

TOWNE LAKE MANAGEMENT DISTRICT
HARRIS COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
MARCH 31, 2019

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Towne Lake Management District
Harris County, Texas

We have audited the accompanying financial statements of the governmental activities and major fund of Towne Lake Management District (the "District"), as of and for the year ended March 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Board of Directors
Towne Lake Management District

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the District as of March 31, 2019, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund be presented to supplement the basic financial statements. Such information, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information 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 any assurance, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

August 28, 2019

**TOWNE LAKE MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR YEAR ENDED MARCH 31, 2019**

Management's discussion and analysis of Towne Lake Management District's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended March 31, 2019. 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 Fund Balance Sheet and (2) the Statement of Activities and Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance. 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 the District's assets, liabilities and, if applicable, deferred inflows and 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 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 one governmental fund type. In the current fiscal year, the General Fund accounted for sales tax revenues, professional fees, marketing costs, and general expenditures.

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 fund. 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.

**TOWNE LAKE MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR YEAR ENDED MARCH 31, 2019**

FUND FINANCIAL STATEMENTS (Continued)

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 Fund Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Fund Statement of Revenues, Expenditures and Changes in the Fund Balance 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"). The budgetary comparison schedule is included as RSI for the General Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets exceeded liabilities by \$93,981 as of March 31, 2019. The following is a comparative analysis of government-wide changes in net position:

	Summary of Changes in the Statement of Net Position		
	2019	2018	Change (Negative)
Current and Other Assets	\$ 318,892	\$ 324,642	\$ (5,750)
Due to Developer	\$ 207,000	\$ 207,000	\$
Other Liabilities	17,911	1,568	(16,343)
Total Liabilities	\$ 224,911	\$ 208,568	\$ (16,343)
Net Position:			
Unrestricted	\$ 93,981	\$ 116,074	\$ (22,093)

**TOWNE LAKE MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR YEAR ENDED MARCH 31, 2019**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The following table provides a summary of the District's operations for the year ended March 31, 2019, and March 31, 2018.

	Summary of Changes in the Statement of Activities		
	2019	2018	Change (Negative)
Revenues:			
Sales Tax Revenues	\$ 209,243	192,030	17,213
Miscellaneous Revenues	526	264	262
Total Revenues	\$ 209,769	\$ 192,294	\$ 17,475
Expenses for Services	231,862	32,552	(199,310)
Change in Net Position	\$ (22,093)	\$ 159,742	\$ (181,835)
Net Position, Beginning of Year	116,074	(43,668)	159,742
Net Position, End of Year	\$ 93,981	\$ 116,074	\$ (22,093)

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUND

The District has a General Fund fund balance of \$300,981 as of March 31, 2019, a decrease of \$22,093 from the prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors adopted an unappropriated budget for the fiscal year ended March 31, 2019. Actual revenues were \$33,769 more than budgeted, due to higher sales tax revenues than anticipated and actual expenditures were \$86,012 more than budgeted as a result of paying two years of Boardwalk programming initiative costs.

LONG-TERM DEBT ACTIVITY

The District recorded a payable to its Developer of \$207,000 for operating advances received in prior years (see Note 6).

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Towne Lake Management District, c/o Sanford Kuhl Hagan Kugle Parker Kahn, LLP, 1980 Post Oak Blvd., Suite 1380, Houston, Texas 77056

