939.87)</u>	
3-4010	R	CLAIMS PAID--PAM	944.84	692.95		692.95	W-8
3-4020	R	CLAIMS PAID--BETH	5,656.38	4,859.55		4,859.55	W-8
3-4030	R	CLAIMS PAID--KRISTIE	1,000.13	2,942.91		2,942.91	W-8
3-4035	R	CLAIMS-DEBRA ROBERTS	2,933.79	0.00		0.00	Pass
3-4040	R	CLAIMS PAID--DAMIAN	26.27	0.00		0.00	Pass
3-4100	R	CLAIMS PAID--CHRIS WALLANCE	6,727.21	4,900.33		4,900.33	W-8
3-4160	R	CLAIMS PAID--STOCKTON JAMES	3,410.66	3,484.20		3,484.20	W-8
3-4170	R	CLAIMS PAID--HALL, SHARON	1,227.74	1,925.75		1,925.75	W-8
3-4245	R	Best, Martyn	4,267.11	8,934.43		8,934.43	W-8
3-4260	R	CLAIMS LEE MCCUNE	85.29	155.00		155.00	W-8
3-4265	R	LINDSI WEAVER FLEMING	1,432.55	3,093.63		3,093.63	W-8
3-4270	R	CLAIMS PAID- Richard Amador	0.00	938.00		938.00	W-8
3-5391	R	INTEREST INCOME	(42.09)	(54.30)		(54.30)	Pass
3-5399	R	MISC INCOME	27.84	0.00		0.00	Pass
3-8951	R	PREMIUM FROM DISTRICT	(36,000.00)	(34,805.00)		(36,000.00)	A-1/W-4-1
		HRA #1 To reclass per analysis of workpapers			(1,195.00)		
		Total Revenue	<u>(8,302.28)</u>	<u>(2,932.55)</u>	<u>(1,195.00)</u>	<u>(4,127.55)</u>	
3-6359	E	MISC EXPENSES	0.00	383.18		383.18	Pass
3-8952	E	Premium Expense HRA	7,215.00	0.00		1,195.00	W-1
		HRA #1 To reclass per analysis of workpapers			1,195.00		
		Total Expense	<u>7,215.00</u>	<u>383.18</u>	<u>1,195.00</u>	<u>1,578.18</u>	
		Totals	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	
		Net Profit/(Loss)	<u>1,087.28</u>	<u>2,549.37</u>	<u>0.00</u>	<u>2,549.37</u>	

Crosby MUD
Trial Balance Worksheet - Grouped by Type

Tax Fund

Account	Type	Description	12/31/21 Adjusted Balance	12/31/22 Unadjusted Balance	Adjusting JE Adjustments	12/31/22 Adjusted Balance	12/31/22 WP Reference
4-1120.000	A	CASH-TAX FUND	1,357,005.36	1,229,077.34		1,229,077.34	B-2
4-1125.000	A	DEFINED AREA1 DEBT SERVICE	0.00	235,189.65		235,189.65	B-2
4-1131	A	TEXPOOL	665,900.58	676,468.51		676,468.51	B-2
4-1151	A	TAXES REC	920,414.20	920,414.20		1,094,040.13	D-1
		Tax #2 To adjust taxes- DSF Side			173,625.93		
4-1151.01	A	TAXES REC- DEFINED AREA	0.00	0.00		48,068.69	D-1a
		Tax #2 To adjust taxes- DSF Side			48,068.69		
4-1152	A	PREPAID INTEREST W PAYING AGENT	0.00	0.00		26,137.50	O-1
		Tax #1 To reclass interest paid for 2023 b/f Y/E as Prepaid			26,137.50		
4-1153	A	CASH WITH TAX ASSESSOR	0.00	0.00		511,050.07	D-1-1a
		Tax #2 To adjust taxes- DSF Side			511,050.07		
Total Assets			<u>2,943,320.14</u>	<u>3,061,149.70</u>	<u>758,882.19</u>	<u>3,820,031.89</u>	
4-2120	L	Due to GF-Defined Area 1	(107,979.04)	(107,979.04)		(76,980.73)	D-1a
		Tax #2 To adjust taxes- DSF Side			30,998.31		
4-2740	L	DEFERRED REVENUE	(1,623,617.02)	(1,623,617.02)		(1,867,710.32)	D-1
		Tax #2 To adjust taxes- DSF Side			(244,093.30)		
4-2740.01	L	DEFERRED REVENUE- DEFINED AREA	0.00	0.00		(164,027.15)	D-1a
		Tax #2 To adjust taxes- DSF Side			(164,027.15)		
Total Liabilities			<u>(1,731,596.06)</u>	<u>(1,731,596.06)</u>	<u>(377,122.14)</u>	<u>(2,108,718.20)</u>	
4-3000	Q	UNALLOCATED FUND BAL	(1,315,440.61)	(1,211,724.08)		(1,211,724.08)	~
4-5300.01	Q	BOND PROCEEDS	0.00	(235,174.23)		(235,174.23)	O-3
Total Equity			<u>(1,315,440.61)</u>	<u>(1,446,898.31)</u>	<u>0.00</u>	<u>(1,446,898.31)</u>	
Total Liabilities & Equity			<u>(3,047,036.67)</u>	<u>(3,178,494.37)</u>	<u>(377,122.14)</u>	<u>(3,555,616.51)</u>	
4-4010	R	SPECIAL INVENTORY TAX	(31,062.18)	0.00		(28,659.50)	D-2
		Tax #2 To adjust taxes- DSF Side			(28,659.50)		
4-4320	R	PROPERTY TAX REV	(1,356,543.15)	(1,315,530.24)		(1,516,580.07)	D-1
		Tax #2 To adjust taxes- DSF Side			(201,049.83)		
4-4321	R	TAX REFUND	0.00	2,137.31		0.00	
		Tax #2 To adjust taxes- DSF Side			(2,137.31)		
4-4331	R	PENALTIES AND INTEREST	(22,922.36)	(21,691.61)		(21,691.61)	D-2
4-4332	R	20% PENALTY	(10,318.63)	(6,607.67)		(6,607.67)	D-2
4-4335	R	ESCROW	0.00	(1,152.00)		(1,152.00)	Pass
4-4340	R	OVERPAYMENT	0.00	(740.72)		0.00	
		Tax #2 To adjust taxes- DSF Side			740.72		
4-4345	R	PAYMENT IN LIEU OF TAXES	0.00	(648.63)		(648.63)	Pass
4-5391	R	INTEREST INCOME	(843.79)	(11,441.94)		(11,441.94)	W-1
4-5399	R	MISCELLANEOUS	(3,019.46)	(755.46)		(755.46)	Pass
Total Revenue			<u>(1,424,709.57)</u>	<u>(1,356,430.96)</u>	<u>(231,105.92)</u>	<u>(1,587,536.88)</u>	A-4

