

**SONTERRA MUNICIPAL UTILITY DISTRICT**

**FINANCIAL STATEMENTS,  
SUPPLEMENTARY INFORMATION  
AND  
INDEPENDENT AUDITOR'S REPORT**

**FOR THE TEN-MONTH PERIOD ENDING  
JULY 31, 2025**

# SONTERRA MUNICIPAL UTILITY DISTRICT

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# **ANNUAL FILING AFFIDAVIT**

**ANNUAL FILING AFFIDAVIT**

**STATE OF TEXAS  
COUNTY OF WILLIAMSON**

I, Michael Cosimeno, President BoD of the  
(Name of Duly Authorized District Representative)

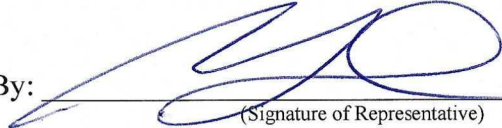
**SONTERRA MUNICIPAL UTILITY DISTRICT**  
(Name of District)

hereby swear, or affirm, that the District above has reviewed and approved at a meeting of the District's Board of Directors on the **15<sup>th</sup> day of December, 2025**, its annual audit report for the ten-month period ended **July 31, 2025** and that copies of the annual audit report have been filed in the District's office, located at:

**100 Congress Avenue, Suite 1300**  
**Austin, Texas 78701**  
(Address of District's Office)

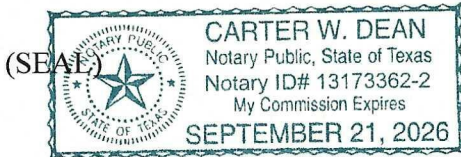
This annual filing affidavit and the attached copy of the audit report are being submitted to the Texas Commission on Environmental Quality in satisfaction of the annual filing requirements of Texas Water Code Section 49.194.

Date: December 15, 2025

By:   
(Signature of Representative)

Michael Cosimeno, President Board of Directors  
(Typed Name and Title of District Representative)

Sworn to and subscribed to before me this 15th day of December, 2025.



  
(Signature of Notary)

My Commission Expires On: \_\_\_\_\_,  
Notary Public in the State of Texas

# **INDEPENDENT AUDITOR'S REPORT**

# *McCall Gibson Swedlund Barfoot Ellis PLLC*

*Certified Public Accountants*

*Chris Swedlund  
Noel W. Barfoot  
Joseph Ellis  
Ashlee Martin*

*Mike M. McCall  
(retired)  
Debbie Gibson  
(retired)*

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Sonterra Municipal Utility District  
Williamson County, Texas

### **Opinions**

We have audited the accompanying financial statements of the governmental activities and each major fund of Sonterra Municipal Utility District (the "District") as of and for the ten-month period ended July 31, 2025, 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 July 31, 2025, and the respective changes in financial position for the ten-month period then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

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

### **Responsibilities of Management for the Financial Statements**

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

### **Required Supplementary Information**

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

### **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 Texas 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 information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on it.

### **Other Information**

Management is responsible for the Other Supplementary Information included in the annual report. The Other Supplementary Information does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the Other Supplementary Information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

*McCall Gibson Swedlund Barfoot Ellis PLLC*

McCall Gibson Swedlund Barfoot Ellis PLLC  
Certified Public Accountants  
Houston, Texas

December 15, 2025

**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

# SONTERRA MUNICIPAL UTILITY DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS JULY 31, 2025

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In accordance with Governmental Accounting Standards Board (“GASB”) Statement No. 34 the management of Sonterra Municipal Utility District (the “District”) offers the following discussion and analysis to provide an overview of the District’s financial activities for the ten-month period ending July 31, 2025. Since this information is designed to focus on the current year’s activities, resulting changes, and currently known facts, it should be read in conjunction with the District’s financial statements that follow.

## FINANCIAL HIGHLIGHTS

- *General Fund:* At July 31, 2025, the fund balance in the General Fund was \$20,408,378, an increase of \$2,603,887 from the previous balance. General Fund revenues decreased from \$15,259,368 in the previous fiscal year to \$12,808,445 during the ten-month period ending July 31, 2025 due to a decrease in contract reservation fees.
- *Debt Service Fund:* Fund balance restricted for debt service increased from \$5,550,105 at the end of the previous fiscal year to \$12,061,865 as of July 31, 2025. Debt Service Fund revenues increased from \$7,194,284 in the previous fiscal year to \$7,622,970 in the ten-month period ending July 31, 2025 due to an increase in the District’s assessed valuation. The District made bond interest payments of \$1,066,656 during the ten-month period ending July 31, 2025.
- *Capital Projects Fund:* Fund balance restricted for capital projects increased from \$3,005,252 in the previous fiscal year to \$3,269,170 as of July 31, 2025. The District issued \$3,820,000 of unlimited tax park bonds and used the proceeds to purchase \$3,414,142 of park improvements and pay \$370,492 of bond issuance costs.
- *Governmental Activities:* On a government-wide basis for governmental activities, the District had revenues net of expenses of \$7,801,136 for the ten-month period ending July 31, 2025. Net position increased from \$26,639,579 at September 30, 2024 to \$34,440,715 at July 31, 2025.

## OVERVIEW OF THE DISTRICT

The District was created by an Act of the 79<sup>th</sup> Texas Legislature effective September 1, 2005. The District operates under Chapters 49 and 54 of the Texas Water Code, as amended. The District, which consists of approximately 1,300 acres of land, is located along the eastern boundary of IH-35 and runs south of FM 487 to north of CR315 near the City of Jarrell and approximately 10 miles north of the City of Georgetown.

**SONTERRA MUNICIPAL UTILITY DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
JULY 31, 2025**

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**USING THIS ANNUAL REPORT**

This annual report consists of five parts:

1. *Management’s Discussion and Analysis* (this section)
2. *Basic Financial Statements*
3. *Required Supplementary Information*
4. *Texas Supplementary Information* (required by the Texas Commission on Environmental Quality (the TSI section))
5. *Other Supplementary Information* (the OSI section)

For purposes of GASB Statement No. 34, the District is considered a special purpose government. This allows the District to present the required fund and government-wide statements in a single schedule. The requirement for fund financial statements that are prepared on the modified accrual basis of accounting is met with the “Governmental Funds Total” column. An adjustment column includes those entries needed to convert to the full accrual basis government-wide statements. Government-wide statements are comprised of the Statement of Net Position and the Statement of Activities.

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

**OVERVIEW OF THE BASIC FINANCIAL STATEMENTS**

The *Statement of Net Position and Governmental Funds Balance Sheet* includes a column (titled “Governmental Funds Total”) that represents a balance sheet prepared using the modified accrual basis of accounting. This method measures cash and all other financial assets that can be readily converted to cash. The adjustments column converts those balances to a balance sheet that more closely reflects a private-sector business. Over time, increases or decreases in the District’s net position will indicate financial health.

The *Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances* includes a column (titled “Governmental Funds Total”) that derives the change in fund balances resulting from current year revenues, expenditures, and other financing sources or uses. These amounts are prepared using the modified accrual basis of accounting. The adjustments column converts those activities to full accrual, a basis that more closely represents the income statement of a private-sector business.

**SONTERRA MUNICIPAL UTILITY DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
JULY 31, 2025**

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**OVERVIEW OF THE FINANCIAL STATEMENTS (continued) -**

The *Notes to the Financial Statements* provide additional information that is essential to a full understanding of the information presented in the *Statement of Net Position and Governmental Funds Balance Sheet* and the *Statement of Activities and Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances*.

The *Required Supplementary Information* presents a comparison statement between the District’s adopted budget and its actual results.

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**Statement of Net Position:**

The following table reflects the condensed Statement of Net Position:

Summary Statement of Net Position

	Governmental Activities		Change Increase (Decrease)
	2025*	2024	
Current and Other Assets	\$ 39,917,437	\$ 31,136,597	\$ 8,780,840
Capital and Intangible Assets	99,739,379	97,466,275	2,273,104
<b>Total Assets</b>	<b>139,656,816</b>	<b>128,602,872</b>	<b>11,053,944</b>
Deferred Outflows of Resources	288,521	313,248	(24,727)
Current Liabilities	9,576,533	6,658,638	2,917,895
Long-term Liabilities	95,928,089	95,617,903	310,186
<b>Total Liabilities</b>	<b>105,504,622</b>	<b>102,276,541</b>	<b>3,228,081</b>
Net Investment in Capital Assets	3,254,162	3,781,230	(527,068)
Restricted	10,746,443	5,022,229	5,724,214
Unrestricted	20,440,110	17,836,120	2,603,990
<b>Total Net Position</b>	<b>\$ 34,440,715</b>	<b>\$ 26,639,579</b>	<b>\$ 7,801,136</b>

\* Ten-month period

The District’s net position increased from \$26,639,579 in the previous fiscal year to \$34,440,715 as of July 31, 2025. The District’s unrestricted net position at July 31, 2025, which can be used to finance day to day operations, totaled \$20,440,110.

**SONTERRA MUNICIPAL UTILITY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JULY 31, 2025**

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued) -**

**Revenues and Expenses:**

Summary Statement of Activities

	Governmental Activities		Change Increase (Decrease)
	2025*	2024	
Property taxes	\$ 8,873,438	\$ 8,333,375	\$ 540,063
Service revenues	6,392,487	10,917,214	(4,524,727)
Parks & recreation fees	1,469,207	1,876,687	(407,480)
Other	3,938,754	1,611,746	2,327,008
<b>Total Revenues</b>	<b>20,673,886</b>	<b>22,739,022</b>	<b>(2,065,136)</b>
Service operations expenses	10,535,478	11,527,817	(992,339)
Debt service expenses	2,337,272	2,411,131	(73,859)
<b>Total Expenses</b>	<b>12,872,750</b>	<b>13,938,948</b>	<b>(1,066,198)</b>
<b>Change in Net Position</b>	<b>7,801,136</b>	<b>8,800,074</b>	<b>(998,938)</b>
<b>Beginning Net Position</b>	<b>26,639,579</b>	<b>17,839,505</b>	<b>8,800,074</b>
<b>Ending Net Position</b>	<b>\$ 34,440,715</b>	<b>\$ 26,639,579</b>	<b>\$ 7,801,136</b>

\* Ten-month period

Revenues were \$20,673,886 for the ten-month period ending July 31, 2025 while expenses were \$12,872,750. Net position increased by \$7,801,136.

Property taxes totaled \$8,873,438 for the ten-month period ending July 31, 2025. Included in these taxes are real and personal property taxes which are assessed October 1 and payable before the following January 31.

The District's assessed value for the 2024 tax year was approximately \$1.260 billion compared to \$1.187 billion in tax year 2023. The tax rate is set after reviewing the operating and debt service requirements and appraised values determined by Williamson Central Appraisal District. The ad valorem tax rate for the ten-month period ending July 31, 2025 and for fiscal year 2024 was \$0.7035 per \$100 of assessed valuation. The District's primary revenue sources are service account fees, park and recreation fees, and property taxes.

**SONTERRA MUNICIPAL UTILITY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JULY 31, 2025**

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**ANALYSIS OF GOVERNMENTAL FUNDS**

At July 31, 2025, the District's governmental funds reflected combined fund balances of \$35,739,413, an increase of \$9,379,565 from last year. Of this increase, General Fund fund balance increased by \$2,603,887 due to property tax, service revenues and interest exceeding operating, capital and debt service expenditures.

The Debt Service Fund reflected an increase of \$6,511,760 in fund balance during the ten-month period ending July 31, 2025. The Debt Service Fund remitted bond interest of \$1,066,656 during the ten-month period ending July 31, 2025. More detailed information about the District's debt is presented in the *Notes to the Financial Statements*.

The Capital Projects Fund purchases the District's infrastructure. The Capital Projects Fund had a \$263,918 increase in fund balance for ten-month period ending July 31, 2025. The District issued \$3,820,000 of unlimited tax park bonds and used the proceeds to purchase \$3,414,142 of park improvements and pay \$370,492 of bond issuance costs.

**BUDGETARY HIGHLIGHTS**

The General Fund pays for daily operating expenditures. The Board of Directors adopted a budget for the General Fund on September 9, 2024 and did not amend the budget. The budget included revenues of \$14,039,642 as compared to expenditures of \$14,521,178. When comparing actual results to the budget, the District had a positive variance of \$3,085,423 that was primarily attributable to impact fees and interest income in excess of the budget and parks and recreation expenditures, contracted services, purchased water and wastewater service, capital outlay and other expenditures being under budget. These variances were affected by the District's budget being based on a 12-month year compared to the new July 31, 2025 year end which encompassed a 10-month period. More detailed information about the District's budgetary comparison is presented in the *Required Supplementary Information*.