**TOWNE LAKE MANAGEMENT DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUND BALANCE SHEET
MARCH 31, 2019**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS			
Cash	\$ 269,860	\$	\$ 269,860
Prepaid Costs	3,836		3,836
Due from City of Houston	45,196		45,196
TOTAL ASSETS	<u>\$ 318,892</u>	<u>\$ -0-</u>	<u>\$ 318,892</u>
LIABILITIES			
Accounts Payable	\$ 17,911	\$	\$ 17,911
Due to Developer		207,000	207,000
TOTAL LIABILITIES	<u>\$ 17,911</u>	<u>\$ 207,000</u>	<u>\$ 224,911</u>
FUND BALANCE			
Nonspendable: Prepaid Costs	\$ 3,836	\$ (3,836)	\$
Unassigned	297,145	(297,145)	
TOTAL FUND BALANCE	<u>\$ 300,981</u>	<u>\$ (300,981)</u>	<u>\$ -0-</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 318,892</u>		
NET POSITION			
Unrestricted		<u>\$ 93,981</u>	<u>\$ 93,981</u>

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

**TOWNE LAKE MANAGEMENT DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
MARCH 31, 2019**

Total Fund Balance - Governmental Fund	\$ 300,981
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Amounts due to the developer are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental fund.	<u>(207,000)</u>
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Total Net Position - Governmental Activities	<u>\$ 93,981</u>
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The accompanying notes to the financial statements are an integral part of this report.

**TOWNE LAKE MANAGEMENT DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED MARCH 31, 2019**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
REVENUES			
Sales Tax Revenues	\$ 209,243	\$	\$ 209,243
Miscellaneous Revenues	526		526
TOTAL REVENUES	<u>\$ 209,769</u>	<u>\$ -0-</u>	<u>\$ 209,769</u>
EXPENDITURES/EXPENSES			
Service Operations:			
Professional Fees	\$ 51,665	\$	\$ 51,665
Contracted Services	9,528		9,528
Boardwalk Marketing Initiative	160,000		160,000
Other	10,669		10,669
TOTAL EXPENDITURES/EXPENSES	<u>\$ 231,862</u>	<u>\$ -0-</u>	<u>\$ 231,862</u>
NET CHANGE IN FUND BALANCE	\$ (22,093)	\$ 22,093	\$
CHANGE IN NET POSITION		(22,093)	(22,093)
FUND BALANCE/NET POSITION - APRIL 1, 2018	<u>323,074</u>	<u>(207,000)</u>	<u>116,074</u>
FUND BALANCE/NET POSITION - MARCH 31, 2019	<u>\$ 300,981</u>	<u>\$ (207,000)</u>	<u>\$ 93,981</u>

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

TOWNE LAKE MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2019

NOTE 1. CREATION OF DISTRICT

The District was created, effective June 15, 2007, by the Texas Legislature for the purposes conferred on the District by Chapter 3839, Texas Special District Local Laws Code. The District has been created and organized for the purposes of promoting, developing, encouraging, and maintaining employment, commerce, transportation, housing, tourism, recreation, the arts, entertainment, economic development, safety and the public welfare to serve land and development in the District.

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 appointed 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. These classifications are defined as follows:

- Net Investment in Capital Assets– This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

TOWNE LAKE MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2019

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

- 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.

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

Governmental Fund

The District has one governmental fund and considers it to be a major fund.

General Fund - To account for sales tax revenues, professional fees, marketing costs, and general expenditures.

TOWNE LAKE MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2019

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements (Continued)

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 fund 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.

Budgeting

In compliance with governmental accounting principles, the Board of Directors annually adopts an unappropriated budget for the General Fund. The budget was not amended during the current fiscal year.

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.

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. The District does not have any restricted fund balances.

TOWNE LAKE MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2019

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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

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

Accounting Estimates

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

NOTE 3. 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 \$269,860 and the bank balance was \$269,860. The District was not exposed to custodial credit risk at year-end.

TOWNE LAKE MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2019

NOTE 3. 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. As of March 31, 2019, the District had no investments.

NOTE 4. MAINTENANCE TAX

On November 6, 2007, the voters of the District approved the levy and collection of an ad valorem maintenance tax not to exceed \$1.50 per \$100 of assessed valuation of taxable property within the District. The ad valorem tax is to be used for funding programs to promote economic development, planning, constructing, acquiring, maintaining, leasing, repairing and operating all lands, plants, works, facilities, improvements, appliances and equipment and any other purpose as authorized. During the year ended March 31, 2019, the District did not levy an ad valorem tax.

