

**SONTERRA MUNICIPAL UTILITY DISTRICT**

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

**FOR THE YEAR ENDED  
SEPTEMBER 30, 2024**

# SONTERRA MUNICIPAL UTILITY DISTRICT

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# **ANNUAL FILING AFFIDAVIT**

# ANNUAL FILING AFFIDAVIT

STATE OF TEXAS  
COUNTY OF WILLIAMSON

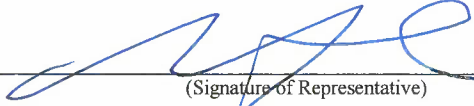
I, Michael Cosimeno of the  
(Name of Duly Authorized District Representative)

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

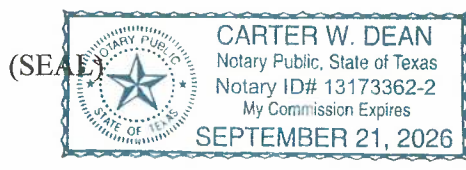
hereby swear, or affirm, that the District above has reviewed and approved at a meeting of the District's Board of Directors on the **17<sup>th</sup> day of March, 2025**, its annual audit report for the fiscal year ended **September 30, 2024** and that copies of the annual audit report have been filed 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: March 17, 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 17<sup>th</sup> day of March, 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 year ended September 30, 2024, 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 September 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

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

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

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

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

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

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

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

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

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the 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

March 17, 2025

**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

# SONTERRA MUNICIPAL UTILITY DISTRICT MANAGEMENT’S DISCUSSION AND ANALYSIS YEAR ENDED SEPTEMBER 30, 2024

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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 year ended September 30, 2024. 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 the end of the current fiscal year, the fund balance in the General Fund was \$17,804,491, an increase of \$1,378,599 from the previous fiscal year. General Fund revenues increased from \$11,956,346 in the previous fiscal year to \$15,259,368 in the current fiscal year due to an increase in property taxes resulting from rising property values in the District and contract reservation fees.
- *Debt Service Fund:* Fund balance restricted for debt service increased from \$3,147,641 at the end of the previous fiscal year to \$5,550,105 in the current fiscal year. Debt Service Fund revenues increased from \$6,518,599 in the previous fiscal year to \$7,194,284, in the current fiscal year due to an increase in the District’s assessed valuation. The District made bond principal payments of \$2,176,749 and bond interest payments of \$2,561,339 during the current fiscal year.
- *Capital Projects Fund:* Fund balance restricted for capital projects increased from \$2,758,827 in the previous fiscal year to \$3,005,252 in the current fiscal year.
- *Governmental Activities:* On a government-wide basis for governmental activities, the District had revenues net of expenses of \$8,800,074 during the current fiscal year. Net position increased from \$17,839,505 at September 30, 2023 to \$26,639,579 at September 30, 2024.

## 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 YEAR ENDED SEPTEMBER 30, 2024

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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  
YEAR ENDED SEPTEMBER 30, 2024**

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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
	2024	2023	(Decrease)
Current and Other Assets	\$ 31,136,597	\$ 26,873,080	\$ 4,263,517
Capital and Intangible Assets	97,466,275	96,034,285	1,431,990
<b>Total Assets</b>	<b>128,602,872</b>	<b>122,907,365</b>	<b>5,695,507</b>
Deferred Outflows of Resources	313,248	397,377	(84,129)
Current Liabilities	6,658,638	8,424,522	(1,765,884)
Long-term Liabilities	95,617,903	97,040,715	(1,422,812)
<b>Total Liabilities</b>	<b>102,276,541</b>	<b>105,465,237</b>	<b>(3,188,696)</b>
Net Investment in Capital Assets	3,781,230	(893,683)	4,674,913
Restricted	5,022,229	2,276,711	2,745,518
Unrestricted	17,836,120	16,456,477	1,379,643
<b>Total Net Position</b>	<b>\$ 26,639,579</b>	<b>\$ 17,839,505</b>	<b>\$ 8,800,074</b>

The District's net position increased from \$17,839,505 in the previous fiscal year to \$26,639,579 in the current fiscal year. The District's unrestricted net position at September 30, 2024, which can be used to finance day to day operations, totaled \$17,836,120.

**SONTERRA MUNICIPAL UTILITY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED SEPTEMBER 30, 2024**

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

**Revenues and Expenses:**

Summary Statement of Activities

	Governmental Activities		Change Increase (Decrease)
	2024	2023	
Property taxes	\$ 8,333,375	\$ 7,423,824	\$ 909,551
Service revenues	10,917,214	8,642,857	2,274,357
Parks & recreation fees	1,876,687	1,360,811	515,876
Other	1,611,746	1,296,328	315,418
<b>Total Revenues</b>	<b>22,739,022</b>	<b>18,723,820</b>	<b>4,015,202</b>
Service operations expenses	11,527,817	10,311,168	1,216,649
Debt service expenses	2,411,131	3,272,085	(860,954)
<b>Total Expenses</b>	<b>13,938,948</b>	<b>13,583,253</b>	<b>355,695</b>
<b>Change in Net Position</b>	<b>8,800,074</b>	<b>5,140,567</b>	<b>3,659,507</b>
<b>Beginning Net Position</b>	<b>17,839,505</b>	<b>12,698,938</b>	<b>5,140,567</b>
<b>Ending Net Position</b>	<b>\$ 26,639,579</b>	<b>\$ 17,839,505</b>	<b>\$ 8,800,074</b>

Revenues were \$22,739,022 for the fiscal year ended September 30, 2024 while expenses were \$13,938,948. Net position increased by \$8,800,074 during the current fiscal year.

Property taxes totaled \$8,333,375 in the current fiscal year. 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 in fiscal year 2024 (the 2023 tax year) was approximately \$1.188 billion compared to \$1.033 billion in fiscal year 2023 (the 2022 tax year). 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 fiscal year 2024 was \$0.7035 per \$100 of assessed valuation and was \$0.7150 per \$100 of assessed valuation for fiscal year 2023. 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  
YEAR ENDED SEPTEMBER 30, 2024**

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**ANALYSIS OF GOVERNMENTAL FUNDS**

For the fiscal year ended September 30, 2024, the District’s governmental funds reflected combined fund balances of \$26,359,848, an increase of \$4,027,488 from last year. Of this increase, General Fund fund balance increased by \$1,378,599 due to property tax, service revenues and interest exceeding operating expenditures.

The Debt Service Fund reflects an increase of \$2,402,464 in fund balance during fiscal year 2024. The Debt Service Fund remitted bond principal of \$2,176,749 and interest of \$2,561,339 during fiscal year 2024. 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 \$246,425 increase in fund balance for fiscal year 2024.