**SONTERRA MUNICIPAL UTILITY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JULY 31, 2025**

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**CAPITAL ASSETS**

As of July 31, 2025, the District's governmental activities had invested \$71,111,642 in infrastructure. The detail is reflected in the following schedule:

Summary of Capital Assets, net

	7/31/2025	9/30/2024
Capital Assets Not Being Depreciated:		
Land	\$ 1,272,348	\$ 1,237,209
Construction in progress	500,222	2,732,446
Capital Assets, Net of Accumulated Depreciation:		
Water and Wastewater System	64,367,271	62,614,536
Office Building	348,062	324,442
Park Improvements	3,267,987	-
Pool & Clubhouse	1,070,011	1,050,937
Furniture, Fixtures & Equipment	285,741	253,528
Total Net Capital Assets	\$ 71,111,642	\$ 68,213,098

More detailed information about the District's capital assets is presented in the *Notes to the Financial Statements*.

**LONG TERM DEBT**

As of July 31, 2025, the District had total bond debt payable of \$68,871,419. The changes in the bonded debt position of the District during the period ended July 31, 2025, are summarized as follows:

Bonded debt payable, October 1, 2024	\$ 64,493,313
Add: bond sale	3,820,000
Less: bond principal paid	- *
Add: bond premium/discount, net	558,106
Bonded debt payable, July 31, 2025	\$ 68,871,419

\* - During the current year, the Board of Directors adopted a resolution changing the District's fiscal year end from September 30<sup>th</sup> to July 31<sup>st</sup>. As bond principal payments are due annually on August 15<sup>th</sup>, there were no principal payments made on the District's outstanding bonds for the ten-month period ended July 31, 2025.

The ratio of the District's long-term debt to the total taxable assessed valuation (\$1,259,814,408) is 5.5%. The District's estimated population as provided by the District was 14,567 at December 31, 2023.

**SONTERRA MUNICIPAL UTILITY DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
JULY 31, 2025**

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**LONG TERM DEBT (continued) -**

In addition to the bonded debt discussed above, the District has \$333,752 of capital lease liabilities at July 31, 2025 related to lease purchase agreement for the District office building. The District also has \$2,210,000 of long-term debt payable to the Lone Star Regional Water Authority (the “Authority”) for use in acquiring, by purchase and construction, certain water storage and transmission facilities to serve the District. Finally, the District has \$28,627,737 of long-term financing obligations payable to the Authority to help finance construction of the water supply system to serve the District; the District has a corresponding, offsetting \$28,627,737 intangible asset for the right to receive water service from the Authority.

**CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS**

The property tax assessed value for fiscal year 2026 (the 2025 tax year) is approximately \$1.256 billion. The adopted fiscal year 2026 tax rate is \$0.7245 on each \$100 of taxable value. Approximately 21% of the property tax will fund general operating expenses and approximately 79% of the property tax will be set aside for debt service.

The adopted budget for fiscal year 2026 projects an operating fund balance increase of \$656,936.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the District’s finances and to demonstrate the District’s accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District in care of Armbrust & Brown, PLLC, 100 Congress Avenue, Suite 1300, Austin, Texas 78701.

# **FINANCIAL STATEMENTS**

**SONTERRA MUNICIPAL UTILITY DISTRICT  
STATEMENT OF NET POSITION AND GOVERNMENTAL  
FUNDS BALANCE SHEET  
JULY 31, 2025**

	General Fund	Debt Service Fund	Capital Projects Fund	Governmental Funds Total	Adjustments Note 2	Government - Wide Statement of Net Position
<b>ASSETS</b>						
Cash	\$ 495,229	\$ -	\$ 155,205	\$ 650,434	\$ -	\$ 650,434
Investments	20,048,214	12,092,494	5,558,730	37,699,438	-	37,699,438
Receivables:						
Property taxes	10,885	54,191	-	65,076	-	65,076
Service accounts, net of allowance for uncollectible accounts of \$10,947	873,278	-	-	873,278	-	873,278
Other	92,751	-	-	92,751	-	92,751
Intergovernmental	512,666	-	-	512,666	-	512,666
Due from other funds	649,743	-	-	649,743	(649,743)	-
Prepaid costs	2,947	-	-	2,947	20,847	23,794
Intangible assets (net of accumulated amortization) - Right to receive water service	-	-	-	-	28,627,737	28,627,737
Capital assets (net of accumulated depreciation):						
Land	-	-	-	-	1,272,348	1,272,348
Construction in progress	-	-	-	-	500,222	500,222
Water and wastewater system	-	-	-	-	64,367,271	64,367,271
Office building	-	-	-	-	348,062	348,062
Park improvements	-	-	-	-	3,267,987	3,267,987
Pool & clubhouse	-	-	-	-	1,070,011	1,070,011
Furniture, fixtures and equipment	-	-	-	-	285,741	285,741
<b>TOTAL ASSETS</b>	<b>22,685,713</b>	<b>12,146,685</b>	<b>5,713,935</b>	<b>40,546,333</b>	<b>99,110,483</b>	<b>139,656,816</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred charges on refunding bonds	-	-	-	-	288,521	288,521
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 22,685,713</b>	<b>\$ 12,146,685</b>	<b>\$ 5,713,935</b>	<b>\$ 40,546,333</b>	<b>99,399,004</b>	<b>139,945,337</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 998,638	\$ 14,201	\$ 155,205	\$ 1,168,044	-	1,168,044
Accrued interest payable	-	-	-	-	1,369,613	1,369,613
Due to developer	-	-	1,656,245	1,656,245	-	1,656,245
Due to other funds	-	16,428	633,315	649,743	(649,743)	-
Review fee deposits	6,519	-	-	6,519	-	6,519
Security deposits	1,261,293	-	-	1,261,293	-	1,261,293
Long-term liabilities:						
Facility financing obligation - Lone Star Regional Authority, due within one year	-	-	-	-	697,701	697,701
Facility financing obligation - Lone Star Regional Authority, due after one year	-	-	-	-	27,930,036	27,930,036
Debt payable - Lone Star Regional Water Authority, due within one year	-	-	-	-	110,000	110,000
Debt payable - Lone Star Regional Water Authority, due after one year	-	-	-	-	2,100,000	2,100,000
Capital leases payable, due within one year	-	-	-	-	13,805	13,805
Capital leases payable, due after one year	-	-	-	-	319,947	319,947
Bonds payable, due within one year	-	-	-	-	3,293,313	3,293,313
Bonds payable, due after one year	-	-	-	-	65,578,106	65,578,106
<b>TOTAL LIABILITIES</b>	<b>2,266,450</b>	<b>30,629</b>	<b>2,444,765</b>	<b>4,741,844</b>	<b>100,762,778</b>	<b>105,504,622</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred revenue - property taxes	10,885	54,191	-	65,076	(65,076)	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>10,885</b>	<b>54,191</b>	<b>-</b>	<b>65,076</b>	<b>(65,076)</b>	<b>-</b>
<b>FUND BALANCES / NET POSITION</b>						
Fund balances:						
Nonspendable	2,947	-	-	2,947	(2,947)	-
Restricted for:						
Debt service	-	12,061,865	-	12,061,865	(12,061,865)	-
Capital projects	-	-	3,269,170	3,269,170	(3,269,170)	-
Assigned (see Note 1)	6,291,359	-	-	6,291,359	(6,291,359)	-
Unassigned	14,114,072	-	-	14,114,072	(14,114,072)	-
<b>TOTAL FUND BALANCES</b>	<b>20,408,378</b>	<b>12,061,865</b>	<b>3,269,170</b>	<b>35,739,413</b>	<b>(35,739,413)</b>	<b>-</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 22,685,713</b>	<b>\$ 12,146,685</b>	<b>\$ 5,713,935</b>	<b>\$ 40,546,333</b>		
Net position:						
Net investment in capital assets					3,254,162	3,254,162
Restricted for debt service					10,746,443	10,746,443
Unrestricted					20,440,110	20,440,110
<b>TOTAL NET POSITION</b>					<b>\$ 34,440,715</b>	<b>\$ 34,440,715</b>

*The accompanying notes are an integral part of this statement.*

**SONTERRA MUNICIPAL UTILITY DISTRICT**  
**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT**  
**OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE TEN-MONTH PERIOD ENDED JULY 31, 2025**

	General Fund	Debt Service Fund	Capital Projects Fund	Governmental Funds Total	Adjustments Note 2	Government - Wide Statement of Activities
<b>REVENUES:</b>						
Property taxes, including penalties and interest	\$ 1,619,239	\$ 7,245,632	\$ -	\$ 8,864,871	\$ 8,567	\$ 8,873,438
Water service	3,745,191	-	-	3,745,191	-	3,745,191
Wastewater service	2,481,369	-	-	2,481,369	-	2,481,369
Impact fees	752,500	-	-	752,500	-	752,500
Contract reservation fees	1,209,856	-	-	1,209,856	-	1,209,856
Penalty and interest	165,927	-	-	165,927	-	165,927
Inspection and tap fees	538,001	-	-	538,001	-	538,001
Park and recreation fees	1,469,207	-	-	1,469,207	-	1,469,207
Investment revenues	683,027	377,338	233,904	1,294,269	-	1,294,269
Miscellaneous revenues	144,128	-	-	144,128	-	144,128
<b>TOTAL REVENUES</b>	<b>12,808,445</b>	<b>7,622,970</b>	<b>233,904</b>	<b>20,665,319</b>	<b>8,567</b>	<b>20,673,886</b>
<b>EXPENDITURES / EXPENSES:</b>						
Service operations:						
Parks and recreation salaries, repairs and maintenance expenditures	1,481,279	-	-	1,481,279	-	1,481,279
Professional fees	383,193	8,452	-	391,645	-	391,645
Contracted services	1,573,111	33,902	-	1,607,013	-	1,607,013
Purchased water service	1,030,881	-	-	1,030,881	-	1,030,881
Purchased wastewater service	1,755,820	-	-	1,755,820	-	1,755,820
Utilities	252,770	-	-	252,770	-	252,770
Repair and maintenance	839,030	-	-	839,030	-	839,030
Depreciation and amortization	-	-	-	-	2,242,265	2,242,265
Other	930,740	2,200	1,835	934,775	-	934,775
Capital outlay	1,101,227	-	3,414,142	4,515,369	(4,515,369)	-
Debt service:						
Principal	224,033	-	-	224,033	(224,033)	-
Interest	632,474	1,066,656	-	1,699,130	267,650	1,966,780
Bond issuance costs	-	-	370,492	370,492	-	370,492
<b>TOTAL EXPENDITURES / EXPENSES</b>	<b>10,204,558</b>	<b>1,111,210</b>	<b>3,786,469</b>	<b>15,102,237</b>	<b>(2,229,487)</b>	<b>12,872,750</b>
Excess (deficit) of revenues over (under) expenditures / expenses	2,603,887	6,511,760	(3,552,565)	5,563,082	2,238,054	7,801,136
<b>OTHER FINANCING SOURCES (USES):</b>						
Proceeds from issuance of long-term debt	-	-	3,820,000	3,820,000	(3,820,000)	-
Bond premium	-	-	105,620	105,620	(105,620)	-
Bond discount	-	-	(109,137)	(109,137)	109,137	-
<b>TOTAL OTHER FINANCING SOURCES, NET</b>	<b>-</b>	<b>-</b>	<b>3,816,483</b>	<b>3,816,483</b>	<b>(3,816,483)</b>	<b>-</b>
<b>CHANGE IN FUND BALANCES/ NET POSITION</b>	<b>2,603,887</b>	<b>6,511,760</b>	<b>263,918</b>	<b>9,379,565</b>	<b>(1,578,429)</b>	<b>7,801,136</b>
<b>FUND BALANCES / NET POSITION:</b>						
Beginning of the year	17,804,491	5,550,105	3,005,252	26,359,848	279,731	26,639,579
End of the year	<u>\$ 20,408,378</u>	<u>\$ 12,061,865</u>	<u>\$ 3,269,170</u>	<u>\$ 35,739,413</u>	<u>\$ (1,298,698)</u>	<u>\$ 34,440,715</u>

*The accompanying notes are an integral part of this statement.*

**NOTES TO THE  
FINANCIAL STATEMENTS**

**SONTERRA MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JULY 31, 2025**

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**1. SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting policies of Sonterra Municipal Utility District (the “District”) relating to the funds included in the accompanying financial statements conform to generally accepted accounting principles (“GAAP”) as applied to governmental entities. GAAP for local governments include those principles prescribed by the *Governmental Accounting Standards Board* (“GASB”), which constitutes the primary source of GAAP for governmental units. The more significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced.