Crosby MUD
Trial Balance Worksheet - Grouped by Type

Account	Type	Description	12/31/21 Adjusted Balance	12/31/22 Unadjusted Balance	Adjusting JE Adjustments	12/31/22 Adjusted Balance	12/31/22 WP Reference
4-6310	E	TRANSFER-DEFINED AREA 1 M&O Tax #2 To adjust taxes- DSF Side	0.00	112,794.44	(112,794.44)	0.00	
4-6320	E	LEGAL FEES Tax #2 To adjust taxes- DSF Side	10,406.85	6,797.68	931.67	7,729.35	D-2
4-6324	E	PROFESSIONAL FEES Tax #2 To adjust taxes- DSF Side	10,681.44	12,874.44	(2,518.24)	10,356.20	D-2
4-6327	E	Arbitrage Expense	7,515.00	2,310.00		2,310.00	Pass
4-6331	E	TAX ASSESSOR/COLLECTOR Tax #2 To adjust taxes- DSF Side	9,384.70	9,810.46	(975.46)	8,835.00	D-2
4-6332	E	DATA PROCESSING	2,798.75	3,235.00		3,235.00	Pass
4-6350	E	POSTAGE	945.50	277.52		277.52	Pass
4-6351	E	Tax Certificate	40.00	0.00		0.00	Pass
4-6355	E	BANK SERVICE CHARGE	218.00	271.00		271.00	Pass
4-6359	E	MISC EXP	1,267.50	0.00		0.00	Pass
4-6370	E	REFUND Tax #2 To adjust taxes- DSF Side	13,556.68	16,532.89	(5,218.37)	11,314.52	D-4
4-6459	E	MISC EXP Tax #2 To adjust taxes- DSF Side	0.00	3,941.79	(3,941.79)	0.00	
4-7360	E	TAX BOND INTEREST EXP Tax #1 To reclass interest paid for 2023 b/f Y/E as Prepaid	294,241.68	307,880.41	(26,137.50)	281,742.91	O-1
4-7363	E	FISCAL AGENT FEES	3,500.00	3,550.00		3,550.00	O-1
4-7365	E	CONT DISCLOSURE	3,870.00	3,500.00		3,500.00	Pass
4-8999	E	PMT OF TAX BOND PRIN	1,170,000.00	990,000.00		990,000.00	O-1
Total Expense			<u>1,528,426.10</u>	<u>1,473,775.63</u>	<u>(150,654.13)</u>	<u>1,323,121.50</u>	
Totals			<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	
Net Profit/(Loss)			<u>(103,716.53)</u>	<u>(117,344.67)</u>	<u>381,760.05</u>	<u>264,415.38</u>	