NOTE 5. BOND AUTHORITY

On November 6, 2007, voters of the District authorized the issuance of up to \$16,000,000 in unlimited tax bonds for parking facilities, \$164,000,000 for road facilities, \$115,100,000 for parks and recreational facilities, \$25,400,000 for economic development and \$17,500,000 for fire-fighting facilities. As of March 31, 2019, the District has not issued any bonds.

TOWNE LAKE MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2019

NOTE 6. UNREIMBURSED COSTS

As of March 31, 2019, the District had recorded a liability of \$207,000 for operating advances made by the Developer for creation and organizational costs. Subsequent to year end, the Board approved the reimbursement of these advances plus interest to the Developer. Reimbursement will be made as sales tax revenues and other surplus funds become available.

NOTE 7. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions and natural disasters for which the District carries commercial insurance. There have been no significant changes in coverage from the prior year and settlements have not exceeded coverage in the past year.

NOTE 8. STRATEGIC PARTNERSHIP AGREEMENTS

In 2008, the City of Houston (the “City”), Harris County Municipal Utility District No. 500, Harris County Municipal Utility District No. 501, Harris County Municipal Utility District No. 503, and the District entered into Strategic Partnership Agreements (“Agreements”). The Agreements provide for the annexation by the City of specified tracts of land for limited purposes for the imposition of a Sales and Use Tax. The City shall pay to the District an amount equal to 50% of the Sales and Use Tax revenues received by the City and generated within the boundaries of the tracts. The City agrees to not dissolve the District, without consent of its Board of Directors, for a period of 20 years after full purpose annexation of all the territory within the District. During the current fiscal year, the District collected \$209,243 in sales tax revenue, of which \$45,196 was recorded as a receivable.

**TOWNE LAKE MANAGEMENT DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION**

MARCH 31, 2019

**TOWNE LAKE MANAGEMENT DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2019**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Sales Tax Revenues	\$ 175,000	\$ 209,243	\$ 34,243
Miscellaneous Revenues	<u>1,000</u>	<u>526</u>	<u>(474)</u>
TOTAL REVENUES	<u>\$ 176,000</u>	<u>\$ 209,769</u>	<u>\$ 33,769</u>
EXPENDITURES			
Services Operations:			
Professional Fees	\$ 39,000	\$ 51,665	\$ (12,665)
Contracted Services	11,000	9,528	1,472
Other	15,850	10,669	5,181
Boardwalk Marketing Initiative	<u>80,000</u>	<u>160,000</u>	<u>(80,000)</u>
TOTAL EXPENDITURES	<u>\$ 145,850</u>	<u>\$ 231,862</u>	<u>\$ (86,012)</u>
NET CHANGE IN FUND BALANCE	\$ 30,150	\$ (22,093)	\$ (52,243)
FUND BALANCE - APRIL 1, 2018	<u>323,074</u>	<u>323,074</u>	<u> </u>
FUND BALANCE - MARCH 31, 2019	<u>\$ 353,224</u>	<u>\$ 300,981</u>	<u>\$ (52,243)</u>

See accompanying independent auditor's report.

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TOWNE LAKE MANAGEMENT DISTRICT

SUPPLEMENTARY INFORMATION

MARCH 31, 2019

**TOWNE LAKE MANAGEMENT DISTRICT
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2019**

PROFESSIONAL FEES:	
Auditing	\$ 4,000
Engineering	1,254
Legal	<u>46,411</u>
TOTAL PROFESSIONAL FEES	<u>\$ 51,665</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 2,220
Sales Tax Liaison	<u>7,308</u>
TOTAL CONTRACTED SERVICES	<u>\$ 9,528</u>
BOARDWALK MARKETING INITIATIVE	<u>\$ 160,000</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 1,050
Insurance	8,951
Office Supplies and Postage	440
Payroll Taxes	80
Travel and Meetings	<u>148</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 10,669</u>
TOTAL EXPENDITURES	<u>\$ 231,862</u>

See accompanying independent auditor's report.

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**TOWNE LAKE MANAGEMENT DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - TWO YEARS**

	<u>Amounts</u>		<u>Percentage of Total Revenues</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
REVENUES				
Sales Tax Revenues	\$ 209,243	192,030	99.7 %	99.9
Miscellaneous Revenues	<u>526</u>	<u>264</u>	<u>0.3</u>	<u>0.1</u>
TOTAL REVENUES	<u>\$ 209,769</u>	<u>\$ 192,294</u>	<u>100.0 %</u>	<u>100.0 %</u>
EXPENDITURES				
Service Operations:				
Professional Fees	\$ 51,665	\$ 19,700	24.6 %	10.2 %
Contracted Services	9,528	5,441	4.5	2.8
Boardwalk Marketing Initiative	160,000		76.3	
Other	<u>10,669</u>	<u>7,411</u>	<u>5.1</u>	<u>3.9</u>
TOTAL EXPENDITURES	<u>\$ 231,862</u>	<u>\$ 32,552</u>	<u>110.5 %</u>	<u>16.9 %</u>
NET CHANGE IN FUND BALANCE	\$ (22,093)	\$ 159,742	<u>(10.5) %</u>	<u>83.1 %</u>
BEGINNING FUND BALANCE	<u>323,074</u>	<u>163,332</u>		
ENDING FUND BALANCE	<u>\$ 300,981</u>	<u>\$ 323,074</u>		

See accompanying independent auditor's report.

**TOWNE LAKE MANAGEMENT DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
MARCH 31, 2019**

District Mailing Address - Towne Lake Management District
c/o Sanford Kuhl Hagan Kugle Parker Kahn, LLP
1980 Post Oak Blvd., Suite 1380
Houston, TX 77056

District Telephone Number - (713) 850-9000

Board Members	Term of Office (Elected or <u>Appointed</u>)	Fees of Office for the year ended <u>March 31, 2019</u>	Expense Reimbursements for the year ended <u>March 31, 2019</u>	<u>Title</u>
Dr. Robert Williams	06/15 06/19 (Appointed)	\$ 300	\$ 56	President
Linda Frey	06/15 06/19 (Appointed)	\$ 150	\$ 38	Assistant Vice President
Robert Adam	06/17 06/21 (Appointed)	\$ 300	\$ 17	Secretary
Lesli Blevins	06/17 06/21 (Appointed)	\$ 150	\$ 37	Assistant Secretary

Submission date of most recent District Registration From (TWC Sections 36.054 and 49.054): March 29, 2018.

See accompanying independent auditor's report.

**TOWNE LAKE MANAGEMENT DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
MARCH 31, 2019**

<u>Consultants:</u>	<u>Date Hired</u>	<u>Fees for the year ended March 31, 2019</u>	<u>Title</u>
Sanford Kuhl Hagan Kugle Parker Kahn LLP	03/29/18	\$ 27,582	General Counsel
Allen Boone Humphries Robinson LLP	08/27/07 to 03/29/18	\$ 18,829	Prior General Counsel
McCall Gibson Swedlund Barfoot PLLC	03/29/18	\$ 4,000	Auditor
F. Matuska, Inc.	11/14/07	\$ 2,605	Bookkeeper
Edminster, Hinshaw, Russ and Associates, Inc.	11/14/07	\$ 1,254	Engineer
Fran Matuska	11/14/07	\$ -0-	Investment Officer
Bob Leared Interests, Inc.	01/29/15	\$ 7,308	Sales Tax Monitoring
RBC Capital Markets	11/14/07	\$ -0-	Financial Advisor

See accompanying independent auditor's report.