**Reporting Entity** - The District was created by an Act of the 79<sup>th</sup> Texas Legislature effective September 1, 2005. The District was created and organized for the purpose of constructing water, sewer and drainage facilities and providing water, sewer, drainage and solid waste services to residential and commercial establishments within the District. The District is also authorized to provide park and recreational facilities. The reporting entity of the District encompasses those activities and functions over which the District’s elected officials exercise significant oversight or control. The District is governed by a five member Board of Directors (the “Board”) which has been elected by District residents or appointed by the Board. The District is not included in any other governmental “reporting entity” as defined by GASB, since Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters. In addition, there are no component units included in the District’s reporting entity.

**Basis of Presentation - Government-wide and Fund Financial Statements** - These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting (“GASB Codification”).

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 and intangible assets, including restricted capital assets, net of accumulated depreciation and amortization 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.

**SONTERRA MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JULY 31, 2025**

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**1. SIGNIFICANT ACCOUNTING POLICIES (continued) –**

**Basis of Presentation - Government-wide and Fund Financial Statements (continued) -**

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

The financial statements are prepared in conformity with GASB Statement No. 34, and include a column for government-wide (based upon the District as a whole) and fund financial statement presentations. GASB Statement No. 34 also requires as supplementary information Management's Discussion and Analysis, which includes an analytical overview of the District's financial activities. In addition, a budgetary comparison statement is presented that compares the adopted General Fund budget with actual results.

- **Government-wide Statements:**

The District's Statement of Net Position includes both non-current assets and non-current liabilities of the District. In addition, the government-wide Statement of Activities column reflects depreciation expense on the District's capital assets, including infrastructure.

The government-wide focus is more on the sustainability of the District as an entity and the change in aggregate financial position resulting from financial activities of the fiscal period. The focus of the fund financial statements is on the individual funds of the governmental categories. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

- **Fund Financial Statements:**

Fund based financial statement columns are provided for governmental funds. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures of either fund category) for the determination of major funds. All of the District's funds are reported as major funds.

**Governmental Fund Types** - The accounts of the District are organized and operated on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a self-balancing set of accounts that comprise its assets, liabilities, fund balances, revenues and expenditures. The various funds are grouped by category and type in the financial statements. The District maintains the following fund types:

- **General Fund** - The General Fund accounts for financial resources in use for general types of operations which are not encompassed within other funds. This fund is established to account for resources devoted to financing the general services that the District provides for its residents. Tax revenues and other sources of revenue used to finance the fundamental operations of the District are included in this fund.

**SONTERRA MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JULY 31, 2025**

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**1. SIGNIFICANT ACCOUNTING POLICIES (continued) –**

**Governmental Fund Types (continued) -**

- **Debt Service Fund** - The Debt Service Fund is used to account for resources restricted, committed or assigned for the payment of debt principal, interest and related costs.
- **Capital Projects Fund** - The Capital Projects Fund is used to account for financial resources restricted, committed or assigned for the acquisition or construction of major capital facilities.

**Non-current Governmental Assets and Liabilities** - GASB Statement No. 34 eliminates the presentation of account groups, but provides for these records to be maintained and incorporates the information into the government-wide financial statement column in the Statement of Net Position.

**Basis of Accounting**

*Government-wide Statements* - The government-wide financial statement column is reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

*Fund Financial Statements* - The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in the fund balances. Governmental funds are accounted for on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (i.e. both measurable and available)

"Measurable" means that the amount of the transaction can be determined and "available" means the amount of the transaction is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Expenditures, if measurable, are generally recognized on the accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include the unmatured principal and interest on general obligation long-term debt which is recognized when due. This exception is in conformity with generally accepted accounting principles.

**SONTERRA MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JULY 31, 2025**

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**1. SIGNIFICANT ACCOUNTING POLICIES (continued) –**

**Basis of Accounting (continued) -**

Property tax revenues are recognized when they become available. In this case, available means when due, or past due and receivable within the current period and collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. Such time thereafter shall not exceed 60 days. Tax collections expected to be received subsequent to the 60-day availability period are reported as deferred inflows of resources. All other revenues of the District are recorded on the accrual basis in all funds.

The District may report unearned revenues on its balance sheet. Unearned revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when revenue recognition criteria are met, the unearned revenues are removed from the balance sheet and revenue is recognized.

**Budgets and Budgetary Accounting -** An unappropriated budget was adopted on September 9, 2024, for the General Fund on a basis consistent with generally accepted accounting principles. The District's Board of Directors utilizes the budget as a management tool for planning and cost control purposes. The budget was not amended during the current fiscal year. The Budgetary Comparison Schedule – General Fund presents the original and amended budget amounts, if amended, compared to the actual amounts of revenues and expenditures for the current year.

**Cash and Cash Equivalent Investments -** Cash and cash equivalents include cash on deposit as well as investments with original maturities of three months or less. The investments, consisting of obligations in the State Comptroller's investment pool, are recorded at amortized cost.

**Accounts Receivable -** The District provides for uncollectible accounts receivable using the allowance method of accounting for bad debts. Under this method of accounting, a provision for uncollectible accounts is charged to earnings. The allowance account is increased or decreased based on past collection history and management's evaluation of accounts receivable. All amounts considered uncollectible are charged against the allowance account, and recoveries of previously charged off accounts are added to the allowance. The District had an allowance for uncollectible accounts of \$10,947 at July 31, 2025.

**Prepaid Expenditures -** Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenditures in both the government-wide and fund financial statements. Prepaid expenditures shall be charged to expenditures when consumed.

**Ad Valorem Property Taxes -** Property taxes, penalties, and interest are reported as revenue in the fiscal year in which they become available to finance expenditures of the District. Allowances for uncollectible property taxes are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

**SONTERRA MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JULY 31, 2025**

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**1. SIGNIFICANT ACCOUNTING POLICIES (continued) –**

**Intangible Assets** - Intangible assets, which consists of the right to receive water service, are reported in the government-wide column in the Statement of Net Position. Intangible assets are valued at the same amount as the outstanding facility financing obligation due to Lone Star Regional Water Authority and will be amortized down corresponding to principal and interest payments made to the Authority on the facility financing obligation. See Note 11 for information concerning the facility financing obligation and corresponding right to receive water service from Lone Star Regional Water Authority.

**Capital Assets** - Capital assets, which include land and land improvements, construction in progress, the water and wastewater system, the District office building, pool and clubhouse, and furniture, fixtures and equipment, 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 estimated acquisition 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. Interest costs, including developer interest, are not capitalized as part of the asset. Impact fees are amortized over the life of the applicable contract.

Assets are capitalized, including infrastructure assets, if they have an original cost greater than \$25,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Estimated useful lives are as follows:

	Years
Water and Wastewater System	40-50
Office Building	30
Park Improvements	15
Pool and Clubhouse	10-30
Furniture, Fixtures and Equipment	7-10

**Long-Term Debt** - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Bond premiums and original issue discounts are deferred over the life of the bonds. Bonds payable are reported net of the applicable bond premiums or discounts.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures in both the government-wide and the fund financial statements.

**SONTERRA MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JULY 31, 2025**

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**1. SIGNIFICANT ACCOUNTING POLICIES (continued) –**

**Interfund Transactions** - Transfers from one fund to another fund are reported as interfund receivables and payables if there is intent to repay that amount and if the debtor fund has the ability to repay the advance on a timely basis. Operating transfers represent legally authorized transfers from the fund receiving resources to the fund through which the resources are to be expended.

**Pensions** - The District has 8 full-time employees and 1 part-time employee. Payments are made to the social security system for them. The Internal Revenue Service has determined that the District's directors are considered to be "employees" for federal payroll tax purposes only. A separate pension plan has not been established for the directors.

**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.

**Fund Equity** - The District complies with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. 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.
- *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 assigned \$5,070,487 of fund balance for future obligations to be paid from impact fees and \$1,220,872 from prepaid capacity payments.
- *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

**SONTERRA MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JULY 31, 2025**

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**2. RECONCILIATION OF THE GOVERNMENTAL FUNDS**

Adjustments to convert the Governmental Funds Balance Sheet to the Statement of Net Position are as follows:

Fund Balances - Total Governmental Funds		\$ 35,739,413
Capital assets and intangible assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds:		
Intangible assets, net of accumulated amortization		28,627,737
Capital assets, net of accumulated depreciation		71,111,642
Revenue is recognized when earned in the government-wide statements, regardless of availability.		
Governmental funds report deferred inflows of resources for revenues earned but not available.		65,076
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Facility financing obligation - Lone Star Regional Water Authority	\$ (28,627,737)	
Debt payable - Lone Star Regional Water Authority	(2,210,000)	
Capital leases	(333,752)	
Bonds payable, net	(68,871,419)	
Bond insurance premium, net	20,847	
Deferred charges on refundings, net	288,521	
Accrued bond interest payable	(1,369,613)	(101,103,153)
Net Position - Governmental Activities		\$ 34,440,715

**SONTERRA MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JULY 31, 2025**

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**2. RECONCILIATION OF THE GOVERNMENTAL FUNDS (continued) –**

Adjustments to convert the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities are as follows:

Net Change in Fund Balances - Governmental Funds	\$	9,379,565
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report:		
Capital expenditures in period purchased	\$	4,515,369
Principal payments on long-term debt, bonds and capital leases in year paid		224,033
Interest expenditures in year paid		(267,650)
Tax revenue when collected		8,567
Bond sales and related bond discounts/premiums in year of issuance		(3,816,483)
		663,836
Governmental funds do not report - Depreciation/amortization		(2,242,265)
Change in Net Position - Governmental Activities	\$	7,801,136

**3. CASH, CASH EQUIVALENTS AND INVESTMENTS**

The investment policies of the District are governed by Section 2256 of the Texas Government Code (the “Public Funds Investment Act”) and an adopted District investment policy that includes depository contract provisions and custodial contract provisions. Major provisions of the District’s investment policy, which complies with the Public Funds Investment Act, include: depositories must be Federal Deposit Insurance Corporation (“FDIC”) insured Texas banking institutions; depositories must fully insure or collateralize all demand and time deposits; and securities collateralizing time deposits must be held by independent third party trustees.

**Cash and Deposits** - At July 31, 2025, the carrying amount of the District’s deposits was \$650,434 and the bank balance was \$946,993. Of the bank balance, \$322,133 was covered by FDIC insurance and the remaining balance was covered by other collateral pledged in the name of the District held in a third-party depository.

**SONTERRA MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JULY 31, 2025**

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**3. CASH, CASH EQUIVALENTS AND INVESTMENTS (continued) –**

**Interest rate risk** - In accordance with its investment policy, the District manages its exposure to declines in fair values through investment diversification and limiting investments as follows:

- Money market mutual funds are required to have weighted average maturities of 90 days or fewer; and
- Other mutual fund investments are required to have weighted average maturities of less than two years.

**Credit risk** - The District’s investment policy requires the application of the prudent-person rule: investments are made as a prudent person would be expected to act, with discretion and intelligence, and considering the probable safety of their capital as well as the probable income to be derived. The District’s investment policy requires that District funds be invested in:

- Obligations of the United States Government and/or its agencies and instrumentalities;
- Money market mutual funds with investment objectives of maintaining a stable net asset value of \$1 per share;
- Mutual funds rated in one of the three highest categories by a nationally recognized rating agency;
- Securities issued by a State or local government or any instrumentality or agency thereof, in the United States, and rated in one of the three highest categories by a nationally recognized rating agency; or
- Public funds investment pools rated AAA or AAAM by a nationally recognized rating agency.

At July 31, 2025, the District held the following cash equivalents and investments:

Investment	Value at 7/31/2025	Weighted Average Maturity (Days)	Investment Rating	
			Rating	Rating Agency
TexPool	\$ 37,699,438	1	AAAM	Standard & Poors

**SONTERRA MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JULY 31, 2025**

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**3. CASH, CASH EQUIVALENTS AND INVESTMENTS (continued) –**

The Comptroller of Public Accounts is the sole officer and director of the Texas Treasury Safekeeping Trust Company, which is authorized to operate the Texas Local Government Investment Pool (“TexPool”). Although TexPool is not registered with the SEC as an investment company, it operates in a manner consistent with the SEC’s Rule 2a-7 of the Investment Company Act of 1940. TexPool also has an advisory board to advise on TexPool’s investment policy. This board is made up equally of participants and nonparticipants who do not have a business relationship with TexPool. Federated Hermes, Inc. is the investment manager for the pool and manages daily operations of TexPool under a contract with the Comptroller. TexPool’s investment policy stipulates that it must invest in accordance with the Public Funds Investment Act. 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.

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At July 31, 2025, the District’s investment in TexPool was rated AAAM by Standard & Poor’s Rating Agency.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investment in TexPool to have a maturity of less than one year due to the fact the share position can usually be redeemed each day at the discretion of the District, unless there has been a significant change in value.