A-4-1

Crosby MUD
Trial Balance Worksheet - Grouped by Type

Account	Type	Description	12/31/21 Adjusted Balance	12/31/22 Unadjusted Balance	Adjusting JE Adjustments	12/31/22 Adjusted Balance	12/31/22 WP Reference
5-1110	A	CASH--CAPITAL PROJ	217,470.27	y 217,627.32		217,627.32	B-4
5-1131	A	CD/TEXPOOL	8,435.50	8,569.48		8,569.48	B-4
Total Assets			<u>225,905.77</u>	<u>226,196.80</u>	<u>0.00</u>	<u>226,196.80</u>	
Total Liabilities							
5-3000	Q	UNALLOCATED FUND BAL	(225,794.71)	(225,905.77)		(225,905.77)	~
Total Equity			<u>(225,794.71)</u>	<u>(225,905.77)</u>	<u>0.00</u>	<u>(225,905.77)</u>	
Total Liabilities & Equity			<u>(225,794.71)</u>	<u>(225,905.77)</u>	<u>0.00</u>	<u>(225,905.77)</u>	
5-5391	R	INTEREST INCOME	(111.06)	(291.03)		(291.03)	Pass
Total Revenue			<u>(111.06)</u>	<u>(291.03)</u>	<u>0.00</u>	<u>(291.03)</u>	
Total Expense							
Totals			<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	
Net Profit/(Loss)			<u>111.06</u>	<u>291.03</u>	<u>0.00</u>	<u>291.03</u>	

Crosby MUD
Trial Balance Worksheet - Grouped by Type

Account	Type	Description	12/31/21 Adjusted Balance	12/31/22 Unadjusted Balance	Adjusting JE Adjustments	12/31/22 Adjusted Balance	12/31/22 WP Reference
7-1110	A	CASH-2017 BOND SERIES	502.69	0.00		0.00	B-6
		Total Assets	<u>502.69</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	
		Total Liabilities					
7-3000	Q	UNALLOCATED FUND BALANCE CPF 2017 #1 TO adjust Fund Balance to match py audit report	(1,082,413.30)	737,491.02	(737,993.71)	(502.69)	~
		Total Equity	<u>(1,082,413.30)</u>	<u>737,491.02</u>	<u>(737,993.71)</u>	<u>(502.69)</u>	
		Total Liabilities & Equity	<u>(1,082,413.30)</u>	<u>737,491.02</u>	<u>(737,993.71)</u>	<u>(502.69)</u>	
7-5391	R	INTEREST INCOME	(359.29)	(1.01)		(1.01)	PASS
		Total Revenue	<u>(359.29)</u>	<u>(1.01)</u>	<u>0.00</u>	<u>(1.01)</u>	
7-6322	E	ENGINEERING FEES CPF 2017 #1 TO adjust Fund Balance to match py audit report	92,555.35	(38,025.74)	38,025.74	0.00	I-2-1
7-6334	E	CONTRACT LABOR	12,836.60	0.00		0.00	W-1
7-6359	E	MISC EXPENSE CPF 2017 #1 TO adjust Fund Balance to match py audit report	(166.76)	0.00	503.70	503.70	Pass
7-7390	E	CONSTRUCTION COST CPF 2017 #1 TO adjust Fund Balance to match py audit report	977,044.71	(699,464.27)	699,464.27	0.00	I-2-1
		Total Expense	<u>1,082,269.90</u>	<u>(737,490.01)</u>	<u>737,993.71</u>	<u>503.70</u>	
		Totals	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	
		Net Profit/(Loss)	<u>(1,081,910.61)</u>	<u>737,491.02</u>	<u>(737,993.71)</u>	<u>(502.69)</u>	