**BUDGETARY HIGHLIGHTS**

The General Fund pays for daily operating expenditures. The Board of Directors adopted a budget for the General Fund on September 11, 2023 and did not amend the budget. The budget included revenues of \$12,214,118 as compared to expenditures of \$14,493,693 for the current fiscal year. When comparing actual results to the budget, the District had a positive variance of \$3,658,174 that was primarily attributable to service revenues, impact fees and interest income in excess of the budget and parks and recreation expenditures, contracted services, repair and maintenance and other expenditures being under budget. 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  
YEAR ENDED SEPTEMBER 30, 2024**

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**CAPITAL ASSETS**

As of September 30, 2024, the District’s governmental activities had invested \$68,213,098 in infrastructure. The detail is reflected in the following schedule:

Summary of Capital Assets, net

	9/30/2024	9/30/2023
Capital Assets Not Being Depreciated:		
Land	\$ 1,237,209	\$ 1,237,209
Construction in progress	2,732,446	4,707,853
Capital Assets, Net of Accumulated Depreciation:		
Water and Wastewater System	62,614,536	59,580,998
Office Building	324,442	271,555
Pool & Clubhouse	1,050,937	428,657
Furniture, Fixtures & Equipment	253,528	1,764
Total Net Capital Assets	\$ 68,213,098	\$ 66,228,036

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

**LONG TERM DEBT**

As of September 30, 2024, the District had total bond debt payable of \$64,493,313. The changes in the bonded debt position of the District during the fiscal year ended September 30, 2024, are summarized as follows:

Bonded debt payable, October 1, 2023	\$ 66,670,062
Add: bond sale	-
Less: bond principal paid	(2,176,749)
Bonded debt payable, September 30, 2024	\$ 64,493,313

The ratio of the District’s long-term debt to the total taxable assessed valuation (\$1,187,511,474) is 5.4%. The District’s estimated population as provided by the District was 14,567 at December 31, 2023.

In addition to the bonded debt discussed above, the District has \$344,642 of capital lease liabilities at September 30, 2024 related to lease purchase agreement for the District office building. The District also has \$2,320,000 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 \$29,253,177 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 \$29,253,177 intangible asset for the right to receive water service from the Authority.

**SONTERRA MUNICIPAL UTILITY DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
YEAR ENDED SEPTEMBER 30, 2024**

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

The property tax assessed value for fiscal year 2025 (the 2024 tax year) is approximately \$1.266 billion. The fiscal year 2025 tax rate is \$0.7035 on each \$100 of taxable value. Approximately 18% of the property tax will fund general operating expenses and approximately 82% of the property tax will be set aside for debt service.

The adopted budget for fiscal year 2025 projects an operating fund balance decrease of \$481,536, which includes capital projects using \$2,099,150 of impact fees.

On February 20, 2025, the District closed on the issuance of \$3,820,000 Unlimited Tax Bonds, Series 2025. Proceeds were used to reimburse the developer for park improvements and related engineering and land costs as well as pay for bond issuance costs.

**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  
SEPTEMBER 30, 2024**

	General Fund	Debt Service Fund	Capital Projects Fund	Governmental Funds Total	Adjustments Note 2	Government - Wide Statement of Net Position
<b>ASSETS</b>						
Cash	\$ 445,358	\$ -	\$ 155,205	\$ 600,563	\$ -	\$ 600,563
Investments	18,008,318	5,579,343	5,222,281	28,809,942	-	28,809,942
Receivables:						
Property taxes	9,179	47,330	-	56,509	-	56,509
Service accounts, net of allowance for uncollectible accounts of \$10,947	861,903	-	-	861,903	-	861,903
Other	106,560	-	-	106,560	-	106,560
Intergovernmental	625,171	-	-	625,171	-	625,171
Due from other funds	635,329	-	-	635,329	(635,329)	-
Prepaid costs	8,192	-	45,307	53,499	-	75,949
Intangible assets (net of accumulated amortization) -						
Right to receive water service	-	-	-	-	29,253,177	29,253,177
Capital assets (net of accumulated depreciation):						
Land	-	-	-	-	1,237,209	1,237,209
Construction in progress	-	-	-	-	2,732,446	2,732,446
Water and wastewater system	-	-	-	-	62,614,536	62,614,536
Office building	-	-	-	-	324,442	324,442
Pool & clubhouse	-	-	-	-	1,050,937	1,050,937
Furniture, fixtures and equipment	-	-	-	-	253,528	253,528
<b>TOTAL ASSETS</b>	<b>\$ 20,700,010</b>	<b>\$ 5,626,673</b>	<b>\$ 5,422,793</b>	<b>\$ 31,749,476</b>	<b>96,853,396</b>	<b>128,602,872</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred charges on refunding bonds	-	-	-	-	313,248	313,248
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 20,700,010</b>	<b>\$ 5,626,673</b>	<b>\$ 5,422,793</b>	<b>\$ 31,749,476</b>	<b>97,166,644</b>	<b>128,916,120</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 1,317,511	\$ -	\$ 155,205	\$ 1,472,716	-	1,472,716
Accrued interest payable	-	-	-	-	575,206	575,206
Deferred revenue	144,541	-	-	144,541	-	144,541
Retainage payable	222,011	-	-	222,011	-	222,011
Due to developer	-	-	1,656,245	1,656,245	-	1,656,245
Due to other funds	-	29,238	606,091	635,329	(635,329)	-
Review fee deposits	12,395	-	-	12,395	-	12,395
Security deposits	1,189,882	-	-	1,189,882	-	1,189,882
Long-term liabilities:						
Facility financing obligation - Lone Star Regional Authority, due within one year	-	-	-	-	625,440	625,440
Facility financing obligation - Lone Star Regional Authority, due after one year	-	-	-	-	28,627,737	28,627,737
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	-	-	-	-	2,210,000	2,210,000
Capital leases payable, due within one year	-	-	-	-	13,134	13,134
Capital leases payable, due after one year	-	-	-	-	331,508	331,508
Bonds payable, due within one year	-	-	-	-	2,293,313	2,293,313
Bonds payable, due after one year	-	-	-	-	62,792,413	62,792,413
<b>TOTAL LIABILITIES</b>	<b>2,886,340</b>	<b>29,238</b>	<b>2,417,541</b>	<b>5,333,119</b>	<b>96,943,422</b>	<b>102,276,541</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred revenue - property taxes	9,179	47,330	-	56,509	(56,509)	-
<b>FUND BALANCES / NET POSITION</b>						
Fund balances:						
Nonspendable	8,192	-	-	8,192	(8,192)	-
Restricted for:						
Debt service	-	5,550,105	-	5,550,105	(5,550,105)	-
Capital projects	-	-	3,005,252	3,005,252	(3,005,252)	-
Assigned (see Note 1)	6,802,191	-	-	6,802,191	(6,802,191)	-
Unassigned	10,994,108	-	-	10,994,108	(10,994,108)	-
<b>TOTAL FUND BALANCES</b>	<b>17,804,491</b>	<b>5,550,105</b>	<b>3,005,252</b>	<b>26,359,848</b>	<b>(26,359,848)</b>	<b>-</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 20,700,010</b>	<b>\$ 5,626,673</b>	<b>\$ 5,422,793</b>	<b>\$ 31,749,476</b>		
Net position:						
Net investment in capital assets					3,781,230	3,781,230
Restricted for debt service					5,022,229	5,022,229
Unrestricted					17,836,120	17,836,120
<b>TOTAL NET POSITION</b>					<b>\$ 26,639,579</b>	<b>\$ 26,639,579</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  
YEAR ENDED SEPTEMBER 30, 2024**

	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	\$ 1,519,733	\$ 6,798,926	\$ -	\$ 8,318,659	\$ 14,716	\$ 8,333,375
Water service	4,262,052	-	-	4,262,052	-	4,262,052
Wastewater service	2,779,169	-	-	2,779,169	-	2,779,169
Impact fees	519,750	-	-	519,750	-	519,750
Contract reservation fees	2,462,210	-	-	2,462,210	-	2,462,210
Penalty and interest	202,555	-	-	202,555	-	202,555
Inspection and tap fees	691,478	-	-	691,478	-	691,478
Park and recreation fees	1,876,687	-	-	1,876,687	-	1,876,687
Investment revenues	871,215	395,358	270,654	1,537,227	-	1,537,227
Miscellaneous revenues	74,519	-	-	74,519	-	74,519
<b>TOTAL REVENUES</b>	<b>15,259,368</b>	<b>7,194,284</b>	<b>270,654</b>	<b>22,724,306</b>	<b>14,716</b>	<b>22,739,022</b>
<b>EXPENDITURES / EXPENSES:</b>						
Service operations:						
Parks and recreation salaries, repairs and maintenance expenditures	1,920,854	-	-	1,920,854	-	1,920,854
Professional fees	400,756	6,052	-	406,808	-	406,808
Contracted services	1,882,698	42,780	-	1,925,478	-	1,925,478
Purchased water service	1,187,748	-	-	1,187,748	-	1,187,748
Purchased wastewater service	2,048,562	-	-	2,048,562	-	2,048,562
Utilities	271,997	-	-	271,997	-	271,997
Repair and maintenance	751,660	-	-	751,660	-	751,660
Depreciation and amortization	-	-	-	-	2,183,860	2,183,860
Other	821,321	4,900	4,629	830,850	-	830,850
Capital outlay	3,596,250	-	19,600	3,615,850	(3,615,850)	-
Debt service:						
Principal	416,779	2,176,749	-	2,593,528	(2,593,528)	-
Interest	582,144	2,561,339	-	3,143,483	(732,352)	2,411,131
<b>TOTAL EXPENDITURES / EXPENSES</b>	<b>13,880,769</b>	<b>4,791,820</b>	<b>24,229</b>	<b>18,696,818</b>	<b>(4,757,870)</b>	<b>13,938,948</b>
<b>CHANGE IN FUND BALANCES/ NET POSITION</b>	<b>1,378,599</b>	<b>2,402,464</b>	<b>246,425</b>	<b>4,027,488</b>	<b>4,772,586</b>	<b>8,800,074</b>
<b>FUND BALANCES / NET POSITION:</b>						
Beginning of the year	16,425,892	3,147,641	2,758,827	22,332,360	(4,492,855)	17,839,505
End of the year	<u>\$ 17,804,491</u>	<u>\$ 5,550,105</u>	<u>\$ 3,005,252</u>	<u>\$ 26,359,848</u>	<u>\$ 279,731</u>	<u>\$ 26,639,579</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  
YEAR ENDED SEPTEMBER 30, 2024**

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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  
YEAR ENDED SEPTEMBER 30, 2024**

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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  
YEAR ENDED SEPTEMBER 30, 2024**

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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  
YEAR ENDED SEPTEMBER 30, 2024**

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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 11, 2023, 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 September 30, 2024.

**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  
YEAR ENDED SEPTEMBER 30, 2024**

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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
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  
YEAR ENDED SEPTEMBER 30, 2024**

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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 \$4,546,777 of fund balance for future obligations to be paid from impact fees, \$1,773,878 from prepaid capacity payments and \$481,536 for the fiscal year 2025 budget deficit.
- *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  
YEAR ENDED SEPTEMBER 30, 2024**

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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		\$ 26,359,848
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		29,253,177
Capital assets, net of accumulated depreciation		68,213,098
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.		56,509
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	\$ (29,253,177)	
Debt payable - Lone Star Regional Water Authority	(2,320,000)	
Capital leases	(344,642)	
Bonds payable, net	(65,085,726)	
Bond insurance premium, net	22,450	
Deferred charges on refundings, net	313,248	
Accrued bond interest payable	(575,206)	(97,243,053)
Net Position - Governmental Activities		\$ 26,639,579

**SONTERRA MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2024**

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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	\$	4,027,488
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report:		
Capital expenditures in period purchased	\$	3,615,850
Principal payments on long-term debt, bonds and capital leases in year paid		2,593,528
Interest expenditures in year paid		732,352
Tax revenue when collected		14,716
		6,956,446
Governmental funds do not report -		
Depreciation/amortization		(2,183,860)
		(2,183,860)
Change in Net Position - Governmental Activities	\$	8,800,074

**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 September 30, 2024, the carrying amount of the District’s deposits was \$600,563 and the bank balance was \$691,801. Of the bank balance, \$379,113 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  
YEAR ENDED SEPTEMBER 30, 2024**

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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 September 30, 2024, the District held the following cash equivalents and investments:

<u>Investment</u>	Value at 9/30/2024	Weighted Average Maturity (Days)	<u>Investment Rating</u>	
			Rating	Rating Agency
TexPool	\$ 28,809,942	1	AAAm	Standard & Poors

**SONTERRA MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2024**

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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 September 30, 2024, 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 fiscal year (2023 tax year) on September 11, 2023.

**SONTERRA MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2024**

**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 2023 tax roll. The 2023 tax rate, based on total taxable assessed valuation of \$1,187,511,474, 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 September 30, 2024, consisted of the following:

	General Fund	Debt Service Fund	Total
Current year levy	\$ 4,899	\$ 21,921	\$ 26,820
Prior years' levies	4,280	25,409	29,689
	\$ 9,179	\$ 47,330	\$ 56,509

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 September 30, 2024:

	Interfund	
	Receivables	Payables
General Fund:		
Debt Service Fund	\$ 29,238	\$ -
Capital Projects Fund	606,091	-
Debt Service Fund -		
General Fund	-	29,238
Capital Projects Fund -		
General Fund	-	606,091
	\$ 635,329	\$ 635,329

**SONTERRA MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2024**

**6. CHANGES IN CAPITAL ASSETS**

A summary of changes in capital assets follows:

	Balance 10/1/2023	Additions	Deletions	Balance 9/30/2024
Capital assets not being depreciated:				
Land	\$ 1,237,209	\$ -	\$ -	\$ 1,237,209
Construction in progress	4,707,853	2,485,157	(4,460,564)	2,732,446
Total capital assets not being depreciated	<u>5,945,062</u>	<u>2,485,157</u>	<u>(4,460,564)</u>	<u>3,969,655</u>
Capital assets being depreciated:				
Water and Wastewater System	67,600,377	4,536,710	-	72,137,087
Office Building	475,122	73,261	-	548,383
Pool & Clubhouse	850,153	705,743	-	1,555,896
Furniture, Fixtures and Equipment	54,730	275,543	-	330,273
Total capital assets being depreciated	<u>68,980,382</u>	<u>5,591,257</u>	<u>-</u>	<u>74,571,639</u>
Less accumulated depreciation for:				
Water and Wastewater System	(8,019,379)	(1,503,172)	-	(9,522,551)
Office Building	(203,567)	(20,374)	-	(223,941)
Pool & Clubhouse	(421,496)	(83,463)	-	(504,959)
Furniture, Fixtures and Equipment	(52,966)	(23,779)	-	(76,745)
Total accumulated depreciation	<u>(8,697,408)</u>	<u>(1,630,788)</u>	<u>-</u>	<u>(10,328,196)</u>
Capital assets being depreciated, net	<u>60,282,974</u>	<u>3,960,469</u>	<u>-</u>	<u>64,243,443</u>
Total capital assets, net of accumulated depreciation	<u>\$ 66,228,036</u>	<u>\$ 6,445,626</u>	<u>\$ (4,460,564)</u>	<u>\$ 68,213,098</u>

**7. DEFERRED OUTFLOWS OF RESOURCES**

The following is a summary of changes in deferred outflows of resources for the year ended September 30, 2024:

Deferred charges on refundings - October 1, 2023	\$ 397,377
Retirements from Series 2013, 2015 and 2020 refundings	<u>(84,129)</u>
Deferred charges on refundings - September 30, 2024	<u>\$ 313,248</u>

**SONTERRA MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2024**

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**8. LONG-TERM DEBT**

The following is a summary of bond transactions of the District as of and for the year ended September 30, 2024:

	<u>Unlimited Tax and Refunding Bonds</u>
Bonds payable at October 1, 2023	\$ 66,670,062
Bonds issued	-
Bonds retired	(2,176,749)
Bond premium/discount, net of accumulated amortization	592,413
Bonds payable at September 30, 2024	<u>\$ 65,085,726</u>

Bonds payable at September 30, 2024, 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**  
**YEAR ENDED SEPTEMBER 30, 2024**

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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.

**SONTERRA MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2024**

**8. LONG-TERM DEBT (continued) –**

The annual requirements to amortize all bonded debt at September 30, 2024, including interest, are as follows:

Year Ended September 30,	Annual Requirements for All Series		
	Principal	Interest	Total
2025	\$ 2,293,313	\$ 2,450,001	\$ 4,743,314
2026	2,690,000	2,045,115	4,735,115
2027	2,790,000	1,946,427	4,736,427
2028	2,880,000	1,850,476	4,730,476
2029	2,980,000	1,752,531	4,732,531
2030 - 2034	16,460,000	7,270,175	23,730,175
2035 - 2039	18,535,000	4,500,170	23,035,170
2040 - 2044	14,320,000	1,450,683	15,770,683
2045 - 2046	1,545,000	56,138	1,601,138
	\$ 64,493,313	\$ 23,321,716	\$ 87,815,029

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 September 30, 2024, accreted interest payable on these premium compound interest bonds totaled \$308,542.

\$5,550,105 is available in the Debt Service Fund to service the bonded debt as of September 30, 2024. As of September 30, 2024, 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 \$70,000,000, 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  
YEAR ENDED SEPTEMBER 30, 2024**

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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 year ended September 30, 2024, the District recognized expenditures to LSARGP of \$119,145 for groundwater pumped from the wells on LSARGP’s property. As of September 30, 2024, the future minimum payment requirements related to the groundwater lease were as follows:

Fiscal Year	Payment
2025	\$ 8,000
2026	8,600
2027	8,800
2028	8,800
2029	8,800
2030-2034	54,125
2035-2039	59,375
2040-2044	61,875
2045-2046	15,625
	\$ 234,000

**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  
YEAR ENDED SEPTEMBER 30, 2024**

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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 current fiscal year, the District recognized expenditures to the City of \$1,980,043 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 year ended September 30, 2024, the District recognized expenditures to the Authority of \$1,137,122 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  
YEAR ENDED SEPTEMBER 30, 2024**

**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 September 30, 2024, the District has recognized an intangible asset of \$29,253,177, which corresponds to its outstanding facility financing obligation noted below.

For the year ended September 30, 2024, the District paid \$553,072 to the Authority for its proportionate share of principal and interest payments due on the Project bonds. As of September 30, 2024, 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	
2025	\$	625,440
2026		697,701
2027		698,249
2028		698,511
2029		1,143,236
2030-2034		5,712,177
2035-2039		6,260,219
2040-2044		6,394,207
2045-2049		5,937,578
2050		1,085,859
	\$	29,253,177

**SONTERRA MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2024**

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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 year ended September 30, 2024, the District paid the Authority \$202,388 in principal and interest payments on the outstanding debt, of which \$105,000 was for principal and \$97,388 was for interest.

As of September 30, 2024, the debt service requirements related to the LSRWA Facilities Contract are as follows:

Fiscal Year	Principal	Interest	Total
2025	\$ 110,000	\$ 93,188	\$ 203,188
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
2030-2034	700,000	306,675	1,006,675
2035-2039	850,000	151,726	1,001,726
2040	190,000	8,075	198,075
	<u>\$ 2,320,000</u>	<u>\$ 890,866</u>	<u>\$ 3,210,866</u>

**SONTERRA MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2024**

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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. During the year ended September 30, 2024, the District recognized income of \$4,200 for the library lease. Subsequent to the fiscal year ending September 30, 2024, the District extended the lease from January 1, 2025 to December 31, 2025. Monthly rent will be \$750 from January 1, 2025 to June 30, 2025 and \$1,500 from July 1, 2025 to December 31, 2025.

**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.

On June 1, 2011 (as amended on September 11, 2017), the District entered into a lease purchase agreement to facilitate the purchase of a pool at a purchase price of \$350,000. Under the agreement, the District paid equal monthly installments of \$2,714, representing both principal and interest, through July 8, 2024 at which point all unpaid principal and interest was due in a lump-sum payment of \$182,874. The lease accrued interest at 7.00% annually. After the final lump-sum payment was made in June 2024, the District owns and is responsible for the maintenance of the pool.

During the year ended September 30, 2024, the District made capital lease principal and interest payments totaling \$243,464, of which \$208,636 was for principal and \$34,828 was for interest. As of September 30, 2024, the future payment requirements related to the office building capital lease are as follows:

Fiscal Year	Principal	Interest	Total
2025	\$ 13,134	\$ 20,321	\$ 33,455
2026	13,944	19,511	33,455
2027	14,804	18,651	33,455
2028	15,717	17,738	33,455
2029	16,686	16,769	33,455
2030-2034	100,199	67,076	167,275
2035-2039	135,153	32,122	167,275
2040-2041	35,005	1,237	36,242
	\$ 344,642	\$ 193,425	\$ 538,067

**SONTERRA MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2024**

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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 year ended September 30, 2024, the District billed and received contract payments totaling \$2,128,234 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 year ended September 30, 2024, the District billed and received contract payments totaling \$333,976 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 September 30, 2024, the District has issued \$81,425,000 of unlimited tax bonds to reimburse the developers for water, wastewater and drainage improvements. As of September 30, 2024, the District has not issued any bonds to reimburse the developers for parks and recreational facilities.

**SONTERRA MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2024**

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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. SUBSEQUENT EVENT**

On February 20, 2025, the District issued \$3,820,000 of Series 2025 Unlimited Tax Park Bonds. The proceeds of the bonds were used to reimburse the developer for certain park and recreation improvements and land acquisition costs and pay bond issuance costs. The bonds were sold at interest rates ranging from 2.00% to 5.00% and has principal maturities through August 15, 2034.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**SONTERRA MUNICIPAL UTILITY DISTRICT  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
YEAR ENDED SEPTEMBER 30, 2024**

	<u>Actual</u>	<u>Budget</u>	<b>Variance Positive (Negative)</b>
<b>REVENUES:</b>			
Property taxes, including penalties and interest	\$ 1,519,733	\$ 1,524,247	\$ (4,514)
Water service	4,262,052	4,081,167	180,885
Wastewater service	2,779,169	2,580,273	198,896
Contract reservation fees	2,462,210	572,374	1,889,836
Penalty and interest	202,555	120,000	82,555
Inspection and tap fees	691,478	787,200	(95,722)
Park and recreation fees	1,876,687	1,864,723	11,964
Investment revenues	871,215	600,100	271,115
Impact fees	519,750	-	519,750
Miscellaneous revenues	74,519	84,034	(9,515)
<b>TOTAL REVENUES</b>	<u>15,259,368</u>	<u>12,214,118</u>	<u>3,045,250</u>
<b>EXPENDITURES:</b>			
Service operations:			
Parks and recreation salaries, repairs and maintenance expenditures	1,920,854	2,212,016	291,162
Professional fees	400,756	375,000	(25,756)
Contracted services	1,882,698	2,047,454	164,756
Purchased water service	1,187,748	1,268,135	80,387
Purchased wastewater service	2,048,562	2,091,504	42,942
Utilities	271,997	183,000	(88,997)
Repair and maintenance	751,660	947,000	195,340
Other	821,321	1,258,100	436,779
Capital outlay	3,596,250	3,290,000	(306,250)
Debt service:			
Principal	416,779	242,050	(174,729)
Interest	582,144	579,434	(2,710)
<b>TOTAL EXPENDITURES</b>	<u>13,880,769</u>	<u>14,493,693</u>	<u>612,924</u>
<b>CHANGE IN FUND BALANCE</b>	1,378,599	<u><u>\$ (2,279,575)</u></u>	<u><u>\$ 3,658,174</u></u>
<b>FUND BALANCE:</b>			
Beginning of the year	<u>16,425,892</u>		
End of the year	<u><u>\$ 17,804,491</u></u>		

**TEXAS SUPPLEMENTARY  
INFORMATION**

**SONTERRA MUNICIPAL UTILITY DISTRICT**  
**TSI-1. SERVICES AND RATES**  
**SEPTEMBER 30, 2024**

**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"	5,132	5,132	1.0	5,132
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	5,153	5,153		5,242
Total Wastewater	5,096	5,096	1.0	5,096

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

**SONTERRA MUNICIPAL UTILITY DISTRICT**  
**TSI-1. SERVICES AND RATES**  
**SEPTEMBER 30, 2024**

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

Gallons pumped into system: 400,880,000

Gallons billed to customers: 397,927,000

<b><u>Water Accountability Ratio</u></b> (Gallons billed / Gallons Pumped) 99.3%
--

**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**  
**SEPTEMBER 30, 2024**

Personnel Expenditures (including benefits and excluding parks and recreation)	\$	303,024
Professional Fees:		
Auditing		22,500
Legal		264,075
Engineering		113,633
Financial Advisor Fee		548
Other		-
Purchased Services for Resale-		
Bulk Water and Wastewater Purchases		3,236,310
Contracted Services:		
Bookkeeping		82,500
Operations and Billing		762,941
Appraisal District		9,212
Tax Collector		342
Utilities		271,997
Repairs and Maintenance		751,660
Administrative Expenditures:		
Directors' Fees		25,136
Office Supplies		11,888
Insurance		51,885
Other Administrative Expenditures		116,506
Capital Outlay:		
Capitalized Assets		3,596,250
Expenditures not Capitalized		-
Tap Connection Expenditures		-
Solid Waste Disposal		901,298
Security		126,405
Parks and Recreation:		
Personnel Expenditures		338,686
Repairs and Maintenance		871,935
Other		710,233
Debt Service		998,923
Other Expenditures		312,882
<b>TOTAL EXPENDITURES</b>		<b>\$ 13,880,769</b>

Number of persons employed by the District:

Full-Time     Part-Time

**SONTERRA MUNICIPAL UTILITY DISTRICT**  
**TSI-3. TEMPORARY INVESTMENTS**  
**SEPTEMBER 30, 2024**

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	\$ 9,388,771	\$ -
TexPool	XXXX0012	Varies	Daily	149,197	-
TexPool	XXXX0013	Varies	Daily	1,134,052	-
TexPool	XXXX0014	Varies	Daily	272,299	-
TexPool	XXXX0018	Varies	Daily	3,231,933	-
TexPool	XXXX0020	Varies	Daily	3,832,066	-
Total General Fund				18,008,318	-
<b>Debt Service Fund:</b>					
TexPool	XXXX0002	Varies	Daily	5,543,815	-
TexPool	XXXX0004	Varies	Daily	35,528	-
Total Debt Service Fund				5,579,343	-
<b>Capital Projects Fund:</b>					
TexPool	XXXX0011	Varies	Daily	444,800	-
TexPool	XXXX0015	Varies	Daily	200,415	-
TexPool	XXXX0017	Varies	Daily	299,115	-
TexPool	XXXX0019	Varies	Daily	3,627,547	-
TexPool	XXXX0022	Varies	Daily	650,404	-
Total Capital Projects Fund				5,222,281	-
Total - All Funds				\$ 28,809,942	\$ -

**SONTERRA MUNICIPAL UTILITY DISTRICT**  
**TSI-4. TAXES LEVIED AND RECEIVABLE**  
**SEPTEMBER 30, 2024**

	<b>Maintenance Taxes</b>	<b>Debt Service Taxes</b>		
<b>Taxes Receivable, Beginning of Year</b>	\$ 6,212	\$ 35,581		
2023 Original tax levy	1,539,818	6,890,238		
Current year tax adjustments	(13,489)	(60,361)		
Prior year tax adjustments	(1,859)	(9,707)		
Total to be accounted for	1,530,682	6,855,751		
Tax collections:				
Current year	1,521,430	6,807,956		
Prior years	73	465		
Total collections	1,521,503	6,808,421		
<b>Taxes Receivable, End of Year</b>	\$ 9,179	\$ 47,330		
<b>Taxes Receivable, by Years</b>				
2022 and prior	\$ 4,280	\$ 25,409		
2023	4,899	21,921		
<b>Taxes Receivable, End of Year</b>	\$ 9,179	\$ 47,330		
<b>Property Valuations:</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Land and improvements	\$ 1,187,511,474 (a)	\$ 1,032,974,526 (a)	\$ 709,394,592 (a)	\$ 518,857,775 (a)
<b>Total Property Valuations</b>	\$ 1,187,511,474	\$ 1,032,974,526	\$ 709,394,592	\$ 518,857,775
<b>Tax Rates per \$100 Valuation:</b>				
Maintenance tax rates	\$ 0.1285	\$ 0.1150	\$ 0.1275	\$ 0.1325
Debt Service tax rates	0.5750	0.6000	0.8200	0.8150
<b>Total Tax Rates per \$100 Valuation:</b>	\$ 0.7035	\$ 0.7150	\$ 0.9475	\$ 0.9475
<b>Original Tax Levy</b>	\$ 8,356,206	\$ 7,425,307	\$ 6,729,538	\$ 4,916,934
<b>Percent of Taxes Collected to Taxes Levied **</b>	99.7%	99.9%	99.9%	99.9%
<b>Maximum Maintenance Tax Rate Approved by Voters:</b>	\$ 1.00 on 11/8/2005			

\*\*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**  
**SEPTEMBER 30, 2024**

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
2025	\$ 295,000	\$ 208,568	\$ 503,568	\$ 175,000	\$ 61,920	\$ 236,920	\$ 165,000	\$ 130,363	\$ 295,363	\$ 100,000	\$ 150,688	\$ 250,688
2026	310,000	199,718	509,718	180,000	56,670	236,670	170,000	125,413	295,413	100,000	148,188	248,188
2027	320,000	190,030	510,030	185,000	51,270	236,270	180,000	120,313	300,313	100,000	145,188	245,188
2028	335,000	180,030	515,030	195,000	45,720	240,720	190,000	114,463	304,463	100,000	142,188	242,188
2029	345,000	169,561	514,561	200,000	39,870	239,870	195,000	108,288	303,288	100,000	139,188	239,188
2030	360,000	158,780	518,780	205,000	33,870	238,870	205,000	101,950	306,950	100,000	136,188	236,188
2031	375,000	147,530	522,530	215,000	27,720	242,720	215,000	95,288	310,288	100,000	133,188	233,188
2032	390,000	135,718	525,718	215,000	21,270	236,270	225,000	88,300	313,300	100,000	130,188	230,188
2033	405,000	123,238	528,238	225,000	14,551	239,551	235,000	80,988	315,988	100,000	127,188	227,188
2034	425,000	110,075	535,075	235,000	7,520	242,520	250,000	73,350	323,350	300,000	124,188	424,188
2035	440,000	95,200	535,200	-	-	-	260,000	65,225	325,225	455,000	115,188	570,188
2036	455,000	77,600	532,600	-	-	-	270,000	56,450	326,450	470,000	101,538	571,538
2037	475,000	59,400	534,400	-	-	-	285,000	47,338	332,338	490,000	87,438	577,438
2038	495,000	40,400	535,400	-	-	-	300,000	36,650	336,650	515,000	72,738	587,738
2039	515,000	20,600	535,600	-	-	-	310,000	25,400	335,400	535,000	57,288	592,288
2040	-	-	-	-	-	-	325,000	13,000	338,000	560,000	39,900	599,900
2041	-	-	-	-	-	-	-	-	-	580,000	20,300	600,300
2042	-	-	-	-	-	-	-	-	-	-	-	-
2043	-	-	-	-	-	-	-	-	-	-	-	-
2044	-	-	-	-	-	-	-	-	-	-	-	-
2045	-	-	-	-	-	-	-	-	-	-	-	-
2046	-	-	-	-	-	-	-	-	-	-	-	-
	<u>\$ 5,940,000</u>	<u>\$ 1,916,448</u>	<u>\$ 7,856,448</u>	<u>\$ 2,030,000</u>	<u>\$ 360,381</u>	<u>\$ 2,390,381</u>	<u>\$ 3,780,000</u>	<u>\$ 1,282,779</u>	<u>\$ 5,062,779</u>	<u>\$ 4,805,000</u>	<u>\$ 1,870,770</u>	<u>\$ 6,675,770</u>

**SONTERRA MUNICIPAL UTILITY DISTRICT**  
**TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS - BY YEARS**  
**SEPTEMBER 30, 2024**

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
2025	\$ 210,000	\$ 176,843	\$ 386,843	\$ 170,000	\$ 152,118	\$ 322,118	\$ 450,000	\$ 556,982	\$ 1,006,982	\$ 58,313	\$ 394,813	\$ 453,126
2026	215,000	170,544	385,544	180,000	148,719	328,719	470,000	527,732	997,732	370,000	78,125	448,125
2027	225,000	164,094	389,094	190,000	145,118	335,118	485,000	497,182	982,182	380,000	70,725	450,725
2028	235,000	157,344	392,344	200,000	140,844	340,844	500,000	465,656	965,656	375,000	63,125	438,125
2029	250,000	150,293	400,293	205,000	135,844	340,844	520,000	433,156	953,156	380,000	55,625	435,625
2030	260,000	142,794	402,794	215,000	130,206	345,206	535,000	399,356	934,356	395,000	47,075	442,075
2031	270,000	134,994	404,994	230,000	123,756	353,756	555,000	377,956	932,956	395,000	38,188	433,188
2032	285,000	126,894	411,894	240,000	116,856	356,856	575,000	355,756	930,756	405,000	28,312	433,312
2033	295,000	118,344	413,344	250,000	109,656	359,656	595,000	332,756	927,756	405,000	18,188	423,188
2034	310,000	109,494	419,494	260,000	102,156	362,156	615,000	308,956	923,956	75,000	7,050	82,050
2035	325,000	99,806	424,806	275,000	94,356	369,356	640,000	284,356	924,356	80,000	4,800	84,800
2036	340,000	89,650	429,650	285,000	86,106	371,106	660,000	258,756	918,756	80,000	2,400	82,400
2037	355,000	78,600	433,600	300,000	77,200	377,200	685,000	232,356	917,356	-	-	-
2038	370,000	67,062	437,062	315,000	67,826	382,826	710,000	204,956	914,956	-	-	-
2039	385,000	55,037	440,037	330,000	57,982	387,982	730,000	176,556	906,556	-	-	-
2040	400,000	42,525	442,525	345,000	47,668	392,668	760,000	147,356	907,356	-	-	-
2041	420,000	29,025	449,025	360,000	36,888	396,888	785,000	119,806	904,806	-	-	-
2042	440,000	14,850	454,850	380,000	25,188	405,188	810,000	91,350	901,350	-	-	-
2043	-	-	-	395,000	12,838	407,838	840,000	61,988	901,988	-	-	-
2044	-	-	-	-	-	-	870,000	31,538	901,538	-	-	-
2045	-	-	-	-	-	-	-	-	-	-	-	-
2046	-	-	-	-	-	-	-	-	-	-	-	-
	<u>\$ 5,590,000</u>	<u>\$ 1,928,193</u>	<u>\$ 7,518,193</u>	<u>\$ 5,125,000</u>	<u>\$ 1,811,325</u>	<u>\$ 6,936,325</u>	<u>\$ 12,790,000</u>	<u>\$ 5,864,506</u>	<u>\$ 18,654,506</u>	<u>\$ 3,398,313</u>	<u>\$ 808,426</u>	<u>\$ 4,206,739</u>

**SONTERRA MUNICIPAL UTILITY DISTRICT**  
**TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS - BY YEARS**  
**SEPTEMBER 30, 2024**

Fiscal Year Ending	Unlimited Tax Bonds Series 2020A			Unlimited Tax Bonds Series 2021			Unlimited Tax Bonds Series 2022			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	Principal Due 8/15	Interest Due 2/15, 8/15	Total
2025	\$ 120,000	\$ 88,125	\$ 208,125	\$ 340,000	\$ 260,275	\$ 600,275	\$ 210,000	\$ 269,306	\$ 479,306	\$ 2,293,313	\$ 2,450,001	\$ 4,743,314
2026	125,000	84,525	209,525	350,000	246,675	596,675	220,000	258,806	478,806	2,690,000	2,045,115	4,735,115
2027	130,000	82,025	212,025	365,000	232,675	597,675	230,000	247,807	477,807	2,790,000	1,946,427	4,736,427
2028	135,000	79,425	214,425	375,000	225,375	600,375	240,000	236,306	476,306	2,880,000	1,850,476	4,730,476
2029	145,000	76,725	221,725	385,000	217,875	602,875	255,000	226,106	481,106	2,980,000	1,752,531	4,732,531
2030	150,000	73,825	223,825	395,000	210,175	605,175	270,000	215,269	485,269	3,090,000	1,649,488	4,739,488
2031	155,000	70,825	225,825	410,000	202,275	612,275	280,000	204,469	484,469	3,200,000	1,556,189	4,756,189
2032	165,000	67,725	232,725	420,000	194,075	614,075	295,000	193,268	488,268	3,315,000	1,458,362	4,773,362
2033	170,000	64,425	234,425	435,000	185,675	620,675	315,000	181,469	496,469	3,430,000	1,356,478	4,786,478
2034	180,000	61,025	241,025	445,000	176,975	621,975	330,000	168,869	498,869	3,425,000	1,249,658	4,674,658
2035	185,000	57,425	242,425	460,000	167,519	627,519	345,000	155,668	500,668	3,465,000	1,139,543	4,604,543
2036	195,000	53,725	248,725	475,000	157,169	632,169	365,000	141,869	506,869	3,595,000	1,025,263	4,620,263
2037	205,000	49,581	254,581	490,000	145,887	635,887	385,000	127,269	512,269	3,670,000	905,069	4,575,069
2038	215,000	45,225	260,225	505,000	133,637	638,637	405,000	111,868	516,868	3,830,000	780,362	4,610,362
2039	225,000	40,388	265,388	520,000	121,013	641,013	425,000	95,669	520,669	3,975,000	649,933	4,624,933
2040	235,000	35,325	270,325	535,000	107,362	642,362	450,000	78,669	528,669	3,610,000	511,805	4,121,805
2041	245,000	30,038	275,038	550,000	93,319	643,319	470,000	60,669	530,669	3,410,000	390,045	3,800,045
2042	255,000	24,525	279,525	565,000	78,881	643,881	495,000	41,869	536,869	2,945,000	276,663	3,221,663
2043	265,000	18,787	283,787	585,000	64,050	649,050	520,000	21,450	541,450	2,605,000	179,113	2,784,113
2044	280,000	12,825	292,825	600,000	48,694	648,694	-	-	-	1,750,000	93,057	1,843,057
2045	290,000	6,525	296,525	620,000	32,944	652,944	-	-	-	910,000	39,469	949,469
2046	-	-	-	635,000	16,669	651,669	-	-	-	635,000	16,669	651,669
	<u>\$ 4,070,000</u>	<u>\$ 1,123,019</u>	<u>\$ 5,193,019</u>	<u>\$ 10,460,000</u>	<u>\$ 3,319,194</u>	<u>\$ 13,779,194</u>	<u>\$ 6,505,000</u>	<u>\$ 3,036,675</u>	<u>\$ 9,541,675</u>	<u>\$ 64,493,313</u>	<u>\$ 23,321,716</u>	<u>\$ 87,815,029</u>