**4. PROPERTY TAXES**

Property taxes attach as an enforceable lien on January 1. Taxes are levied on or about October 1, are due on November 1, and are past due the following February 1. The Williamson Central Appraisal District establishes appraised values in accordance with requirements of the Texas Legislature. The District levies taxes based upon the appraised values. The Williamson County Tax Assessor Collector bills and collects the District’s property taxes. The Board set the tax rates for the 2024 tax year on September 9, 2024.

**SONTERRA MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JULY 31, 2025**

**4. PROPERTY TAXES (continued) –**

The property tax rates, established in accordance with state law, were based on 100% of the net assessed valuation of real property within the District on the 2024 tax roll. The 2024 tax rate, based on total taxable assessed valuation of \$1,259,814,408, was \$0.7035 on each \$100 valuation and was allocated \$0.1285 to the General Fund and \$0.5750 to the Debt Service Fund. The voters of the District approved the levy and collection of a maintenance tax at a maximum of \$1.00 on November 8, 2005.

Property taxes receivable at July 31, 2025, consisted of the following:

	General Fund	Debt Service Fund	Total
Current year levy	\$ 5,147	\$ 23,029	\$ 28,176
Prior years' levies	5,738	31,162	36,900
	\$ 10,885	\$ 54,191	\$ 65,076

The District is prohibited from writing off real property taxes without specific authority from the Texas Legislature.

**5. INTERFUND ACCOUNTS**

A summary of interfund accounts, which resulted from the time lag between dates that payments are made between funds, is as follows at July 31, 2025:

	Interfund	
	Receivables	Payables
General Fund:		
Debt Service Fund	\$ 16,428	\$ -
Capital Projects Fund	633,315	-
Debt Service Fund -		
General Fund	-	16,428
Capital Projects Fund -		
General Fund	-	633,315
	\$ 649,743	\$ 649,743

**SONTERRA MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JULY 31, 2025**

**6. CHANGES IN CAPITAL ASSETS**

A summary of changes in capital assets follows:

	Balance 10/1/2024	Additions	Deletions	Balance 7/31/2025
Capital assets not being depreciated:				
Land	\$ 1,237,209	\$ 35,139	\$ -	\$ 1,272,348
Construction in progress	2,732,446	352,217	(2,584,441)	500,222
Total capital assets not being depreciated	<u>3,969,655</u>	<u>387,356</u>	<u>(2,584,441)</u>	<u>1,772,570</u>
Capital assets being depreciated:				
Water and Wastewater System	72,137,087	3,061,764	-	75,198,851
Office Building	548,383	45,284	-	593,667
Park Improvements	-	3,379,002	-	3,379,002
Pool & Clubhouse	1,555,896	141,164	-	1,697,060
Furniture, Fixtures and Equipment	330,273	85,240	-	415,513
Total capital assets being depreciated	<u>74,571,639</u>	<u>6,712,454</u>	<u>-</u>	<u>81,284,093</u>
Less accumulated depreciation for:				
Water and Wastewater System	(9,522,551)	(1,309,029)	-	(10,831,580)
Office Building	(223,941)	(21,664)	-	(245,605)
Park Improvements	-	(111,015)	-	(111,015)
Pool & Clubhouse	(504,959)	(122,090)	-	(627,049)
Furniture, Fixtures and Equipment	(76,745)	(53,027)	-	(129,772)
Total accumulated depreciation	<u>(10,328,196)</u>	<u>(1,616,825)</u>	<u>-</u>	<u>(11,945,021)</u>
Capital assets being depreciated, net	<u>64,243,443</u>	<u>5,095,629</u>	<u>-</u>	<u>69,339,072</u>
Total capital assets, net of accumulated depreciation	<u>\$ 68,213,098</u>	<u>\$ 5,482,985</u>	<u>\$(2,584,441)</u>	<u>\$ 71,111,642</u>

**7. DEFERRED OUTFLOWS OF RESOURCES**

The following is a summary of changes in deferred outflows of resources for the ten-month period ending July 31, 2025:

Deferred charges on refundings - October 1, 2024	\$ 313,248
Retirements from Series 2013, 2015 and 2020 refundings	<u>(24,727)</u>
Deferred charges on refundings - July 31, 2025	<u>\$ 288,521</u>

**SONTERRA MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JULY 31, 2025**

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**8. LONG-TERM DEBT**

The following is a summary of bond transactions of the District as of and for the ten-month period ending July 31, 2025:

	<u>Unlimited Tax and Refunding Bonds</u>
Bonds payable at October 1, 2024	\$ 64,493,313
Bonds issued	3,820,000
Bonds retired	-
Bond premium/discount, net of accumulated amortization	558,106
Bonds payable at July 31, 2025	<u><u>\$ 68,871,419</u></u>

Bonds payable at July 31, 2025, were comprised of the following issues:

**Unlimited Tax Bonds:**

\$5,940,000 - 2014 Unlimited Tax Bonds payable serially through the year 2039 at interest rates which range from 3.00% to 4.00%. Bonds maturing on or after August 15, 2023 are callable prior to maturity beginning on August 15, 2022. Bonds maturing August 15, 2028, 2036 and 2039 are term bonds and are subject to mandatory sinking fund redemption.

\$3,780,000 - 2015 Unlimited Tax Bonds payable serially through the year 2040 at interest rates which range from 3.00% to 4.00%. Bonds maturing on or after August 15, 2023 are callable prior to maturity beginning on August 15, 2022. Bonds maturing August 15, 2026, 2028, 2030, 2038 and 2040 are term bonds and are subject to mandatory sinking fund redemption.

\$4,805,000 - 2016 Unlimited Tax Bonds payable serially through the year 2041 at interest rates which range from 2.50% to 3.50%. Bonds maturing on or after August 15, 2025 are callable prior to maturity beginning on August 15, 2023. Bonds maturing August 15, 2025, 2027, 2030, 2033 and 2041 are term bonds and are subject to mandatory sinking fund redemption.

\$5,590,000 - 2018 Unlimited Tax Bonds payable serially through the year 2042 at interest rates which range from 3.00% to 3.375%. Bonds maturing on or after August 15, 2025 are callable prior to maturity beginning on August 15, 2024. Bonds maturing August 15, 2030, 2039 and 2042 are term bonds and are subject to mandatory sinking fund redemption.

\$5,125,000 - 2019 Unlimited Tax Bonds payable serially through the year 2043 at interest rates which range from 2.00% to 3.25%. Bonds maturing on or after August 15, 2025 are callable prior to maturity beginning on August 15, 2024.

**SONTERRA MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JULY 31, 2025**

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**8. LONG-TERM DEBT (continued) –**

\$12,790,000 - 2020 Unlimited Tax Bonds payable serially through the year 2044 at interest rates which range from 3.625% to 6.50%. Bonds maturing on or after August 15, 2026 are callable prior to maturity beginning on August 15, 2025. Bonds maturing August 15, 2035, 2037, 2039 and 2044 are term bonds and are subject to mandatory sinking fund redemption.

\$4,070,000 - 2020A Unlimited Tax Bonds payable serially through the year 2045 at interest rates which range from 2.00% to 3.00%. Bonds maturing on or after August 15, 2026 are callable prior to maturity beginning on August 15, 2025. Bonds maturing August 15, 2033 and 2045 are term bonds and are subject to mandatory sinking fund redemption

\$10,460,000 - 2021 Unlimited Tax Bonds payable serially through the year 2046 at interest rates which range from 2.00% to 4.00%. Bonds maturing on or after August 15, 2027 are callable prior to maturity beginning on August 15, 2026. Bonds maturing August 15, 2040, 2042 and 2046 are term bonds and are subject to mandatory sinking fund redemption

\$6,505,000 - 2022 Unlimited Tax Bonds payable serially through the year 2043 at interest rates which range from 4.00% to 5.00%. Bonds maturing on or after August 15, 2029 are callable prior to maturity beginning on August 15, 2027. Bonds maturing August 15, 2029 are term bonds and are subject to mandatory sinking fund redemption

**Unlimited Tax Refunding Bonds:**

\$2,030,000 - 2015 Unlimited Tax Refunding Bonds payable serially through the year 2034 at interest rates which range from 3.00% to 3.20%. Bonds maturing on or after August 15, 2024 are callable prior to maturity beginning on August 15, 2022.

\$3,398,313 - 2020 Unlimited Tax Refunding Bonds payable serially through the year 2036 at interest rates which range from 2.00% to 3.00%. Bonds maturing on or after August 15, 2026 are callable prior to maturity beginning on August 15, 2025.

**Unlimited Tax Park Bonds:**

\$3,820,000 - 2025 Unlimited Tax Bonds payable serially through the year 2034 at interest rates which range from 2.00% to 5.00%. Bonds maturing on or after August 15, 2031 are callable prior to maturity beginning on August 15, 2030.

On February 20, 2025, the District issued \$3,820,000 of Series 2025 Unlimited Tax Park Bonds with interest rates ranging from 2.00% to 5.00%. The net proceeds of \$3,423,809 (after payment of the bond discount, underwriter's fees, and other bond issuance costs) were used to finance Developer funded construction costs of park facilities that serve the District and to fund subsequent bond issuance costs.

**SONTERRA MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JULY 31, 2025**

**8. LONG-TERM DEBT (continued) –**

The annual requirements to amortize all bonded debt at July 31, 2025, including interest, are as follows:

Year Ended July 31,	Annual Requirements for All Series		
	Principal	Interest	Total
2026	\$ 3,293,313	\$ 2,541,240	\$ 5,834,553
2027	2,950,000	2,101,867	5,051,867
2028	3,065,000	1,991,173	5,056,173
2029	3,165,000	1,880,228	5,045,228
2030	3,280,000	1,765,110	5,045,110
2031 - 2035	18,160,000	7,134,602	25,294,602
2036 - 2040	18,535,000	4,186,303	22,721,303
2041 - 2045	14,320,000	1,214,514	15,534,514
2046 - 2047	1,545,000	36,403	1,581,403
	\$ 68,313,313	\$ 22,851,440	\$ 91,164,753

A portion of the Series 2020 Unlimited Tax and Revenue Refunding Bonds are capital appreciation bonds, commonly referred to as “premium compound interest bonds”. These bonds were issued at a discount to their par or maturity value and will accrete interest until maturity. The interest shown above includes the interest to be paid on the bonds maturing in the respective years and does not include accrued interest on bonds not maturing in those years. The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount. At July 31, 2025, accreted interest payable on these premium compound interest bonds totaled \$312,596.

\$12,061,865 is available in the Debt Service Fund to service the bonded debt as of July 31, 2025. As of July 31, 2025, the District has authorized but unissued unlimited tax bonds in the amount of \$35,055,000, which can be issued for water, sewer and drainage facilities, and \$66,180,000, which can be issued for park and recreational facilities. The District may also issue refunding bonds. The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount.

**SONTERRA MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JULY 31, 2025**

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**9. GROUNDWATER SUPPLY CONTRACT**

On June 16, 2005 LSARGP, LLC, and Sonterra Development LLC entered into a Lease of Right to Pump and Use Groundwater (the "Groundwater Lease") granting Sonterra Development LLC the right to pump and use groundwater from certain property owned by LSARGP, LLC. Sonterra Development LLC subsequently assigned its rights, as lessee, under the Groundwater Lease, to the District.

By Amendment No. 1 to Lease of Right to Pump and Use Groundwater dated effective May 19, 2008, LSARGP, LLC and the District amended the Groundwater Lease to, among other things, add additional acreage to the property subject to and extend the term of the Groundwater Lease. In exchange for the right to access the surface of LSARGP’s property to drill, operate and maintain wells on the property and to produce groundwater from the property, the District agreed to pay LSARGP quarterly lease payments based on the greater of (i) the actual amount of groundwater pumped from the wells or (ii) the minimum annual amount of lease payments provided in the table below. The term of the Groundwater Lease began September 1, 2005 and extends for a period of forty years through December 31, 2045. During the ten-month period ending July 31, 2025, the District recognized expenditures to LSARGP of \$106,229 for groundwater pumped from the wells on LSARGP’s property. As of July 31, 2025, the future minimum payment requirements related to the groundwater lease were as follows:

Fiscal Year	Payment
2026	\$ 8,466
2027	8,800
2028	8,800
2029	8,800
2030	8,800
2031-2035	56,375
2036-2040	59,792
2041-2045	62,292
2046	5,208
	\$ 227,333

**10. WASTEWATER SERVICE AGREEMENT**

Effective December 23, 2008, the District entered into an Agreement for Wholesale Wastewater Service (the “Wastewater Agreement”) with the City of Jarrell (the “City”). The Wastewater Agreement has been amended by the First Amendment to the Agreement for Wholesale Wastewater Service dated effective September 23, 2009, the Second Amendment to Agreement for Wholesale Wastewater Service dated effective as of November 23, 2009, the Third Amendment to Agreement for Wholesale Wastewater Service dated effective as of February 20, 2018, the Fourth Amendment to Agreement for Wholesale Wastewater Service dated effective as of July 25, 2019, and the Fifth Amendment to Agreement for Wholesale Wastewater Service dated effective as of June 21, 2021.