Crosby MUD
Trial Balance Worksheet - Grouped by Type

Account	Type	Description	12/31/21 Adjusted Balance	12/31/22 Unadjusted Balance	Adjusting JE Adjustments	12/31/22 Adjusted Balance	12/31/22 WP Reference
8-1110	A	CASH-2019 BOND SERIES	741,527.09	354,452.59		354,452.59	B-7
8-1131	A	TEXPOOL	1,502,027.77	1,015,844.34		1,015,844.34	B-7
Total Assets			<u>2,243,554.86</u>	<u>1,370,296.93</u>	<u>0.00</u>	<u>1,370,296.93</u>	
8-2100.000	L	ACCOUNTS PAYABLE CPF 2019 #2 To adjust per review of invoices	(7,841.63)	(7,841.63)	(38,567.48)	(46,409.11)	I-2-2
8-2200	L	Retainage Payable CPF 2019 #2 To adjust per review of invoices	(102,869.21)	(102,869.21)	97,848.01	(5,021.20)	I-2-2
Total Liabilities			<u>(110,710.84)</u>	<u>(110,710.84)</u>	<u>59,280.53</u>	<u>(51,430.31)</u>	
8-3000	Q	UNALLOCATED FUND BALANCE CPF 2019 #1 To adjust Fund Balance to match Py audit Report	(3,077,481.83)	(3,077,481.83)	944,637.81	(2,132,844.02)	~
8-3200.01	Q	RETAINED EARNINGS CPF 2019 #1 To adjust Fund Balance to match Py audit Report	0.00	667,731.42	(667,731.42)	0.00	
Total Equity			<u>(3,077,481.83)</u>	<u>(2,409,750.41)</u>	<u>276,906.39</u>	<u>(2,132,844.02)</u>	
Total Liabilities & Equity			<u>(3,188,192.67)</u>	<u>(2,520,461.25)</u>	<u>336,186.92</u>	<u>(2,184,274.33)</u>	
8-5391	R	INTEREST INCOME	(1,167.96)	(16,288.84)		(16,288.84)	W-1
8-5396	R	BOND PROCEEDS	(23.93)	0.00		0.00	PASS
8-5397	R	CDBG REIMBURSEMENT	0.00	(41,512.90)		(41,512.90)	I-2-2
Total Revenue			<u>(1,191.89)</u>	<u>(57,801.74)</u>	<u>0.00</u>	<u>(57,801.74)</u>	
8-3915	E	TRANSFER TO FIXED ASSETS CPF 2019 #1 To adjust Fund Balance to match Py audit Report	276,906.39	300,563.32	(276,906.39)	23,656.93	I-2-2
8-6322	E	ENGINEERING FEES CPF 2019 #2 To adjust per review of invoices	91,164.68	102,813.36	(6,120.63)	96,692.73	I-2-2
8-6334	E	CONTRACT LABOR	107,671.50	21,698.89		21,698.89	I-2-2
8-6359	E	MISC EXPENSE CPF 2019 #2 To adjust per review of invoices	2,761.16	15,763.73	(1,721.00)	14,042.73	I-2-2
8-7390	E	CONSTRUCTION COST CPF 2019 #2 To adjust per review of invoices	467,325.97	767,126.76	(51,438.90)	715,687.86	I-2-2
Total Expense			<u>945,829.70</u>	<u>1,207,966.06</u>	<u>(336,186.92)</u>	<u>871,779.14</u>	
Totals			<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	
Net Profit/(Loss)			<u>(944,637.81)</u>	<u>(1,150,164.32)</u>	<u>336,186.92</u>	<u>(813,977.40)</u>	

Crosby MUD
Adjusting Journal Entries

January 1, 2022 - December 31, 2022

Date	Reference	Account	Description	WP Reference	Debit	Credit	Net Income Effect
Adjusting Journal Entries							
12/31/22	CPF 2019 #1		To adjust Fund Balance to match Py audit Report	8			276,906.39
		8-3915	TRANSFER TO FIXED ASSETS			276,906.39	
		8-3200.01	RETAINED EARNINGS			667,731.42	
		8-3000	UNALLOCATED FUND BALANCE		944,637.81		
12/31/22	CPF 2019 #2		To adjust per review of invoices	2			59,280.53
		8-2100.000	ACCOUNTS PAYABLE			38,567.48	
		8-2200	Retainage Payable		97,848.01		
		8-6322	ENGINEERING FEES			6,120.63	
		8-6359	MISC EXPENSE			1,721.00	
		8-7390	CONSTRUCTION COST			51,438.90	
Totals for Adjusting Journal Entries					<u>1,042,485.82</u>	<u>1,042,485.82</u>	<u>336,186.92</u>
Report Totals					<u>1,042,485.82</u>	<u>1,042,485.82</u>	<u>336,186.92</u>

Journal Entry count = 2

Crosby MUD
Trial Balance Worksheet - Grouped by Type

GLTD

Account	Type	Description	12/31/21 Adjusted Balance	12/31/22 Unadjusted Balance	Adjusting JE Adjustments	12/31/22 Adjusted Balance	12/31/22 WP Reference
9-1500.000	A	To be Provided for Debt GLTD #1 To adjust for outstanding Principal on Bonds	8,430,000.00	0.00	14,555,000.00	14,555,000.00	~
Total Assets			<u>8,430,000.00</u>	<u>0.00</u>	<u>14,555,000.00</u>	<u>14,555,000.00</u>	
9-2500	L	Bonds Payable - Series 2011 GLTD #1 To adjust for outstanding Principal on Bonds	(620,000.00)	0.00	(525,000.00)	(525,000.00)	PF 9
9-2510	L	Bonds Payable-Series 2015R GLTD #1 To adjust for outstanding Principal on Bonds	(2,055,000.00)	0.00	(1,715,000.00)	(1,715,000.00)	PF 9-2
9-2515	L	Bonds Payable-Series 2017 GLTD #1 To adjust for outstanding Principal on Bonds	(2,895,000.00)	0.00	(2,710,000.00)	(2,710,000.00)	PF 9-3
9-2520	L	Bonds Payable-Series 2019 GLTD #1 To adjust for outstanding Principal on Bonds	(2,860,000.00)	0.00	(2,700,000.00)	(2,700,000.00)	PF 9-4
9-2521	L	Bonds Payable- Series 2022 GLTD #1 To adjust for outstanding Principal on Bonds	0.00	0.00	(2,840,000.00)	(2,840,000.00)	PF 9-5
9-2522	L	Bonds Payable- Series 2022 Defined Area 1 GLTD #1 To adjust for outstanding Principal on Bonds	0.00	0.00	(4,065,000.00)	(4,065,000.00)	PF 9-6
Total Liabilities			<u>(8,430,000.00)</u>	<u>0.00</u>	<u>(14,555,000.00)</u>	<u>(14,555,000.00)</u>	
Total Equity							
Total Liabilities & Equity			<u>(8,430,000.00)</u>	<u>0.00</u>	<u>(14,555,000.00)</u>	<u>(14,555,000.00)</u>	
Total Revenue							
Total Expense							
Totals			<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	