**SONTERRA MUNICIPAL UTILITY DISTRICT  
TSI-6. CHANGES IN LONG-TERM BONDED DEBT  
SEPTEMBER 30, 2024**

	Bond Issue												Total
	Series 2013 Ref.	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	5.00%	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%	
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	8/15/2024	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	
Bonds Outstanding at Beginning of Current Fiscal Year	\$ 65	\$ 6,225,000	\$ 2,200,000	\$ 3,935,000	\$ 4,905,000	\$ 5,790,000	\$ 5,290,000	\$ 13,225,000	\$ 3,424,997	\$ 4,185,000	\$ 10,790,000	\$ 6,700,000	\$ 66,670,062
Bonds Sold During the Current Fiscal Year	-	-	-	-	-	-	-	-	-	-	-	-	-
Retirements During the Current Fiscal Year:													
Refunded	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal	(65)	(285,000)	(170,000)	(155,000)	(100,000)	(200,000)	(165,000)	(435,000)	(26,684)	(115,000)	(330,000)	(195,000)	(2,176,749)
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	\$ 64,493,313
Interest Paid During the Current Fiscal Year	\$ 249,935	\$ 217,118	\$ 67,020	\$ 135,013	\$ 153,188	\$ 182,844	\$ 155,418	\$ 585,256	\$ 171,441	\$ 91,575	\$ 273,475	\$ 279,056	\$ 2,561,339
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 Austin, TX	Bank of Texas Austin, 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)	-	9,729,986										
Remaining to be Issued	\$ 35,055,000	\$ 70,000,000	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 September 30, 2024: \$ 5,579,343

Average Annual Debt Service Payment (Principal & Interest) for the remaining term of all debt: \$ 3,991,592

**SONTERRA MUNICIPAL UTILITY DISTRICT**  
**TSI-7. COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES**  
**GENERAL FUND AND DEBT SERVICE FUND - FIVE YEARS**  
**SEPTEMBER 30, 2024**

	Amounts					Percent of Fund Total Revenues				
	2024	2023	2022	2021	2020	2024	2023	2022	2021	2020
<b>GENERAL FUND REVENUES AND OTHER FINANCING SOURCES:</b>										
Property taxes, including penalties and interest	\$ 1,519,733	\$ 1,194,490	\$ 917,752	\$ 688,440	\$ 517,381	10.1%	10.0%	5.8%	7.7%	7.7%
Water service	4,262,052	4,026,230	3,560,622	2,714,051	2,117,230	27.9%	33.5%	22.3%	30.3%	31.6%
Wastewater service	2,779,169	2,511,894	2,179,029	1,794,386	1,406,073	18.2%	21.0%	13.7%	20.0%	21.0%
Impact fees	519,750	416,500	5,045,250	878,500	-	3.4%	3.5%	31.7%	9.8%	-
Contract reservation fees	2,462,210	703,454	668,492	645,624	511,142	16.1%	5.9%	4.2%	7.2%	7.6%
Penalty and interest	202,555	206,758	125,503	124,030	26,051	1.3%	1.7%	0.8%	1.4%	0.4%
Inspection and tap fees	691,478	778,021	1,730,203	929,370	1,033,270	4.5%	6.5%	10.9%	10.4%	15.5%
Park and recreation fees	1,876,687	1,360,811	1,238,986	1,096,680	962,422	12.3%	11.4%	7.8%	12.2%	14.4%
Investment revenues	871,215	664,726	90,063	7,283	43,324	5.7%	5.5%	0.5%	0.1%	0.7%
Miscellaneous revenues	74,519	102,462	105,492	86,585	74,923	0.5%	0.9%	0.6%	0.9%	1.1%
Sale of capital assets	-	-	266,783	-	-	-	-	1.7%	-	-
<b>TOTAL GENERAL FUND REVENUES AND OTHER FINANCING SOURCES</b>	<b>15,259,368</b>	<b>11,965,346</b>	<b>15,928,175</b>	<b>8,964,949</b>	<b>6,691,816</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	1,920,854	1,164,450	900,189	747,327	510,749	12.7%	9.8%	5.6%	8.3%	7.6%
Professional fees	400,756	371,130	295,147	245,458	315,950	2.6%	3.1%	1.9%	2.7%	4.7%
Contracted services	1,882,698	1,690,594	1,492,800	1,268,003	991,548	12.3%	14.1%	9.4%	14.1%	14.8%
Purchased water service	1,187,748	1,187,748	796,703	796,703	497,512	7.8%	9.9%	5.0%	8.9%	7.4%
Purchased wastewater service	2,048,562	1,941,876	1,870,980	1,387,091	1,144,324	13.4%	16.2%	11.7%	15.5%	17.1%
Utilities	271,997	166,813	185,399	149,062	150,044	1.8%	1.4%	1.2%	1.6%	2.2%
Repair and maintenance	751,660	898,010	1,682,073	408,603	322,510	4.9%	7.5%	10.6%	4.6%	4.8%
Other	821,321	654,512	690,205	638,555	626,477	5.4%	5.5%	4.3%	7.1%	9.4%
Capital outlay	3,596,250	371,107	162,206	162,206	490,793	23.6%	3.1%	1.0%	5.5%	0.8%
Principal	416,779	227,495	213,391	213,391	208,391	2.7%	1.9%	1.3%	2.4%	3.1%
Interest	582,144	513,999	458,340	402,921	357,590	3.8%	4.3%	2.9%	4.6%	5.3%
Transfers in (out)	-	-	-	-	8,849	-	-	-	-	0.1%
<b>TOTAL GENERAL FUND EXPENDITURES</b>	<b>13,880,769</b>	<b>9,187,734</b>	<b>8,747,433</b>	<b>6,747,907</b>	<b>5,184,303</b>	<b>91.0%</b>	<b>76.8%</b>	<b>54.9%</b>	<b>75.3%</b>	<b>77.5%</b>
<b>EXCESS OF GENERAL FUND REVENUES OVER EXPENDITURES</b>	<b>\$ 1,378,599</b>	<b>\$ 2,777,612</b>	<b>\$ 7,180,742</b>	<b>\$ 2,217,042</b>	<b>\$ 1,507,513</b>	<b>9.0%</b>	<b>23.2%</b>	<b>45.1%</b>	<b>24.7%</b>	<b>22.5%</b>
<b>DEBT SERVICE FUND REVENUES &amp; OTHER FINANCING SOURCES:</b>										
Property taxes, including penalties	\$ 6,798,926	\$ 6,232,420	\$ 5,905,234	\$ 4,235,367	\$ 3,452,315	94.5%	95.6%	99.4%	99.8%	92.7%
Interest and other	395,358	286,179	32,726	7,950	44,944	5.5%	4.4%	0.6%	0.2%	1.2%
Other financing sources/(uses), net	-	-	-	-	229,129	-	-	-	-	6.1%
<b>TOTAL DEBT SERVICE FUND REVENUES &amp; OTHER FINANCING SOURCES</b>	<b>7,194,284</b>	<b>6,518,599</b>	<b>5,937,960</b>	<b>4,243,317</b>	<b>3,726,388</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	1,791,329	30.4%	54.4%	54.9%	43.6%	48.1%
Interest	2,561,339	2,667,896	2,471,547	2,243,826	1,588,037	35.6%	40.9%	41.6%	52.9%	42.6%
Fiscal agent fees and other	53,732	41,850	39,195	30,490	30,312	0.7%	0.6%	0.7%	0.7%	0.8%
Bond issuance costs	-	-	-	-	251,096	-	-	-	-	6.7%
<b>TOTAL DEBT SERVICE FUND EXPENDITURES &amp; OTHER FINANCING USES</b>	<b>\$ 4,791,820</b>	<b>\$ 6,249,904</b>	<b>\$ 5,771,092</b>	<b>\$ 4,125,100</b>	<b>\$ 3,660,774</b>	<b>66.6%</b>	<b>95.9%</b>	<b>97.2%</b>	<b>97.2%</b>	<b>98.2%</b>
<b>EXCESS OF DEBT SERVICE FUND REVENUES &amp; OTHER FINANCING SOURCES OVER EXPENDITURES &amp; OTHER FINANCING USES</b>	<b>\$ 2,402,464</b>	<b>\$ 268,695</b>	<b>\$ 166,868</b>	<b>\$ 118,217</b>	<b>\$ 65,614</b>	<b>33.4%</b>	<b>4.1%</b>	<b>2.8%</b>	<b>2.8%</b>	<b>1.8%</b>
<b>TOTAL ACTIVE RETAIL WATER CONNECTIONS</b>	<b>5,153</b>	<b>5,030</b>	<b>4,151</b>	<b>4,105</b>	<b>3,413</b>					
<b>TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS</b>	<b>5,096</b>	<b>4,941</b>	<b>4,117</b>	<b>4,074</b>	<b>3,358</b>					

**SONTERRA MUNICIPAL UTILITY DISTRICT  
TSI-8. BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS  
SEPTEMBER 30, 2024**

**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):** June 17, 2024

**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 * 9/30/2024</u>	<u>Expense Reimbursements 09/30/24</u>	<u>Title at Year End</u>
<b><u>Board Members :</u></b>				
Michael Cosimeno	Elected 5/4/2024 - 5/6/2028	\$ 7,200	\$ -	President
John Faske	Elected 5/4/2024 - 5/6/2028	\$ 7,200	\$ -	Vice-President
Raven Dunbar	Elected 5/4/2024 - 5/6/2028	\$ 3,536	\$ -	Secretary
Sherry Roark	Appointed 3/20/2023 - 5/2/2026	\$ -	\$ -	Assistant Secretary
Jesse Payne	Appointed 9/11/2023 - 5/2/2026	\$ 7,200	\$ -	Assistant Secretary
<b><u>Consultants :</u></b>				
Armbrust & Brown, PLLC	4/18/2016	\$ 251,538	\$ -	Attorney
McCall Gibson Swedlund Barfoot Ellis PLLC	9/17/2018	\$ 22,500	\$ -	Auditor
Bott & Douthitt PLLC	7/20/2020	\$ 82,529	\$ -	Accountant
Joney-Heroy & Associates Inc.	11/11/2013	\$ 275,036	\$ -	Engineer
		\$ 31,486	\$ -	Bond Related Services
Specialized Public Finance Inc.	11/10/2008	\$ 3,350	\$ -	Financial Advisor
Crossroads Utility Services	9/16/2013	\$ 1,491,176	\$ -	Operator
Vecindario Management	4/30/2014	\$ 198,446	\$ -	Former General Manager
Williamson Co. Tax Collector	7/23/2007	\$ 1,901	\$ -	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  
SEPTEMBER 30, 2024**

Taxpayer	Type of Property	Tax Roll Year		
		2024	2023	2022
Akiva Holdings LLC	N/A	\$ 37,000,000	\$ 38,500,000	\$ 32,635,260
Rvest LP	N/A	13,128,284	10,552,022	6,946,954
Leemak Jarrell LLC	N/A	12,129,295	12,649,148	10,379,752
Oncor Electric Delivery Company	N/A	7,173,600	5,325,750	4,402,226
Big Red Barn V Ltd.	N/A	5,141,922	4,736,915	3,901,007
Lennar Homes of Texas Land & Construction Ltd.	N/A	3,733,270	2,869,611	3,005,944
Jarrellking LLC	N/A	3,541,453	3,727,825	2,998,523
Akiva M.	N/A	3,380,957	3,100,000	2,840,079
NNN Reit LP	N/A	2,640,000	-	-
Suki Angel LLC	N/A	2,518,446	-	-
AG EHC II (LEN) Multi State I LLC	N/A	-	6,271,500	-
Starlight Homes Texas LLC	N/A	-	2,959,440	-
Sonwest Co.	N/A	-	-	8,812,217
KB Home Lone Start Inc.	N/A	-	-	5,103,865
<b>Total</b>		<b>\$ 90,387,227</b>	<b>\$ 90,692,211</b>	<b>\$ 81,025,827</b>
Percent of Assessed Valuation		<b>7.1%</b>	<b>7.6%</b>	<b>7.8%</b>

**SONTERRA MUNICIPAL UTILITY DISTRICT  
OSI-2. ASSESSED VALUE BY CLASSIFICATION  
SEPTEMBER 30, 2024**

Type of Property	Tax Roll Year					
	2024		2023		2022	
	Amount	%	Amount	%	Amount	%
Single Family	\$ 1,160,054,975	91.6%	\$ 1,120,688,363	94.4%	\$ 1,087,304,432	105.2%
Multi Family	46,438,630	3.7%	47,252,977	4.0%	41,117,986	4.0%
Vacant Land	17,433,021	1.4%	28,486,615	2.4%	10,036,923	1.0%
Acreage	4,136,121	0.3%	3,676,877	0.3%	6,515,483	0.6%
Farm and Ranch	2,353,626	0.2%	2,337,689	0.2%	10,729,558	1.0%
Commercial and Industrial	51,162,537	4.0%	43,035,780	3.6%	34,873,020	3.4%
Tangible/Intangible Personal	16,907,523	1.3%	12,843,123	1.1%	9,922,963	1.0%
Real Inventory	31,483,535	2.5%	37,131,218	3.1%	36,239,260	3.5%
Exempt	<u>(63,898,687)</u>	<u>-5.0%</u>	<u>(107,941,168)</u>	<u>-9.1%</u>	<u>(203,765,099)</u>	<u>-19.7%</u>
Total Taxable Value	<u>\$ 1,266,071,281</u>	<u>100.0%</u>	<u>\$ 1,187,511,474</u>	<u>100.0%</u>	<u>\$ 1,032,974,526</u>	<u>100.0%</u>