**SONTERRA MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JULY 31, 2025**

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**10. WASTEWATER SERVICE AGREEMENT (continued) –**

In accordance with the Wastewater Agreement, as amended, the City has committed to accept and treat up to 3,000,000 gallons per day of wastewater from development within the District. Under the Wastewater Agreement, as amended, the District pays the City a one-time wastewater treatment access fee, currently \$1,720 per living unit equivalent, and a monthly volume charge, currently \$7.60 per 1,000 gallons. Prior to October 2019, monthly volume charges were calculated based on metered wastewater flows, but the monthly volume charges are now calculated based on winter-average water usage within the District, in accordance with the Fourth Amendment. During the ten-month period ending July 31, 2025, the District recognized expenditures to the City of \$1,755,820 for volume charges in relation to actual wastewater flows.

**11. WATER SUPPLY AND FACILITIES FINANCING CONTRACT – LONE STAR REGIONAL WATER AUTHORITY**

Water Supply Agreement

On September 1, 2015, the District entered into a Water Supply Agreement with the Lone Star Regional Water Authority (the “Authority”), the City of Jarrell (the “City”), and Jarrell-Schwertner Water Supply Corporation (“JSWSC”) for the purchase and delivery of treated water obtained by the Authority from the Brazos River Authority’s (the “BRA”) Granger Lake Treatment Facility pursuant to a Water Supply Agreement with the BRA (the “BRA Contract”) under which the BRA agreed to provide treated water to the Authority. The Water Supply Agreement has been amended by a First Amendment to Water Supply Agreement dated effective March 18, 2019. Under the Water Supply Agreement, as amended, the District, the City and JSWSC (the “Participants”) share in the fixed operating costs of the Authority based on each participant’s percentage of shared capacity on an annual basis. In addition, on a monthly basis, each Participant is to pay water supply expenses to the Authority based on its proportionate share of the minimum annual payment payable by the Authority to the BRA for the minimum amount of treated water required to be taken by the Authority under the BRA Contract plus the charge for any water delivered to it in excess of its proportionate share. The Authority agrees to deliver treated water from BRA to the Participants up to the maximum quantities under the amended pro rata capacity allocations as follows:

The District	5.7 MGD	54.2857%
City of Jarrell	3.3 MGD	31.4286%
Jarrell-Schwertner Water Supply Corporation	1.5 MGD	14.2857%

During the ten-month period ending July 31, 2025, the District recognized expenditures to the Authority of \$924,652 for operating costs pertaining to the receipt of treated water from the Authority as well as usage costs.

**SONTERRA MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JULY 31, 2025**

**11. WATER SUPPLY AND FACILITIES FINANCING CONTRACT - LONE STAR REGIONAL WATER AUTHORITY (continued) –**

Water Facilities Acquisition, Construction and Financing Contract

On September 1, 2015, the District entered into a Water Facilities Acquisition, Construction and Financing Contract (the “Water Facilities Financing Contract”) with the Authority to facilitate the acquisition, by purchase and construction, of certain water system facilities to render wholesale water services to the District pursuant to the above mentioned Water Supply Agreement. The Water Facilities Financing Contract was amended by the First Amendment to the Water Facilities Acquisition, Construction and Financing Contract dated effective March 18, 2019. Under the Water Facilities Financing Contract, the Authority has issued bonds to construct the East Williamson County Regional Water Transmission System (the “Project”) to supply treated water to the District, the City and JSWSC. The District, along with the City and JSWSC, are obligated under the Water Facilities Financing Contract to share in principal and interest payments due on the bonds issued by the Authority specific to the acquisition, construction and financing of the Project pursuant to the pro rata capacity allocations noted above. In exchange, the District and other participants in the Water Facilities Financing Contract have a right to receive water service from the Authority as noted above pursuant to the Water Supply Agreement. At July 31, 2025, the District has recognized an intangible asset of \$28,627,737, which corresponds to its outstanding facility financing obligation noted below.

For the ten-month period ending July 31, 2025, the District paid \$625,440 to the Authority for its proportionate share of principal and interest payments due on the Project bonds. As of July 31, 2025, the District’s future facility financing (debt service) obligations due to the Authority for the Project bonds under the Water Facilities Financing Contract are as follows:

Fiscal Year	5.7 MGD Pro Rata Share	
<u>          </u>	<u>\$</u>	<u>          </u>
2026	\$	697,701
2027		698,249
2028		698,511
2029		1,143,236
2030		1,142,895
2031-2035		5,712,676
2036-2040		6,397,952
2041-2045		6,390,632
2046-2050		5,745,885
	<u>\$</u>	<u>28,627,737</u>

**SONTERRA MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JULY 31, 2025**

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**12. DEBT PAYABLE – LONE STAR REGIONAL WATER AUTHORITY**

On June 1, 2015, the District entered into a Water System Facilities Installment Sale Contract (the “LSRWA Facilities Contract”) with the Authority whereby the Authority agreed to sell \$3,165,000 in Contract Revenue Bonds and make those proceeds, net of issuance costs, available to the District for its use to acquire, by purchase and construction, certain water storage and transmission facilities to serve the District. Under the terms of the LSRWA Facilities Contract, the District will own the facilities once they are completed and placed into service. In exchange, the District has agreed to make all debt service payments required to repay the bonds. To secure this obligation, the District has pledged all of the gross revenues derived from the operation of its waterworks and sanitary sewer utility system. In the event such gross revenues are not sufficient for making the required payments, the District is obligated to make such payments from other sources of its General Fund.

During the ten-month period ending July 31, 2025, the District paid the Authority \$203,188 in principal and interest payments on the outstanding debt, of which \$110,000 was for principal and \$93,188 was for interest.

As of July 31, 2025, the debt service requirements related to the LSRWA Facilities Contract are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 110,000	\$ 88,788	\$ 198,788
2027	115,000	84,938	199,938
2028	120,000	80,913	200,913
2029	125,000	76,563	201,563
2030	130,000	71,875	201,875
2031-2035	725,000	279,000	1,004,000
2036-2040	885,000	115,601	1,000,601
	<u>\$ 2,210,000</u>	<u>\$ 797,678</u>	<u>\$ 3,007,678</u>

**SONTERRA MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JULY 31, 2025**

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**13. LEASE OF OFFICE SPACE**

In August 2018, the District entered into an agreement to lease 2,500 square feet of office space to the Jarrell Library. The original term of the lease agreement was 36 months ending August 31, 2021, and was extended annually through December 31, 2022. In December 2022, the District agreed to extend the lease term through December 31, 2024 at a monthly rate of \$2,080 per month in addition to the library's pro rata share of operating and maintenance expenses of the office space. Effective January 1, 2023, the District waived the monthly rental payments due from the Jarrell Library from January 1, 2023 through December 31, 2024. On June 20, 2025, the District extended the lease from January 1, 2025 to December 31, 2025. Monthly rent will be \$750 from January 1, 2025 to December 31, 2025 and a monthly charge of \$350 for utilities will also be charged. During the ten-month period ending July 31, 2025, the District recognized income of \$8,750 for the library lease.

**14. CAPITAL LEASES**

On November 1, 2010, the District entered into a lease purchase agreement to facilitate the purchase of an office building at a purchase price of \$465,000. Under the agreement, the District has agreed to pay equal monthly installments of \$2,788, representing both principal and interest, over a period of thirty years to acquire the office building. The lease accrues interest at 6.00% annually.

During the ten-month period ending July 31, 2025, the District made capital lease principal and interest payments totaling \$27,879, of which \$10,890 was for principal and \$16,989 was for interest. As of July 31, 2025, the future payment requirements related to the office building capital lease are as follows:

Fiscal Year	Principal	Interest	Total
2026	\$ 13,804	\$ 19,650	\$ 33,454
2027	14,657	18,798	33,455
2028	15,561	17,894	33,455
2029	16,521	16,934	33,455
2030	17,540	15,915	33,455
2031-2035	105,323	61,952	167,275
2036-2040	142,065	25,210	167,275
2041	8,281	83	8,364
	\$ 333,752	\$ 176,436	\$ 510,188

**SONTERRA MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JULY 31, 2025**

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**15. PROVISION OF RETAIL WATER AND WASTEWATER SERVICES**

Effective October 1, 2019, the District entered into an Amended and Restated Agreement for the Provision of Retail Water and Wastewater Services, as amended, with Cool Water Municipal Utility District (“Cool Water MUD”), under which the District agrees to provide retail water and wastewater services to the approximately 312.94 acres of property and land within Cool Water MUD as described in the agreement. As part of the consideration under this agreement, Cool Water MUD agrees to make, or cause to be made, certain contract payments to the District, calculated to pay Cool Water MUD’s prorata share, based on the approved living unit equivalents of service, of the debt service on certain District facilities required to provide water and wastewater service to Cool Water MUD. During the ten-month period ending July 31, 2025, the District billed and received contract payments totaling \$971,464 from the developers of the land in Cool Water MUD.

Effective September 1, 2020, the District entered into an Agreement for the Provision of Retail Water and Wastewater Services with Cool Water Municipal Utility District (formerly known as Eastwood Municipal Utility District) (“Eastwood”), under which the District agrees to provide retail water and wastewater services to the approximately 282.314 acres of property and land within Eastwood as described in the agreement. As part of the consideration under this agreement, Eastwood agrees to make, or cause to be made, certain contract payments to the District, calculated to pay Eastwood’s prorata share, based on the approved living unit equivalents of service, of the debt service on certain District facilities required to provide water and wastewater service to Eastwood. During the ten-month period ending July 31, 2025, the District billed and received contract payments totaling \$238,392 from the developers of the land in Eastwood.

**16. COMMITMENTS AND CONTINGENCIES**

The developers of the land within the District have incurred costs for construction of facilities, as well as costs pertaining to the creation and operation of the District. Claims for reimbursement of construction costs and operational advances will be evaluated upon receipt of adequate supporting documentation and proof of contractual obligation. Such costs may be reimbursable to the developer by the District from proceeds of future District bond issues or from operations, subject to approval by the Commission. On November 8, 2005, a bond election held within the District approved authorization to issue \$71,480,000 of bonds for the purpose of purchasing, constructing or otherwise acquiring water, wastewater and drainage system facilities to serve the District. Moreover, on May 1, 2021, a bond election held within the District approved authorization to issue an additional \$45,000,000 of bonds for the purpose of purchasing, constructing or otherwise acquiring water, wastewater and drainage system facilities to serve the District along with \$15,000,000 of bonds for the purpose of purchasing, constructing or otherwise acquiring park and recreational facilities. On May 4, 2024, a bond election held within the District approved authorization to issue an additional \$55,000,000 of bonds for park and recreational facilities. As of July 31, 2025, the District has issued \$81,425,000 of unlimited tax bonds to reimburse the developers for water, wastewater and drainage improvements. As of July 31, 2025, the District has issued \$3,820,000 of bonds to reimburse the developers for parks and recreational facilities.

**SONTERRA MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JULY 31, 2025**

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**17. RISK MANAGEMENT**

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District has obtained coverage from commercial insurance companies and the Texas Municipal League Intergovernmental Risk Pool (“TML Pool”) to effectively manage its risk. All risk management activities are accounted for in the General Fund. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered.

The TML Pool was established by various political subdivisions in Texas to provide self-insurance for its members and to obtain lower costs for insurance. TML Pool members pay annual contributions to obtain the insurance. Annual contribution rates are determined by the TML Pool Board. Rates are estimated to include all claims expected to occur during the policy including claims incurred but not reported. The TML Pool has established claims reserves for each of the types of insurance offered. Although the TML Pool is a self-insured risk pool, members are not contingently liable for claims filed above the amount of the fixed annual contributions. If losses incurred are significantly higher than actuarially estimated, the TML Pool adjusts the contribution rate for subsequent years. Members may receive returns of contributions if actual results are more favorable than estimated.