A-9

Crosby MUD
Trial Balance Worksheet - Grouped by Type

Account	Type	Description	12/31/21 Adjusted Balance	12/31/22 Unadjusted Balance	Adjusting JE Adjustments	12/31/22 Adjusted Balance	12/31/22 WP Reference
10-1110	A	CASH - 2022 Bond Series	0.00	647,245.65		647,245.65	B-8
10-1131	A	TexPool	0.00	2,830,962.75		2,830,962.75	B-8
Total Assets			<u>0.00</u>	<u>3,478,208.40</u>	<u>0.00</u>	<u>3,478,208.40</u>	
10-1133.001	L	DUE TO GENERAL FUND CPF 2022 #1 To adjust for Bond Issuance costs, par of bonds	0.00	0.00	(3,625.00)	(3,625.00)	I-2/A-1
Total Liabilities			<u>0.00</u>	<u>0.00</u>	<u>(3,625.00)</u>	<u>(3,625.00)</u>	
10-3916	Q	TRANSFER TO GENERAL FUND CPF 2022 #1 To adjust for Bond Issuance costs, par of bonds	0.00	38,196.31	(2,075.00)	36,121.31	I-2/A-1
10-3951	Q	TRANSFER FROM GENERAL FUND	0.00	(100.00)		(100.00)	A-1
10-5396.01	Q	BOND PROCEEDS CPF 2022 #1 To adjust for Bond Issuance costs, par of bonds	0.00	(2,827,172.90)	(222,827.10)	(3,050,000.00)	O-2
Total Equity			<u>0.00</u>	<u>(2,789,076.59)</u>	<u>(224,902.10)</u>	<u>(3,013,978.69)</u>	
Total Liabilities & Equity			<u>0.00</u>	<u>(2,789,076.59)</u>	<u>(228,527.10)</u>	<u>(3,017,603.69)</u>	
10-5391	R	INTEREST INCOME	0.00	(31,778.42)		(31,778.42)	Pass
10-5397	R	CDBG REIMBURSEMENT	0.00	(665,085.84)		(665,085.84)	I-2
Total Revenue			<u>0.00</u>	<u>(696,864.26)</u>	<u>0.00</u>	<u>(696,864.26)</u>	
10-6359	E	MISCELLANEOUS EXPENSE	0.00	7,732.45		7,732.45	Pass
10-6360	E	BOND ISSUANCE COSTS CPF 2022 #1 To adjust for Bond Issuance costs, par of bonds	0.00	0.00	228,527.10	228,527.10	I-2
Total Expense			<u>0.00</u>	<u>7,732.45</u>	<u>228,527.10</u>	<u>236,259.55</u>	
Totals			<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	
Net Profit/(Loss)			<u>0.00</u>	<u>689,131.81</u>	<u>(228,527.10)</u>	<u>460,604.71</u>	

Crosby MUD
Adjusting Journal Entries

January 1, 2022 - December 31, 2022

Date	Reference	Account	Description	WP Reference	Debit	Credit	Net Income Effect
Adjusting Journal Entries							
12/31/22	CPF 2022 #1		To adjust for Bond Issuance costs, par 10 of bonds				(228,527.10)
		10-5396.01	BOND PROCEEDS			222,827.10	
		10-6360	BOND ISSUANCE COSTS		228,527.10		
		10-3916	TRANSFER TO GENERAL FUND			2,075.00	
		10-1133.001	DUE TO GENERAL FUND			3,625.00	
Totals for Adjusting Journal Entries					<u>228,527.10</u>	<u>228,527.10</u>	<u>(228,527.10)</u>
Report Totals					<u>228,527.10</u>	<u>228,527.10</u>	<u>(228,527.10)</u>