**18. CHANGE OF FISCAL YEAR**

On April 21, 2025, the Board of Directors adopted a resolution changing the District’s fiscal year end from September 30<sup>th</sup> to July 31<sup>st</sup>.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**SONTERRA MUNICIPAL UTILITY DISTRICT  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
FOR THE TEN-MONTH PERIOD ENDED JULY 31, 2025**

	<u>Actual</u>	<u>Budget</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES:</b>			
Property taxes, including penalties and interest	\$ 1,619,239	\$ 1,626,861	\$ (7,622)
Water service	3,745,191	4,583,200	(838,009)
Wastewater service	2,481,369	2,895,500	(414,131)
Contract reservation fees	1,209,856	1,148,614	61,242
Penalty and interest	165,927	153,000	12,927
Inspection and tap fees	538,001	984,000	(445,999)
Park and recreation fees	1,469,207	1,729,236	(260,029)
Investment revenues	683,027	373,106	309,921
Impact fees	752,500	469,000	283,500
Miscellaneous revenues	144,128	77,125	67,003
<b>TOTAL REVENUES</b>	<u>12,808,445</u>	<u>14,039,642</u>	<u>(1,231,197)</u>
<b>EXPENDITURES:</b>			
Service operations:			
Parks and recreation salaries, repairs and maintenance expenditures	1,481,279	2,434,113	952,834
Professional fees	383,193	424,600	41,407
Contracted services	1,573,111	1,934,350	361,239
Purchased water service	1,030,881	1,373,488	342,607
Purchased wastewater service	1,755,820	2,252,488	496,668
Utilities	252,770	242,000	(10,770)
Repair and maintenance	839,030	847,000	7,970
Other	930,740	1,242,361	311,621
Capital outlay	1,101,227	2,942,150	1,840,923
Debt service:			
Principal	224,033	213,143	(10,890)
Interest	632,474	615,485	(16,989)
<b>TOTAL EXPENDITURES</b>	<u>10,204,558</u>	<u>14,521,178</u>	<u>4,316,620</u>
<b>CHANGE IN FUND BALANCE</b>	2,603,887	<u>\$ (481,536)</u>	<u>\$ 3,085,423</u>
<b>FUND BALANCE:</b>			
Beginning of the year	<u>17,804,491</u>		
End of the year	<u>\$ 20,408,378</u>		

**TEXAS SUPPLEMENTARY  
INFORMATION**

**SONTERRA MUNICIPAL UTILITY DISTRICT**  
**TSI-1. SERVICES AND RATES**  
**JULY 31, 2025**

**1. Services Provided by the District during the Fiscal Year:**

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

**2. Retail Service Providers**

**a. Retail Rates Based on 5/8" Meter (or equivalent):**

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1000 Gallons Over Minimum</u>	<u>Usage Levels</u>
WATER:	\$ 46.00 <sup>(1)</sup>	N/A	N	\$ 2.75	To 2,000
				\$ 3.30	2,001 to 6,000
				\$ 3.60	6,001 to 10,000
				\$ 5.00	10,001 to 15,000
				\$ 6.00	15,001 and up
WASTEWATER:	\$ 26.00	N/A	N	\$ 3.35	To 2,000
				\$ 3.60	2,001 to 6,000
				\$ 7.85	6,001 and up

SURCHARGE: Commission Regulatory Assessment 0.5% of actual water and sewer bill

Park and Recreation Operation and Maintenance Fee \$24.00

District employs winter averaging for wastewater usage? Yes  No

Total charges per 10,000 gallons usage:

Residential:	Water	\$ 79.10 <sup>(1)</sup>	Wastewater	\$ 78.50
	Surcharge	\$ 24.79		

**b. Water and Wastewater Retail Connections:**

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFC's</u>
Unmetered	-	-	1.0	-
< 3/4"	5,606	5,606	1.0	5,606
1"	8	8	2.5	20
1 1/2"	7	7	5.0	35
2"	5	5	8.0	40
3"	1	1	15.0	15
4"	-	-	25.0	-
6"	-	-	50.0	-
8"	-	-	80.0	-
10"	-	-	115.0	-
Total Water	5,627	5,627		5,716
Total Wastewater	5,604	5,604	1.0	5,604

<sup>(1)</sup> Includes solid waste pick-up charge.

**SONTERRA MUNICIPAL UTILITY DISTRICT**  
**TSI-1. SERVICES AND RATES**  
**JULY 31, 2025**

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**3. Total Water Consumption during the Fiscal Year (rounded to the nearest thousand):**

Gallons pumped into system: 283,000,000

Gallons billed to customers: 261,340,000

**Water Accountability Ratio**

(Gallons billed / Gallons Pumped)  
92.3%

**4. Standby Fees (authorized only under TWC Section 49.231):**

Does the District assess standby fees? Yes  No

If yes, Date of the most recent Commission Order: \_\_\_\_\_

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

If yes, Date of the most recent Commission Order: \_\_\_\_\_

**5. Location of District**

County(ies) in which district is located: Williamson County, Texas

Is the District located entirely within one county? Yes  No

Is the District located within a city? Entirely  Partly  Not at all

City(ies) in which district is located: \_\_\_\_\_

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

Entirely  Partly  Not at all

ETJ's in which district is located: City of Jarrell, Texas

Are Board members appointed by an office outside the district?

Yes  No

If Yes, by whom? N/A

**SONTERRA MUNICIPAL UTILITY DISTRICT  
TSI-2. GENERAL FUND EXPENDITURES  
FOR THE TEN-MONTH PERIOD ENDED JULY 31, 2025**

Personnel Expenditures (including benefits and excluding parks and recreation)	\$	370,985
Professional Fees:		
Auditing		23,750
Legal		223,365
Engineering		105,060
Financial Advisor Fee		548
Other		30,470
Purchased Services for Resale-		
Bulk Water and Wastewater Purchases		2,786,701
Contracted Services:		
Bookkeeping		71,950
Operations and Billing		566,608
Appraisal District		7,203
Tax Collector		373
Utilities		252,770
Repairs and Maintenance		839,030
Administrative Expenditures:		
Directors' Fees		21,315
Office Supplies		-
Insurance		68,259
Other Administrative Expenditures		235,277
Capital Outlay:		
Capitalized Assets		1,101,227
Expenditures not Capitalized		-
Tap Connection Expenditures		-
Solid Waste Disposal		815,081
Security		111,896
Parks and Recreation:		
Personnel Expenditures		579,416
Repairs and Maintenance		709,069
Other		192,794
Debt Service		856,507
Other Expenditures		234,904
<b>TOTAL EXPENDITURES</b>		<u>\$ 10,204,558</u>

Number of persons employed by the District:

Full-Time     Part-Time

**SONTERRA MUNICIPAL UTILITY DISTRICT**  
**TSI-3. TEMPORARY INVESTMENTS**  
**JULY 31, 2025**

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
<b>General Fund:</b>					
TexPool	XXXX0003	Varies	Daily	\$ 13,377,424	\$ -
TexPool	XXXX0012	Varies	Daily	154,826	-
TexPool	XXXX0013	Varies	Daily	1,176,838	-
TexPool	XXXX0014	Varies	Daily	282,573	-
TexPool	XXXX0018	Varies	Daily	1,079,910	-
TexPool	XXXX0020	Varies	Daily	3,976,643	-
Total General Fund				20,048,214	-
<b>Debt Service Fund:</b>					
TexPool	XXXX0002	Varies	Daily	12,067,976	-
TexPool	XXXX0004	Varies	Daily	24,518	-
Total Debt Service Fund				12,092,494	-
<b>Capital Projects Fund:</b>					
TexPool	XXXX0011	Varies	Daily	461,582	-
TexPool	XXXX0015	Varies	Daily	206,132	-
TexPool	XXXX0017	Varies	Daily	310,400	-
TexPool	XXXX0019	Varies	Daily	3,764,408	-
TexPool	XXXX0022	Varies	Daily	674,943	-
TexPool	XXXX0023	Varies	Daily	141,265	-
Total Capital Projects Fund				5,558,730	-
Total - All Funds				\$ 37,699,438	\$ -

**SONTERRA MUNICIPAL UTILITY DISTRICT**  
**TSI-4. TAXES LEVIED AND RECEIVABLE**  
**FOR THE TEN-MONTH PERIOD ENDED JULY 31, 2025**

	<b>Maintenance Taxes</b>	<b>Debt Service Taxes</b>		
<b>Taxes Receivable, Beginning of Year</b>	\$ 9,179	\$ 47,330		
2024 Original tax levy	1,627,984	7,284,752		
Current year tax adjustments	(8,322)	(37,237)		
Prior year tax adjustments	(1,400)	(6,580)		
Total to be accounted for	1,627,441	7,288,265		
Tax collections:				
Current year	1,614,515	7,224,486		
Prior years	2,041	9,588		
Total collections	1,616,556	7,234,074		
<b>Taxes Receivable, End of Year</b>	\$ 10,885	\$ 54,191		
<b>Taxes Receivable, by Years</b>				
2023 and prior	\$ 5,738	\$ 31,162		
2024	5,147	23,029		
<b>Taxes Receivable, End of Year</b>	\$ 10,885	\$ 54,191		
<b>Property Valuations:</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Land and improvements	\$ 1,259,814,408 (a)	\$ 1,186,792,930 (a)	\$ 1,032,974,526 (a)	\$ 709,394,592 (a)
<b>Total Property Valuations</b>	\$ 1,259,814,408	\$ 1,186,792,930	\$ 1,032,974,526	\$ 709,394,592
<b>Tax Rates per \$100 Valuation:</b>				
Maintenance tax rates	\$ 0.1285	\$ 0.1285	\$ 0.1150	\$ 0.1275
Debt Service tax rates	0.5750	0.5750	0.6000	0.8200
<b>Total Tax Rates per \$100 Valuation:</b>	\$ 0.7035	\$ 0.7035	\$ 0.7150	\$ 0.9475
<b>Original Tax Levy</b>	\$ 8,867,177	\$ 8,356,206	\$ 7,425,307	\$ 6,729,538
<b>Percent of Taxes Collected to Taxes Levied **</b>	<b>99.7%</b>	99.9%	99.9%	99.9%
<b>Maximum Maintenance Tax Rate Approved by Voters:</b>	<b>\$ 1.00 on 11/8/2005</b>			

\*\*Calculated as taxes collected in current and previous years divided by tax levy.

(a) Valuations are provided by the appropriate Appraisal District. Due to various factors including tax protests and disputes, such valuations change over time; therefore, they may vary slightly from those disclosed in the District's bond offering documents or the District's annual bond disclosure filings.

**SONTERRA MUNICIPAL UTILITY DISTRICT**  
**TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS - BY YEARS**  
**JULY 31, 2025**

Fiscal Year Ending	Unlimited Tax Bonds Series 2014			Unlimited Tax Refunding Bonds Series 2015			Unlimited Tax Bonds Series 2015			Unlimited Tax Bonds Series 2016		
	Principal Due 8/15	Interest Due 2/15, 8/15	Total	Principal Due 8/15	Interest Due 2/15, 8/15	Total	Principal Due 8/15	Interest Due 2/15, 8/15	Total	Principal Due 8/15	Interest Due 2/15, 8/15	Total
2026	\$ 295,000	\$ 204,142	\$ 499,142	\$ 175,000	\$ 59,295	\$ 234,295	\$ 165,000	\$ 127,886	\$ 292,886	\$ 100,000	\$ 149,437	\$ 249,437
2027	310,000	194,874	504,874	180,000	53,970	233,970	170,000	122,862	292,862	100,000	146,687	246,687
2028	320,000	185,030	505,030	185,000	48,495	233,495	180,000	117,387	297,387	100,000	143,687	243,687
2029	335,000	174,796	509,796	195,000	42,795	237,795	190,000	111,375	301,375	100,000	140,687	240,687
2030	345,000	164,171	509,171	200,000	36,870	236,870	195,000	105,119	300,119	100,000	137,687	237,687
2031	360,000	153,155	513,155	205,000	30,795	235,795	205,000	98,619	303,619	100,000	134,687	234,687
2032	375,000	141,624	516,624	215,000	24,495	239,495	215,000	91,794	306,794	100,000	131,687	231,687
2033	390,000	129,477	519,477	215,000	17,911	232,911	225,000	84,644	309,644	100,000	128,688	228,688
2034	405,000	116,656	521,656	225,000	11,035	236,035	235,000	77,169	312,169	100,000	125,688	225,688
2035	425,000	102,638	527,638	235,000	3,760	238,760	250,000	69,288	319,288	300,000	119,688	419,688
2036	440,000	86,400	526,400	-	-	238,760	260,000	60,838	320,838	455,000	108,363	563,363
2037	455,000	68,500	523,500	-	-	-	270,000	51,894	321,894	470,000	94,488	564,488
2038	475,000	49,900	524,900	-	-	-	285,000	41,994	326,994	490,000	80,088	570,088
2039	495,000	30,500	525,500	-	-	-	300,000	31,025	331,025	515,000	65,013	580,013
2040	515,000	10,300	525,300	-	-	-	310,000	19,200	329,200	535,000	48,594	583,594
2041	-	-	-	-	-	-	325,000	6,500	331,500	560,000	30,100	590,100
2042	-	-	-	-	-	-	-	-	-	580,000	10,150	590,150
2043	-	-	-	-	-	-	-	-	-	-	-	-
2044	-	-	-	-	-	-	-	-	-	-	-	-
2045	-	-	-	-	-	-	-	-	-	-	-	-
2046	-	-	-	-	-	-	-	-	-	-	-	-
2047	-	-	-	-	-	-	-	-	-	-	-	-
	<b>\$ 5,940,000</b>	<b>\$ 1,812,163</b>	<b>\$ 7,752,163</b>	<b>\$ 2,030,000</b>	<b>\$ 329,421</b>	<b>\$ 2,359,421</b>	<b>\$ 3,780,000</b>	<b>\$ 1,217,594</b>	<b>\$ 4,997,594</b>	<b>\$ 4,805,000</b>	<b>\$ 1,795,419</b>	<b>\$ 6,600,419</b>

**SONTERRA MUNICIPAL UTILITY DISTRICT**  
**TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS - BY YEARS**  
**JULY 31, 2025**

Fiscal Year Ending	Unlimited Tax Bonds Series 2018			Unlimited Tax Bonds Series 2019			Unlimited Tax Bonds Series 2020			Unlimited Tax Refunding Bonds Series 2020		
	Principal Due 8/15	Interest Due 2/15, 8/15	Total	Principal Due 8/15	Interest Due 2/15, 8/15	Total	Principal Due 8/15	Interest Due 2/15, 8/15	Total	Principal Due 8/15	Interest Due 2/15, 8/15	Total
2026	\$ 210,000	\$ 173,693	\$ 383,693	\$ 170,000	\$ 150,419	\$ 320,419	\$ 450,000	\$ 542,357	\$ 992,357	\$ 58,313	\$ 394,813	\$ 453,126
2027	215,000	167,318	382,318	180,000	146,918	326,918	470,000	512,457	982,457	370,000	74,425	444,425
2028	225,000	160,718	385,718	190,000	142,981	332,981	485,000	481,419	966,419	380,000	66,925	446,925
2029	235,000	153,818	388,818	200,000	138,344	338,344	500,000	449,407	949,407	375,000	59,375	434,375
2030	250,000	146,544	396,544	205,000	133,025	338,025	520,000	416,256	936,256	380,000	51,350	431,350
2031	260,000	138,894	398,894	215,000	126,981	341,981	535,000	388,656	923,656	395,000	42,631	437,631
2032	270,000	130,944	400,944	230,000	120,306	350,306	555,000	366,856	921,856	395,000	33,250	428,250
2033	285,000	122,619	407,619	240,000	113,256	353,256	575,000	344,256	919,256	405,000	23,250	428,250
2034	295,000	113,919	408,919	250,000	105,906	355,906	595,000	320,856	915,856	405,000	12,619	417,619
2035	310,000	104,650	414,650	260,000	98,256	358,256	615,000	296,656	911,656	75,000	5,925	80,925
2036	325,000	94,728	419,728	275,000	90,231	365,231	640,000	271,556	911,556	80,000	3,600	83,600
2037	340,000	84,125	424,125	285,000	81,653	366,653	660,000	245,556	905,556	80,000	1,200	81,200
2038	355,000	72,831	427,831	300,000	72,513	372,513	685,000	218,656	903,656	-	-	-
2039	370,000	61,050	431,050	315,000	62,904	377,904	710,000	190,756	900,756	-	-	-
2040	385,000	48,782	433,782	330,000	52,825	382,825	730,000	161,956	891,956	-	-	-
2041	400,000	35,776	435,776	345,000	42,278	387,278	760,000	133,581	893,581	-	-	-
2042	420,000	21,938	441,938	360,000	31,038	391,038	785,000	105,578	890,578	-	-	-
2043	440,000	7,425	447,425	380,000	19,013	399,013	810,000	76,669	886,669	-	-	-
2044	-	-	-	395,000	6,419	401,419	840,000	46,763	886,763	-	-	-
2045	-	-	-	-	-	-	870,000	15,769	885,769	-	-	-
2046	-	-	-	-	-	-	-	-	-	-	-	-
2047	-	-	-	-	-	-	-	-	-	-	-	-
	\$ 5,590,000	\$ 1,839,772	\$ 7,429,772	\$ 5,125,000	\$ 1,735,266	\$ 6,860,266	\$ 12,790,000	\$ 5,586,016	\$ 18,376,016	\$ 3,398,313	\$ 769,363	\$ 4,167,676

**SONTERRA MUNICIPAL UTILITY DISTRICT**  
**TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS - BY YEARS**  
**JULY 31, 2025**

Fiscal Year Ending	Unlimited Tax Bonds Series 2020A			Unlimited Tax Bonds Series 2021			Unlimited Tax Bonds Series 2022			Unlimited Tax Bonds Series 2025		
	Principal Due 8/15	Interest Due 2/15, 8/15	Total	Principal Due 8/15	Interest Due 2/15, 8/15	Total	Principal Due 8/15	Interest Due 2/15, 8/15	Total	Principal Due 8/15	Interest Due 2/15, 8/15	Total
2026	\$ 120,000	\$ 86,325	\$ 206,325	\$ 340,000	\$ 253,475	\$ 593,475	\$ 210,000	\$ 264,056	\$ 474,056	\$ 1,000,000	\$ 135,342	\$ 1,135,342
2027	125,000	83,275	208,275	350,000	239,675	589,675	220,000	253,306	473,306	260,000	106,100	366,100
2028	130,000	80,725	210,725	365,000	229,025	594,025	230,000	242,056	472,056	275,000	92,725	367,725
2029	135,000	78,075	213,075	375,000	221,625	596,625	240,000	231,206	471,206	285,000	78,725	363,725
2030	145,000	75,275	220,275	385,000	214,025	599,025	255,000	220,688	475,688	300,000	64,100	364,100
2031	150,000	72,325	222,325	395,000	206,225	601,225	270,000	209,869	479,869	310,000	48,850	358,850
2032	155,000	69,275	224,275	410,000	198,175	608,175	280,000	198,869	478,869	325,000	34,600	359,600
2033	165,000	66,075	231,075	420,000	189,875	609,875	295,000	187,369	482,369	340,000	21,300	361,300
2034	170,000	62,725	232,725	435,000	181,326	616,326	315,000	175,169	490,169	355,000	10,950	365,950
2035	180,000	59,225	239,225	445,000	172,247	617,247	330,000	162,269	492,269	370,000	3,700	373,700
2036	185,000	55,575	240,575	460,000	162,343	622,343	345,000	148,769	493,769	-	-	-
2037	195,000	51,653	246,653	475,000	151,528	626,528	365,000	134,569	499,569	-	-	-
2038	205,000	47,403	252,403	490,000	139,763	629,763	385,000	119,569	504,569	-	-	-
2039	215,000	42,806	257,806	505,000	127,325	632,325	405,000	103,769	508,769	-	-	-
2040	225,000	37,856	262,856	520,000	114,187	634,187	425,000	87,169	512,169	-	-	-
2041	235,000	32,681	267,681	535,000	100,340	635,340	450,000	69,668	519,668	-	-	-
2042	245,000	27,281	272,281	550,000	86,100	636,100	470,000	51,268	521,268	-	-	-
2043	255,000	21,656	276,656	565,000	71,466	636,466	495,000	31,659	526,659	-	-	-
2044	265,000	15,806	280,806	585,000	56,372	641,372	520,000	10,725	530,725	-	-	-
2045	280,000	9,676	289,676	600,000	40,819	640,819	-	-	-	-	-	-
2046	290,000	3,263	293,263	620,000	24,806	644,806	-	-	-	-	-	-
2047	-	-	-	635,000	8,334	643,334	-	-	-	-	-	-
	<u>\$ 4,070,000</u>	<u>\$ 1,078,956</u>	<u>\$ 5,148,956</u>	<u>\$ 10,460,000</u>	<u>\$ 3,189,056</u>	<u>\$ 13,649,056</u>	<u>\$ 6,505,000</u>	<u>\$ 2,902,022</u>	<u>\$ 9,407,022</u>	<u>\$ 3,820,000</u>	<u>\$ 596,392</u>	<u>\$ 4,416,392</u>

**SONTERRA MUNICIPAL UTILITY DISTRICT**  
**TSI-5. LONG-TERM DEBT SERVICE**  
**REQUIREMENTS - BY YEARS**  
**JULY 31, 2025**

Fiscal Year Ending	Total		
	Principal Due 8/15	Interest Due 2/15, 8/15	Total
2026	\$ 3,293,313	\$ 2,541,240	\$ 5,834,553
2027	2,950,000	2,101,867	5,051,867
2028	3,065,000	1,991,173	5,056,173
2029	3,165,000	1,880,228	5,045,228
2030	3,280,000	1,765,110	5,045,110
2031	3,400,000	1,651,687	5,051,687
2032	3,525,000	1,541,875	5,066,875
2033	3,655,000	1,428,720	5,083,720
2034	3,785,000	1,314,018	5,099,018
2035	3,795,000	1,198,302	4,993,302
2036	3,465,000	1,082,403	4,547,403
2037	3,595,000	965,166	4,560,166
2038	3,670,000	842,717	4,512,717
2039	3,830,000	715,148	4,545,148
2040	3,975,000	580,869	4,555,869
2041	3,610,000	450,924	4,060,924
2042	3,410,000	333,353	3,743,353
2043	2,945,000	227,888	3,172,888
2044	2,605,000	136,085	2,741,085
2045	1,750,000	66,264	1,816,264
2046	910,000	28,069	938,069
2047	635,000	8,334	643,334
	<u>\$ 68,313,313</u>	<u>\$ 22,851,440</u>	<u>\$ 91,164,753</u>

**SONTERRA MUNICIPAL UTILITY DISTRICT  
TSI-6. CHANGES IN LONG-TERM BONDED DEBT  
FOR THE TEN-MONTH PERIOD ENDED JULY 31, 2025**

	Bond Issue											Total
	Series 2014	Series 2015 Ref.	Series 2015	Series 2016	Series 2018	Series 2019	Series 2020	Series 2020 Ref.	Series 2020A	Series 2021	Series 2022	
Interest Rate	3.00% - 4.00%	3.00% - 3.20%	3.00% - 4.00%	2.50% - 3.50%	3.00% - 3.375%	2.00% - 3.25%	3.625% - 6.50%	2.00% - 3.00%	2.00% - 3.00%	2.00% - 4.00%	4.00% - 5.00%	2.00% - 5.00%
Dates Interest Payable	2/15, 8/15	2/15, 8/15	2/15, 8/15	2/15, 8/15	2/15, 8/15	2/15, 8/15	2/15, 8/15	2/15, 8/15	2/15, 8/15	2/15, 8/15	2/15, 8/15	2/15, 8/15
Maturity Dates	8/15/2039	8/15/2034	8/15/2040	8/15/2041	8/15/2042	8/15/2043	8/15/2044	8/15/2036	8/15/2045	8/15/2046	8/15/2043	8/15/2034
Bonds Outstanding at End of Current Fiscal Year	\$ 5,940,000	\$ 2,030,000	\$ 3,780,000	\$ 4,805,000	\$ 5,590,000	\$ 5,125,000	\$ 12,790,000	\$ 3,398,313	\$ 4,070,000	\$ 10,460,000	\$ 6,505,000	\$ -
Bonds Sold During the Current Fiscal Year	-	-	-	-	-	-	-	-	-	-	-	3,820,000
Retirements During the Current Fiscal Year:	-	-	-	-	-	-	-	-	-	-	-	-
Refunded Principal	-	-	-	-	-	-	-	-	-	-	-	-
Bonds Outstanding at End of Current Fiscal Year	\$ 5,940,000	\$ 2,030,000	\$ 3,780,000	\$ 4,805,000	\$ 5,590,000	\$ 5,125,000	\$ 12,790,000	\$ 3,398,313	\$ 4,070,000	\$ 10,460,000	\$ 6,505,000	\$ 3,820,000
Interest Paid During the Current Fiscal Year	\$ 104,284	\$ 30,960	\$ 65,181	\$ 75,343	\$ 88,422	\$ 76,059	\$ 278,491	\$ 39,062	\$ 44,063	\$ 130,138	\$ 134,653	\$ -
Paying Agent's Name & Address:	Bank of Texas Austin, TX	Bank of Texas Austin, TX	Bank of Texas Austin, TX	Bank of Texas Austin, TX	Bank of Texas Austin, TX	Bank of Texas Austin, TX	Bank of Texas Austin, TX	Bank of Texas Austin, TX	Bank of Texas Austin, TX	Bank of Texas Austin, TX	Bank of Texas Austin, TX	Bank of Texas Dallas, TX
Bond Authority:	Tax Bonds*	Park & Recreation Bonds	Refunding Bonds									
Amount Authorized by Voters	\$ 116,480,000	\$ 70,000,000	\$ -									
Amount Issued	(81,425,000)	(3,820,000)	9,729,986									
Remaining to be Issued	\$ 35,055,000	\$ 66,180,000	N/A									

\* Includes all bonds secured with tax revenues. Bonds in this category may also be secured with other revenues in combination with taxes.

Debt Service Fund Cash and Temporary Investments balances as of July 31, 2025:

\$ 12,092,494

Average Annual Debt Service Payment (Principal & Interest) for the remaining term of all debt:

#REF!

**SONTERRA MUNICIPAL UTILITY DISTRICT**  
**TSI-7. COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES**  
**GENERAL FUND AND DEBT SERVICE FUND - FIVE YEARS**  
**JULY 31, 2025**

	Amounts					Percent of				
	2025*	2024	2023	2022	2021	2025*	2024	2023	2022	2021
<b>GENERAL FUND REVENUES AND OTHER FINANCING SOURCES:</b>										
Property taxes, including penalties and interest	\$ 1,619,239	\$ 1,519,733	\$ 1,194,490	\$ 917,752	\$ 688,440	12.7%	10.1%	10.0%	5.8%	7.7%
Water service	3,745,191	4,262,082	4,026,230	3,560,622	2,714,051	29.2%	27.9%	33.5%	22.3%	30.3%
Wastewater service	2,481,369	2,779,169	2,511,894	2,179,029	1,794,386	19.4%	18.2%	21.0%	13.7%	20.0%
Impact fees	752,500	519,750	416,500	5,045,250	878,500	5.9%	3.4%	3.5%	31.7%	9.8%
Contract reservation fees	1,209,856	2,462,210	703,454	668,492	645,624	9.4%	16.1%	5.9%	4.2%	7.2%
Penalty and interest	165,927	202,555	206,758	125,503	124,030	1.3%	1.3%	1.7%	0.8%	1.4%
Inspection and tap fees	538,001	691,478	778,021	1,730,203	929,370	4.2%	4.5%	6.5%	10.9%	10.4%
Park and recreation fees	1,469,207	1,876,687	1,360,811	1,238,986	1,096,680	11.5%	12.3%	11.4%	7.8%	12.2%
Investment revenues	683,027	871,215	664,726	90,063	7,283	5.3%	5.7%	5.5%	0.5%	0.2%
Miscellaneous revenues	144,128	74,519	105,492	86,585	-	1.1%	0.5%	0.9%	0.6%	0.9%
Sale of capital assets	-	-	-	266,783	-	-	-	-	-	1.7%
<b>TOTAL GENERAL FUND REVENUES AND OTHER FINANCING SOURCES</b>	<b>12,808,445</b>	<b>15,259,368</b>	<b>11,965,346</b>	<b>15,928,175</b>	<b>8,964,949</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>GENERAL FUND EXPENDITURES:</b>										
Parks and recreation salaries, repairs and maintenance expenditures	1,481,279	1,920,854	1,164,450	900,189	747,327	11.6%	12.7%	9.8%	5.6%	8.3%
Professional fees	383,193	400,756	371,130	295,147	245,458	3.0%	2.6%	3.1%	1.9%	2.7%
Contracted services	1,573,111	1,882,698	1,690,594	1,492,800	1,268,003	12.3%	12.3%	14.1%	9.4%	14.1%
Purchased water service	1,030,881	1,187,748	1,187,748	796,703	796,703	8.0%	7.8%	9.9%	5.0%	8.9%
Purchased wastewater service	1,755,820	2,048,562	1,941,876	1,870,980	1,387,091	13.7%	13.4%	16.2%	11.7%	15.5%
Utilities	252,270	271,997	166,813	149,062	149,062	2.0%	1.8%	1.4%	1.2%	1.6%
Repair and maintenance	839,030	751,660	898,010	1,682,073	408,603	6.6%	4.9%	7.5%	10.6%	4.6%
Other	930,740	821,321	654,512	690,205	638,555	7.3%	5.4%	5.5%	4.3%	7.1%
Capital outlay	1,101,227	3,596,250	371,107	162,206	490,793	8.6%	23.6%	3.1%	1.0%	5.5%
Principal	224,033	416,779	227,495	213,391	213,391	1.7%	2.7%	1.9%	1.3%	2.4%
Interest	632,474	582,144	513,999	458,340	402,921	4.9%	3.8%	4.3%	2.9%	4.6%
<b>TOTAL GENERAL FUND EXPENDITURES</b>	<b>10,204,558</b>	<b>13,880,769</b>	<b>9,187,734</b>	<b>8,747,433</b>	<b>6,747,907</b>	<b>79.7%</b>	<b>91.0%</b>	<b>76.8%</b>	<b>54.9%</b>	<b>75.3%</b>
<b>EXCESS OF GENERAL FUND REVENUES OVER EXPENDITURES</b>	<b>2,603,887</b>	<b>1,378,599</b>	<b>2,777,612</b>	<b>7,180,742</b>	<b>2,217,042</b>	<b>20.3%</b>	<b>9.0%</b>	<b>23.2%</b>	<b>45.1%</b>	<b>24.7%</b>
<b>DEBT SERVICE FUND REVENUES &amp; OTHER FINANCING SOURCES:</b>										
Property taxes, including penalties	\$ 7,245,632	\$ 6,798,926	\$ 6,232,420	\$ 5,905,234	\$ 4,235,367	95.0%	94.5%	95.6%	99.4%	99.8%
Interest and other	377,338	395,358	286,179	32,726	7,950	5.0%	5.5%	4.4%	0.6%	0.2%
<b>TOTAL DEBT SERVICE FUND REVENUES &amp; OTHER FINANCING SOURCES</b>	<b>7,622,970</b>	<b>7,194,284</b>	<b>6,518,599</b>	<b>5,937,960</b>	<b>4,243,317</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>DEBT SERVICE FUND EXPENDITURES &amp; OTHER FINANCING USES:</b>										
Principal	-	2,176,749	3,540,158	3,260,350	1,850,784	-	30.4%	54.4%	54.9%	43.6%
Interest	1,066,656	2,561,339	2,667,896	2,471,547	2,243,826	14.0%	35.6%	40.9%	41.6%	52.9%
Fiscal agent fees and other	44,854	53,732	41,850	39,195	30,490	0.6%	0.7%	0.6%	0.7%	0.7%
<b>TOTAL DEBT SERVICE FUND EXPENDITURES &amp; OTHER FINANCING USES</b>	<b>1,111,210</b>	<b>4,791,820</b>	<b>6,249,904</b>	<b>5,771,092</b>	<b>4,125,100</b>	<b>14.6%</b>	<b>66.6%</b>	<b>95.9%</b>	<b>97.2%</b>	<b>97.2%</b>
<b>EXCESS OF DEBT SERVICE FUND REVENUES &amp; OTHER FINANCING SOURCES OVER EXPENDITURES &amp; OTHER FINANCING USES</b>	<b>6,511,760</b>	<b>2,402,464</b>	<b>268,695</b>	<b>166,868</b>	<b>118,217</b>	<b>85.4%</b>	<b>33.4%</b>	<b>4.1%</b>	<b>2.8%</b>	<b>2.8%</b>
<b>TOTAL ACTIVE RETAIL WATER CONNECTIONS</b>	<b>5,627</b>	<b>5,135</b>	<b>5,030</b>	<b>4,151</b>	<b>4,105</b>					
<b>TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS</b>	<b>5,604</b>	<b>5,096</b>	<b>4,941</b>	<b>4,117</b>	<b>4,074</b>					

\* For the 10 month period ending July 31, 2025

**SONTERRA MUNICIPAL UTILITY DISTRICT  
TSI-8. BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS  
JULY 31, 2025**

**Complete District Mailing Address:** 100 Congress Ave., Suite 1300  
Austin, TX 78701

**District Business Telephone Number:** (512) 435-2300

**Submission Date of the most recent District Registration Form TWC Sections 36.054 & 49.054):** July 21, 2025

**Limits on Fees of Office that a Director may receive during a fiscal year: (Set by Board Resolution TWC Section 49.060)** \$7,200

<u>Name and Address:</u>	<u>Term of Office (Elected or Appointed) or Date Hired</u>	<u>Fees of Office Paid * 7/31/2025</u>	<u>Expense Reimbursements 07/31/25</u>	<u>Title at Year End</u>
<b><u>Board Members :</u></b>				
Michael Cosimeno	Elected 5/4/2024 - 5/6/2028	\$ 6,000	\$ -	President
John Faske	Elected 5/4/2024 - 5/6/2028	\$ 6,000	\$ -	Vice-President
Sherry Roark	Appointed 3/20/2023 - 5/2/2026	\$ -	\$ -	Secretary
Jesse Payne	Appointed 9/11/2023 - 5/2/2026	\$ 6,000	\$ -	Assistant Secretary
Raven Dunbar	Elected 5/4/2024 - 7/21/2025	\$ 3,315	\$ -	Former Director
<b><u>Consultants :</u></b>				
Armbrust & Brown, PLLC	4/18/2016	\$ 224,611	\$ -	Attorney
		\$ 57,490	\$ -	Bond Related Services
McCall Gibson Swedlund Barfoot Ellis PLLC	9/17/2018	\$ 23,750	\$ -	Auditor
		\$ 17,500	\$ -	Bond Related Services
Bott & Douthitt PLLC	7/20/2020	\$ 72,715	\$ -	Accountant
Joney-Heroy & Associates Inc.	11/11/2013	\$ 175,139	\$ -	Engineer
		\$ 18,036	\$ -	Bond Related Services
Specialized Public Finance Inc.	11/10/2008	\$ 102,053	\$ -	Financial Advisor
Crossroads Utility Services	9/16/2013	\$ 1,304,494	\$ -	Operator
Vecindario Management	4/30/2014	\$ 1,099	\$ -	Former General Manager
Williamson Co. Tax Collector	7/23/2007	\$ 2,042	\$ -	Tax Collector

\* Fees of Office are the amounts actually paid to a director during the District's fiscal year.

**OTHER SUPPLEMENTARY  
INFORMATION**

**SONTERRA MUNICIPAL UTILITY DISTRICT  
OSI-1. TOP TEN TAXPAYERS  
JULY 31, 2025**

Taxpayer	Type of Property	Tax Roll Year		
		2025	2024	2023
Akiva Holdings LLC	N/A	\$ 34,000,000	\$ 37,000,000	\$ 38,500,000
Leemak Jarrell LLC	N/A	11,232,413	12,129,295	12,649,148
Rvest LP	N/A	9,961,656	13,128,284	10,552,022
Oncor Electric Delivery Company	N/A	7,517,400	7,173,600	5,325,750
Big Red Barn V Ltd.	N/A	5,708,833	5,141,922	4,736,915
Akiva, M.	N/A	3,540,000	3,380,957	3,100,000
Jarrellking LLC	N/A	3,515,826	3,541,453	3,727,825
NNN Reit LP	N/A	2,815,000	2,640,000	-
DC Brown LP	N/A	2,476,828	-	-
Suki Angel LLC	N/A	2,432,500	2,518,446	-
Lennar Homes of Texas Land & Construction Ltd.	N/A	-	3,733,270	2,869,611
AG EHC II (Len) Multi State I LLC	N/A	-	-	6,271,500
Starlight Homes Texas LLC	N/A	-	-	2,959,440
<b>Total</b>		<b>\$ 83,200,456</b>	<b>\$ 90,387,227</b>	<b>\$ 90,692,211</b>
Percent of Assessed Valuation		<b>6.6%</b>	<b>7.2%</b>	<b>7.6%</b>

**SONTERRA MUNICIPAL UTILITY DISTRICT  
OSI-2. ASSESSED VALUE BY CLASSIFICATION  
JULY 31, 2025**

Type of Property	Tax Roll Year					
	2025		2024		2023	
	Amount	%	Amount	%	Amount	%
Single Family	\$ 1,172,272,240	93.3%	\$ 1,160,054,975	92.1%	\$ 1,120,688,363	94.4%
Multi Family	43,574,476	3.5%	46,438,630	3.7%	47,252,977	4.0%
Vacant Land	13,094,001	1.0%	17,433,021	1.4%	28,486,615	2.4%
Acreage	6,775,302	0.5%	4,136,121	0.3%	3,676,877	0.3%
Farm and Ranch	2,220,803	0.2%	2,353,626	0.2%	2,337,689	0.2%
Commercial and Industrial	49,947,435	4.0%	51,162,537	4.1%	43,035,780	3.6%
Tangible/Intangible Personal	15,530,085	1.2%	16,907,523	1.3%	12,843,123	1.1%
Real Inventory	7,587,599	0.6%	31,483,535	2.5%	37,131,218	3.1%
Exempt	(54,952,982)	-4.3%	(70,155,560)	-5.6%	(108,659,712)	-9.1%
Total Taxable Value	<u>\$ 1,256,048,959</u>	<u>100.0%</u>	<u>\$ 1,259,814,408</u>	<u>100.0%</u>	<u>\$ 1,186,792,930</u>	<u>100.0%</u>