Journal Entry count = 1

Crosby MUD
Trial Balance Worksheet - Grouped by Type

Account	Type	Description	12/31/21 Adjusted Balance	12/31/22 Unadjusted Balance	Adjusting JE Adjustments	12/31/22 Adjusted Balance	12/31/22 WP Reference
11-1110	A	CASH- D A-1 Construction Fund	0.00	57,749.86		57,749.86	B-9
		Total Assets	<u>0.00</u>	<u>57,749.86</u>	<u>0.00</u>	<u>57,749.86</u>	
11-1130.01	L	DUE TO GENERAL FUND	0.00	0.00		(53,209.51)	I-2/A-1
		DA CPF #1 To adjust per Bond Analysis			(53,209.51)		
		Total Liabilities	<u>0.00</u>	<u>0.00</u>	<u>(53,209.51)</u>	<u>(53,209.51)</u>	
11-3951	Q	TRANSFER FROM GENERAL FUND	0.00	(100.00)		(100.00)	A-1
11-5396.01	Q	BOND PROCEEDS	0.00	(57,661.86)		(3,829,825.77)	O-3
		DA CPF #1 To adjust per Bond Analysis			(3,772,163.91)		
		Total Equity	<u>0.00</u>	<u>(57,761.86)</u>	<u>(3,772,163.91)</u>	<u>(3,829,925.77)</u>	
		Total Liabilities & Equity	<u>0.00</u>	<u>(57,761.86)</u>	<u>(3,825,373.42)</u>	<u>(3,883,135.28)</u>	
		Total Revenue	<u></u>	<u></u>	<u></u>	<u></u>	
11-6359	E	MISCELLANEOUS EXPENSE	0.00	12.00		12.00	Pass
11-6361	E	BOND ISSUANCE COSTS	0.00	0.00		396,944.72	I-2
		DA CPF #1 To adjust per Bond Analysis			396,944.72		
11-6362	E	DEVELOPER REIMBURSEMENT	0.00	0.00		3,428,428.70	I-2
		DA CPF #1 To adjust per Bond Analysis			3,428,428.70		
		Total Expense	<u>0.00</u>	<u>12.00</u>	<u>3,825,373.42</u>	<u>3,825,385.42</u>	
		Totals	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	
		Net Profit/(Loss)	<u>0.00</u>	<u>(12.00)</u>	<u>(3,825,373.42)</u>	<u>(3,825,385.42)</u>	

Crosby MUD
Adjusting Journal Entries

January 1, 2022 - December 31, 2022

Date	Reference	Account	Description	WP Reference	Debit	Credit	Net Income Effect
Adjusting Journal Entries							
12/31/22	DA CPF #1		To adjust per Bond Analysis	11			(3,825,373.42)
		11-5396.01	BOND PROCEEDS			3,772,163.91	
		11-6361	BOND ISSUANCE COSTS		396,944.72		
		11-6362	DEVELOPER REIMBURSEMENT		3,428,428.70		
		11-1130.01	DUE TO GENERAL FUND			53,209.51	
Totals for Adjusting Journal Entries					<u>3,825,373.42</u>	<u>3,825,373.42</u>	<u>(3,825,373.42)</u>
Report Totals					<u>3,825,373.42</u>	<u>3,825,373.42</u>	<u>(3,825,373.42)</u>

Journal Entry count = 1

Crosby MUD
Adjusting Journal Entries

GENERAL FUND

January 1, 2022 - December 31, 2022

Date	Reference	Account	Description	WP Reference	Debit	Credit	Net Income Effect
Adjusting Journal Entries							
12/31/22	GOF #1		To adjust FUND Balance to match Py 1				(0.83)
			audit Report				
		1-2162	CONTRACTOR DEPOSIT			4,000.00	
		1-2164	ANNEXATION FEES		22,731.28		
		1-3000	FUND BALANCE			18,732.11	
		1-6359.000	MISCELLANEOUS EXPENSE		0.83		
12/31/22	GOF #2		To reverse payables into acct accrued 1				0.00
			in py				
		1-2100	A/P			47,038.92	
		1-2000	ACCOUNTS PAYABLE		47,038.92		
12/31/22	GOF #3		To adjust TWC Revenue Put into 1				9,803.68
			TCEQ Payable				
		1-2110	TCEQ FEES PAYABLE		9,803.68		
		1-5340	TWC WATER REVENUE			9,803.68	
12/31/22	GOF #4		To reverse prior tceq put into AP in 1				(390.03)
			py, reaccrue cy TCEQ payable				
		1-2000	ACCOUNTS PAYABLE		9,726.12		
		1-2110	TCEQ FEES PAYABLE			10,116.15	
		1-4100	WATER REV		390.03		
12/31/22	GOF #5		To wipe out cy expense already taken 1				32,121.01
			in py				
		1-2164	ANNEXATION FEES			14,615.41	
		1-6320	LEGAL			8,923.25	
		1-6100	BULK WATER			15,345.00	
		1-6322	ENGINEERING FEES			8,155.26	
		1-6359.000	MISCELLANEOUS EXPENSE		302.50		
		1-2100	A/P		46,736.42		
12/31/22	GOF #6		To reclass Legal Services regarding 1				2,135.00
			annexes				
		1-6327.01	STARLIGHT ELECTION- DEF AREA 2		7,487.20		
		1-2164	ANNEXATION FEES		2,135.00		
		1-6320	LEGAL			9,622.20	
12/31/22	GOF #7		To adjust for Dec Legal 2022, Dec 1				(44,504.96)
			eng, SJRA				
		1-6320	LEGAL		17,424.82		
		1-2000	ACCOUNTS PAYABLE			51,142.27	
		1-6359.000	MISCELLANEOUS EXPENSE		51.38		

Crosby MUD
Adjusting Journal Entries

GENERAL FUND

January 1, 2022 - December 31, 2022

Date	Reference	Account	Description	WP Reference	Debit	Credit	Net Income Effect
		1-6100	BULK WATER		15,810.00		
		1-6327.01	STARLIGHT ELECTION- DEF AREA 2		947.58		
		1-2164	ANNEXATION FEES		6,637.31		
		1-6322	ENGINEERING FEES		10,271.18		
12/31/22	GOF #8		To reclass engineering to Capital Account	1			(21,661.84)
		1-8926.01	CAPITAL OUTLAY		51,625.89		
		1-8915	TRANS GFA			20,482.00	
		1-1156	MISC A/R			21,661.84	
		1-6322	ENGINEERING FEES			9,482.05	
12/31/22	GOF #9		To reclass eng based on testwork	1			(2,165.19)
		1-2164	ANNEXATION FEES			2,165.19	
		1-6322	ENGINEERING FEES		2,165.19		
12/31/22	GOF #10		To reclass annex- true up starlight to actual owed	1			7,359.80
		1-6327.01	STARLIGHT ELECTION- DEF AREA 2			7,359.80	
		1-2164	ANNEXATION FEES		7,359.80		
12/31/22	GOF #11		To Write off stale dated prepaid	1			(23,492.19)
		1-1300	PREPAID EXPENSES			23,492.19	
		1-6359.000	MISCELLANEOUS EXPENSE		23,492.19		
12/31/22	GOF #12		TO adjust per transfer and cy eng exp	1			1,875.00
		1-8912	TRANSFER TO CAPITAL		2,075.00		
		1-1179.01	DUE FROM CPF 2022		1,875.00		
		1-6322	ENGINEERING FEES			3,950.00	
12/31/22	GOF #13		To adjust Due from Defined Area for Bond App Costs	1			43,046.51
		1-1180.01	Due From Defined Area Construction		43,046.51		
		1-6322	ENGINEERING FEES			43,046.51	
12/31/22	GOF #14		To adjust per tax analysis	1			1,491.18
		1-1155	Taxes Receivable-Defined Area 1		27,385.95		
		1-1178	Due from Tax-Defined Area 1			30,998.31	
		1-2200	Deferred Taxes-Defined Area 1		5,103.54		
		1-4400	M&O INCOME TAX- DEFINED AREA No. 1			1,491.18	

Crosby MUD
Adjusting Journal Entries

CPF

January 1, 2022 - December 31, 2022

Date	Reference	Account	Description	WP Reference	Debit	Credit	Net Income Effect
12/31/22	CPF 2022 #1		To adjust for Bond Issuance costs, par 10 of bonds				(226,777.10)
		10-5396.01	BOND PROCEEDS			222,827.10	
		10-6360	BOND ISSUANCE COSTS		226,777.10		
		10-3916	TRANSFER TO GENERAL FUND			2,075.00	
		10-1133.001	DUE TO GENERAL FUND			1,875.00	

Crosby MUD
Adjusting Journal Entries

DA CPF

January 1, 2022 - December 31, 2022

Date	Reference	Account	Description	WP Reference	Debit	Credit	Net Income Effect
12/31/22	DA CPF #1		To adjust per Bond Analysis	11			(3,815,210.42)
		11-5396.01	BOND PROCEEDS			3,772,163.91	
		11-6361	BOND ISSUANCE COSTS		386,781.72		
		11-6362	DEVELOPER REIMBURSEMENT		3,428,428.70		
		11-1130.01	DUE TO GENERAL FUND			43,046.51	

Crosby MUD
Adjusting Journal Entries

TAX

January 1, 2022 - December 31, 2022

Date	Reference	Account	Description	WP Reference	Debit	Credit	Net Income Effect
12/31/22	Tax #1		To reclass interest paid for 2023 b/f Y/E as Prepaid	4			26,137.50
		4-1152	PREPAID INTEREST W PAYING AGENT		26,137.50		
		4-7360	TAX BOND INTEREST EXP			26,137.50	
12/31/22	Tax #2		To adjust taxes- DSF Side	4			355,622.55
		4-1151.01	TAXES REC- DEFINED AREA		48,068.69		
		4-1151	TAXES REC		173,625.93		
		4-2740	DEFERRED REVENUE			244,093.30	
		4-2740.01	DEFERRED REVENUE- DEFINED AREA			164,027.15	
		4-6320	LEGAL FEES		931.67		
		4-6331	TAX ASSESSOR/COLLECTOR			975.46	
		4-6324	PROFESSIONAL FEES			2,518.24	
		4-1153	CASH WITH TAX ASSESSOR		511,050.07		
		4-2120	Due to GF-Defined Area 1		30,998.31		
		4-6370	REFUND			5,218.37	
		4-4340	OVERPAYMENT		740.72		
		4-4321	TAX REFUND			2,137.31	
		4-6459	MISC EXP			3,941.79	
		4-6310	TRANSFER-DEFINED AREA 1 M&O			112,794.44	
		4-4010	SPECIAL INVENTORY TAX			28,659.50	
		4-4320	PROPERTY TAX REV			201,049.83	

Crosby MUD
Adjusting Journal Entries

CPF

January 1, 2022 - December 31, 2022

Date	Reference	Account	Description	WP Reference	Debit	Credit	Net Income Effect
12/31/22	CPF 2017 #1		TO adjust Fund Balance to match py audit report	7			(737,993.71)
		7-3000	UNALLOCATED FUND BALANCE			737,993.71	
		7-6322	ENGINEERING FEES		38,025.74		
		7-7390	CONSTRUCTION COST		699,464.27		
		7-6359	MISC EXPENSE		503.70		

Crosby MUD
Adjusting Journal Entries

CPF

January 1, 2022 - December 31, 2022

Date	Reference	Account	Description	WP Reference	Debit	Credit	Net Income Effect
12/31/22	CPF 2019 #1		To adjust Fund Balance to match Py audit Report	8			276,906.39
		8-3915	TRANSFER TO FIXED ASSETS			276,906.39	
		8-3200.01	RETAINED EARNINGS			667,731.42	
		8-3000	UNALLOCATED FUND BALANCE		944,637.81		

Crosby MUD
Adjusting Journal Entries

GLTD

January 1, 2022 - December 31, 2022

Date	Reference	Account	Description	WP Reference	Debit	Credit	Net Income Effect
12/31/22	GLTD #1		To adjust for outstanding Principal on 9 Bonds				0.00
		9-2500	Bonds Payable - Series 2011			525,000.00	
		9-2510	Bonds Payable-Series 2015R			1,715,000.00	
		9-2515	Bonds Payable-Series 2017			2,710,000.00	
		9-2520	Bonds Payable-Series 2019			2,700,000.00	
		9-2521	Bonds Payable- Series 2022			2,840,000.00	
		9-2522	Bonds Payable- Series 2022 Defined Area 1			4,065,000.00	
		9-1500.000	To be Provided for Debt		14,555,000.00		
Totals for Adjusting Journal Entries					<u>21,432,795.25</u>	<u>21,432,795.25</u>	<u>(4,115,697.65)</u>
Report Totals					<u>21,432,795.25</u>	<u>21,432,795.25</u>	<u>(4,115,697.65)</u>

Journal Entry count = 21

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June 6, 2023

Board of Directors
Crosby Municipal Utility District
Harris County, Texas

In planning and performing our audit of the financial statements of Crosby Municipal Utility District (the "District") as of and for the year ended December 31, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements of the District's financial statements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Material Weaknesses

We observed the following deficiencies in the District's internal control which we consider to be material weaknesses:

The District's management consists of an elected Board of Directors (the "Directors"). The District has employees that perform many aspects of the day-to-day operations while professional services are provided to the District by private companies ("Consultants") under contract with the District. The Directors, and from time-to-time employees, of the District supervise the performance of the Consultants; however, although the Consultants can be part of the District's system of internal control, the Consultants are not members of management. Ultimately, the Directors, and from time-to-time employees, of the District are responsible for the design and implementation of the system of internal control.

As is common within the system of internal control of most small organizations, the accounting function of the District does not prepare the financial statements complete with footnotes in accordance with accounting principles generally accepted in the United States of America. Accordingly, the District has not established internal controls over the preparation of its financial statements. This condition is considered to be a material weakness of the District's system of internal control over financial reporting.

Material Weaknesses (Continued)

During the course of performing an audit, it is not unusual for the auditor to prepare various journal entries to present the financial statements on the government-wide basis of accounting. Management's reliance upon the auditor to detect and make these necessary adjustments is considered to be a material weakness in internal control. In addition, the District's Management relies on the District's auditor to prepare the capital asset and depreciation schedules and post adjustments related to the presentation of the capital assets in the government-wide financial statements. This reliance on the auditor to perform this function is considered to be a material weakness in the system of internal control. Auditing standards do not make exceptions for reporting deficiencies that are adequately mitigated with nonaudit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive.

We agree with the objective of auditing standards to inform an organization of all the conditions in its internal control that interfere with its ability to record financial data reliably and issue financial statements free of material misstatement. Communication of the control deficiencies above helps to emphasize that the responsibility for financial reporting rests entirely with the organization and not the auditor. Stated another way, if an organization is unable to issue, without the auditors' involvement, complete financial statements with footnotes in accordance with generally accepted accounting principles and free of material misstatement, that inability is a symptom of a significant deficiency in the system of internal control.

Management's Response

The Board engages consultants who possess industry knowledge and expertise to provide financial services, as well as legal and professional engineering services. Based on the auditor's unmodified opinion and after reading the financial statements, the Board believes the financial statements to be materially correct. The Board does not think that the addition of an employee or consultant to oversee the annual financial reporting process is necessary nor would it be cost effective.

Conclusion

Management's written response to the material weaknesses identified in our audit has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

This communication is intended solely for the information and use of the Board of Directors and the Texas Commission on Environmental Quality and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,



McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas