

SONTERRA MUNICIPAL UTILITY DISTRICT

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

**FOR THE YEAR ENDED
SEPTEMBER 30, 2023**

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 **18th day of March, 2024**, its annual audit report for the fiscal year ended **September 30, 2023** 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)

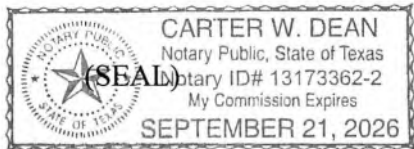
This annual filing affidavit and the attached copy of the audit report are being submitted to the Texas Commission on Environmental Quality in satisfaction of the annual filing requirements of Texas Water Code Section 49.194.

Date: March 18, 2024

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 18th day of March, 2024.




(Signature of Notary)

My Commission Expires On: September 21, 2026.
Notary Public in the State of Texas

INDEPENDENT AUDITOR'S REPORT

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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, 2023, 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, 2023, 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 PLLC

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

March 18, 2024

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

**SONTERRA MUNICIPAL UTILITY DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2023**

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, 2023. 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 \$16,425,892, an increase of \$2,777,612 from the previous fiscal year. General Fund revenues decreased from \$15,661,392 in the previous fiscal year to \$11,965,346 in the current fiscal year due to a decrease of impact fees and connection fees offset with an increase in service revenues, property taxes resulting from rising property values in the District and interest income.
- *Debt Service Fund:* Fund balance restricted for debt service increased from \$2,878,946 at the end of the previous fiscal year to \$3,147,641 in the current fiscal year. Debt Service Fund revenues increased from \$5,937,960 in the previous fiscal year to \$6,518,599 in the current fiscal year due to an increase in the District’s assessed valuation and interest income. The District made bond principal payments of \$3,540,158 and bond interest payments of \$2,667,896 during the current fiscal year.
- *Capital Projects Fund:* Fund balance restricted for capital projects decreased from \$3,549,530 in the previous fiscal year to \$2,758,827 in the current fiscal year. The Capital Projects Fund issued \$8,400,000 of Series 2022 Unlimited Tax and Revenue Bonds and expended \$8,355,424 for the purchase of infrastructure, \$295,431 to fund developer interest and \$756,533 for the costs of bond issuance.
- *Governmental Activities:* On a government-wide basis for governmental activities, the District had revenues net of expenses of \$5,140,567 during the current fiscal year. Net position increased from \$12,698,938 at September 30, 2022 to \$17,839,505 at September 30, 2023.

OVERVIEW OF THE DISTRICT

The District was created by an Act of the 79th 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, 2023**

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, 2023**

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 |
|----------------------------------|----------------------------|----------------------|---------------------|
| | 2023 | 2022 | (Decrease) |
| Current and Other Assets | \$ 26,873,080 | \$ 24,944,205 | \$ 1,928,875 |
| Capital and Intangible Assets | 96,034,285 | 89,206,508 | 6,827,777 |
| Total Assets | <u>122,907,365</u> | <u>114,150,713</u> | <u>8,756,652</u> |
| Deferred Outflows of Resources | 397,377 | 500,123 | (102,746) |
| Current Liabilities | 8,424,522 | 8,504,068 | (79,546) |
| Long-term Liabilities | 97,040,715 | 93,447,830 | 3,592,885 |
| Total Liabilities | <u>105,465,237</u> | <u>101,951,898</u> | <u>3,513,339</u> |
| Net Investment in Capital Assets | (893,683) | (2,636,697) | 1,743,014 |
| Restricted | 2,276,711 | 1,654,758 | 621,953 |
| Unrestricted | <u>16,456,477</u> | <u>13,680,877</u> | <u>2,775,600</u> |
| Total Net Position | <u>\$ 17,839,505</u> | <u>\$ 12,698,938</u> | <u>\$ 5,140,567</u> |

The District's net position increased from \$12,698,938 in the previous fiscal year to \$17,839,505 in the current fiscal year. The District's unrestricted net position at September 30, 2023, which can be used to finance day to day operations, totaled \$16,456,477.

**SONTERRA MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2023**

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

Revenues and Expenses:

Summary Statement of Activities

| | Governmental Activities | | Change Increase |
|-------------------------------|----------------------------|----------------------|---------------------|
| | 2023 | 2022 | (Decrease) |
| Property taxes | \$ 7,423,824 | \$ 6,825,064 | \$ 598,760 |
| Service revenues | 8,642,857 | 13,309,099 | (4,666,242) |
| Parks & recreation fees | 1,360,811 | 1,238,986 | 121,825 |
| Other | 1,296,328 | 268,994 | 1,027,334 |
| Total Revenues | 18,723,820 | 21,642,143 | (2,918,323) |
| Service operations expenses | 10,311,168 | 9,763,428 | 547,740 |
| Debt service expenses | 3,272,085 | 3,345,955 | (73,870) |
| Total Expenses | 13,583,253 | 13,109,383 | 473,870 |
| Change in Net Position | 5,140,567 | 8,532,760 | (3,392,193) |
| Beginning Net Position | 12,698,938 | 4,166,178 | 8,532,760 |
| Ending Net Position | \$ 17,839,505 | \$ 12,698,938 | \$ 5,140,567 |

Revenues were \$18,723,820 for the fiscal year ended September 30, 2023 while expenses were \$13,583,253. Net position increased by \$5,140,567 during the current fiscal year.

Property taxes totaled \$7,423,824 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 2023 (the 2022 tax year) was approximately \$1.034 billion compared to \$709.4 million in fiscal year 2022 (the 2021 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 2023 was \$0.7150 per \$100 of assessed valuation and was \$0.9475 per \$100 of assessed valuation for fiscal year 2022. 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, 2023**

ANALYSIS OF GOVERNMENTAL FUNDS

For the fiscal year ended September 30, 2023, the District's governmental funds reflected combined fund balances of \$22,332,360, an increase of \$2,255,604 from last year. Of this increase, General Fund fund balance increased by \$2,777,612 due to property tax, service revenues and interest exceeding operating expenditures.

The Debt Service Fund reflects an increase of \$268,695 in fund balance during fiscal year 2023. The Debt Service Fund remitted bond principal of \$3,540,158 and interest of \$2,667,896 during fiscal year 2023. 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 \$790,703 decrease in fund balance for fiscal year 2023. The Capital Projects Fund received \$8,400,000 from the issuance of Series 2022 Unlimited Tax and Revenue Bonds and expended \$8,355,424 for the purchase of infrastructure, \$295,431 to fund developer interest and \$756,533 for the costs of bond issuance.

BUDGETARY HIGHLIGHTS

The General Fund pays for daily operating expenditures. The Board of Directors adopted a budget for the General Fund on September 12, 2022 and did not amend the budget. The budget included revenues of \$9,665,598 as compared to expenditures of \$11,545,640 for the current fiscal year. When comparing actual results to the budget, the District had a positive variance of \$4,657,654 that was primarily attributable to service, impact fees and interest income in excess of the budget and a decrease compared to budget for capital outlay due to capital projects delayed until a subsequent fiscal year. 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, 2023**

CAPITAL ASSETS

As of September 30, 2023, the District's governmental activities had invested \$66,228,036 in infrastructure. The detail is reflected in the following schedule:

Summary of Capital Assets, net

| | 9/30/2023 | 9/30/2022 |
|--|---------------|---------------|
| Capital Assets Not Being Depreciated: | | |
| Land | \$ 1,237,209 | \$ 1,233,309 |
| Construction in progress | 4,707,853 | 2,767,304 |
| Capital Assets, Net of Accumulated Depreciation: | | |
| Water and Wastewater System | 59,580,998 | 54,256,018 |
| Office Building | 271,555 | 278,958 |
| Pool & Clubhouse | 428,657 | 384,402 |
| Furniture, Fixtures & Equipment | 1,764 | 5,179 |
| Total Net Capital Assets | \$ 66,228,036 | \$ 58,925,170 |

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, 2023, the District had total bond debt payable of \$66,670,062. The changes in the bonded debt position of the District during the fiscal year ended September 30, 2023, are summarized as follows:

| | |
|---|---------------|
| Bonded debt payable, October 1, 2022 | \$ 61,810,220 |
| Add: Series 2022 bond sale | 8,400,000 |
| Less: Bond principal paid | (3,540,158) |
| Bonded debt payable, September 30, 2023 | \$ 66,670,062 |

The ratio of the District's long-term debt to the total taxable assessed valuation (\$1,033,549,460) is 6.5%. The District's estimated population as provided by the District was 13,255 at October 7, 2022.

In addition to the bonded debt discussed above, the District has \$553,278 of capital leases payable at September 30, 2023 related to lease purchase agreements for a pool and the District office building. The District also has \$2,425,000 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 \$29,806,249 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 \$29,806,249 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, 2023**

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The property tax assessed value for fiscal year 2024 (the 2023 tax year) is approximately \$1.190 billion. The fiscal year 2024 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 2024 projects an operating fund balance decrease of \$2,279,575, which includes capital projects using \$2,440,000 of impact fees.

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, 2023

| | General Fund | Debt Service Fund | Capital Projects Fund | Governmental Funds Total | Adjustments Note 2 | Government - Wide Statement of Net Position |
|---|----------------------|-------------------------|-----------------------------|--------------------------------|-----------------------|--|
| ASSETS | | | | | | |
| Cash | \$ 265,186 | \$ - | \$ 155,205 | \$ 420,391 | \$ - | \$ 420,391 |
| Investments | 16,546,353 | 3,183,153 | 4,984,262 | 24,713,768 | - | 24,713,768 |
| Receivables: | | | | | | |
| Property taxes | 6,212 | 35,581 | - | 41,793 | - | 41,793 |
| Service accounts, net of allowance for uncollectible accounts of \$10,947 | 847,471 | - | - | 847,471 | - | 847,471 |
| Other | 75,659 | - | - | 75,659 | - | 75,659 |
| Intergovernmental | 725,638 | - | - | 725,638 | - | 725,638 |
| Due from other funds | 197,397 | - | - | 197,397 | (197,397) | - |
| Prepaid costs | 3,987 | - | 20,000 | 23,987 | 24,373 | 48,360 |
| Intangible assets (net of accumulated amortization) - Right to receive water service | - | - | - | - | 29,806,249 | 29,806,249 |
| Capital assets (net of accumulated depreciation): | | | | | | |
| Land | - | - | - | - | 1,237,209 | 1,237,209 |
| Construction in progress | - | - | - | - | 4,707,853 | 4,707,853 |
| Water and wastewater system | - | - | - | - | 59,580,998 | 59,580,998 |
| Office building | - | - | - | - | 271,555 | 271,555 |
| Pool & clubhouse | - | - | - | - | 428,657 | 428,657 |
| Furniture, fixtures and equipment | - | - | - | - | 1,764 | 1,764 |
| TOTAL ASSETS | \$ 18,667,903 | \$ 3,218,734 | \$ 5,159,467 | \$ 27,046,104 | 95,861,261 | 122,907,365 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | |
| Deferred charges on refunding bonds | - | - | - | - | 397,377 | 397,377 |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | \$ 18,667,903 | \$ 3,218,734 | \$ 5,159,467 | \$ 27,046,104 | 96,258,638 | 123,304,742 |
| LIABILITIES | | | | | | |
| Accounts payable | \$ 1,007,385 | \$ 31,237 | \$ 17,025 | \$ 1,055,647 | - | 1,055,647 |
| Accrued interest payable | - | - | - | - | 906,511 | 906,511 |
| Deferred revenue | 94,704 | - | - | 94,704 | - | 94,704 |
| Retainage payable | - | - | 396,068 | 396,068 | - | 396,068 |
| Due to developer | - | - | 1,794,425 | 1,794,425 | - | 1,794,425 |
| Due to other funds | - | 4,275 | 193,122 | 197,397 | (197,397) | - |
| Review fee deposits | 10,161 | - | - | 10,161 | - | 10,161 |
| Security deposits | 1,123,549 | - | - | 1,123,549 | - | 1,123,549 |
| Long-term liabilities: | | | | | | |
| Facility financing obligation - Lone Star Regional Authority, due within one year | - | - | - | - | 553,072 | 553,072 |
| Facility financing obligation - Lone Star Regional Authority, due after one year | - | - | - | - | 29,253,177 | 29,253,177 |
| Debt payable - Lone Star Regional Water Authority, due within one year | - | - | - | - | 105,000 | 105,000 |
| Debt payable - Lone Star Regional Water Authority, due after one year | - | - | - | - | 2,320,000 | 2,320,000 |
| Capital leases payable, due within one year | - | - | - | - | 208,636 | 208,636 |
| Capital leases payable, due after one year | - | - | - | - | 344,642 | 344,642 |
| Bonds payable, due within one year | - | - | - | - | 2,176,749 | 2,176,749 |
| Bonds payable, due after one year | - | - | - | - | 65,122,896 | 65,122,896 |
| TOTAL LIABILITIES | 2,235,799 | 35,512 | 2,400,640 | 4,671,951 | 100,793,286 | 105,465,237 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Deferred revenue - property taxes | 6,212 | 35,581 | - | 41,793 | (41,793) | - |
| FUND BALANCES / NET POSITION | | | | | | |
| Fund balances: | | | | | | |
| Nonspendable | 3,987 | - | - | 3,987 | (3,987) | - |
| Restricted for: | | | | | | |
| Debt service | - | 3,147,641 | - | 3,147,641 | (3,147,641) | - |
| Capital projects | - | - | 2,758,827 | 2,758,827 | (2,758,827) | - |
| Assigned for: | | | | | | |
| Impact Fees Assigned for Future Obligations | 3,954,217 | - | - | 3,954,217 | (3,954,217) | - |
| Fiscal Year 2024 Budget Deficit | 2,279,575 | - | - | 2,279,575 | (2,279,575) | - |
| Unassigned | 10,188,113 | - | - | 10,188,113 | (10,188,113) | - |
| TOTAL FUND BALANCES | 16,425,892 | 3,147,641 | 2,758,827 | 22,332,360 | (22,332,360) | - |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | \$ 18,667,903 | \$ 3,218,734 | \$ 5,159,467 | \$ 27,046,104 | | |
| Net position: | | | | | | |
| Net investment in capital assets | | | | | (893,683) | (893,683) |
| Restricted for debt service | | | | | 2,276,711 | 2,276,711 |
| Unrestricted | | | | | 16,456,477 | 16,456,477 |
| TOTAL NET POSITION | | | | | \$ 17,839,505 | \$ 17,839,505 |

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, 2023

| | General Fund | Debt Service Fund | Capital Projects Fund | Governmental Funds Total | Adjustments Note 2 | Government - Wide Statement of Activities |
|---|----------------------|-------------------------|-----------------------------|--------------------------------|-----------------------|--|
| REVENUES: | | | | | | |
| Property taxes, including penalties and interest | \$ 1,194,490 | \$ 6,232,420 | \$ - | \$ 7,426,910 | \$ (3,086) | \$ 7,423,824 |
| Water service | 4,026,230 | - | - | 4,026,230 | - | 4,026,230 |
| Wastewater service | 2,511,894 | - | - | 2,511,894 | - | 2,511,894 |
| Impact fees | 416,500 | - | - | 416,500 | - | 416,500 |
| Contract reservation fees | 703,454 | - | - | 703,454 | - | 703,454 |
| Penalty and interest | 206,758 | - | - | 206,758 | - | 206,758 |
| Inspection and tap fees | 778,021 | - | - | 778,021 | - | 778,021 |
| Park and recreation fees | 1,360,811 | - | - | 1,360,811 | - | 1,360,811 |
| Investment revenues | 664,726 | 286,179 | 242,961 | 1,193,866 | - | 1,193,866 |
| Miscellaneous revenues | 102,462 | - | - | 102,462 | - | 102,462 |
| TOTAL REVENUES | 11,965,346 | 6,518,599 | 242,961 | 18,726,906 | (3,086) | 18,723,820 |
| EXPENDITURES / EXPENSES: | | | | | | |
| Service operations: | | | | | | |
| Parks and recreation salaries, repairs and maintenance expenditures | 1,164,450 | - | - | 1,164,450 | - | 1,164,450 |
| Professional fees | 371,130 | 3,518 | - | 374,648 | - | 374,648 |
| Contracted services | 1,690,594 | 33,580 | - | 1,724,174 | - | 1,724,174 |
| Purchased water service | 1,187,748 | - | - | 1,187,748 | - | 1,187,748 |
| Purchased wastewater service | 1,941,876 | - | - | 1,941,876 | - | 1,941,876 |
| Utilities | 166,813 | - | - | 166,813 | - | 166,813 |
| Repair and maintenance | 898,010 | - | - | 898,010 | - | 898,010 |
| Depreciation and amortization | - | - | - | - | 1,898,754 | 1,898,754 |
| Developer interest | - | - | 295,431 | 295,431 | - | 295,431 |
| Other | 654,512 | 4,752 | - | 659,264 | - | 659,264 |
| Capital outlay | 371,107 | - | 8,355,424 | 8,726,531 | (8,726,531) | - |
| Debt service: | | | | | | |
| Principal | 227,495 | 3,540,158 | - | 3,767,653 | (3,767,653) | - |
| Interest | 513,999 | 2,667,896 | - | 3,181,895 | (666,343) | 2,515,552 |
| Bond issuance costs | - | - | 756,533 | 756,533 | - | 756,533 |
| TOTAL EXPENDITURES / EXPENSES | 9,187,734 | 6,249,904 | 9,407,388 | 24,845,026 | (11,261,773) | 13,583,253 |
| Excess (deficit) of revenues over (under) expenditures / expenses | 2,777,612 | 268,695 | (9,164,427) | (6,118,120) | 11,258,687 | 5,140,567 |
| OTHER FINANCING SOURCES (USES): | | | | | | |
| Proceeds from issuance of long-term debt | - | - | 8,400,000 | 8,400,000 | (8,400,000) | - |
| Bond premium | - | - | 80,742 | 80,742 | (80,742) | - |
| Bond discount | - | - | (107,018) | (107,018) | 107,018 | - |
| TOTAL OTHER FINANCING SOURCES, NET | - | - | 8,373,724 | 8,373,724 | (8,373,724) | - |
| CHANGE IN FUND BALANCES/ NET POSITION | 2,777,612 | 268,695 | (790,703) | 2,255,604 | 2,884,963 | 5,140,567 |
| FUND BALANCES / NET POSITION: | | | | | | |
| Beginning of the year | 13,648,280 | 2,878,946 | 3,549,530 | 20,076,756 | (7,377,818) | 12,698,938 |
| End of the year | \$ 16,425,892 | \$ 3,147,641 | \$ 2,758,827 | \$ 22,332,360 | \$ (4,492,855) | \$ 17,839,505 |

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, 2023**

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 79th 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, 2023**

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, 2023**

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, 2023**

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 12, 2022, 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, 2023.

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, 2023**

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 \$5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Estimated useful lives are as follows:

| | Years |
|-----------------------------------|-------|
| Water 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, 2023**

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 not established a pension plan as the District does not have employees. The Internal Revenue Service has determined that Directors are considered to be “employees” for federal payroll tax purposes.

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 \$3,954,217 of fund balance for future obligations to be paid from impact fees and \$2,279,575 for the fiscal year 2024 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, 2023**

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 | | \$ 22,332,360 |
| 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 | | 29,806,249 |
| Capital assets, net of accumulated depreciation | | 66,228,036 |
| 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. | | 41,793 |
| 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 | \$ (29,806,249) | |
| Debt payable - Lone Star Regional Water Authority | (2,425,000) | |
| Capital leases | (553,278) | |
| Bonds payable, net | (67,299,645) | |
| Bond insurance premium, net | 24,373 | |
| Deferred charges on refundings, net | 397,377 | |
| Accrued bond interest payable | (906,511) | (100,568,933) |
| Net Position - Governmental Activities | | \$ 17,839,505 |

**SONTERRA MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2023**

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 | | \$ 2,255,604 |
| Amounts reported for governmental activities in the Statement of Activities are different because: | | |
| Governmental funds report: | | |
| Capital expenditures in period purchased | \$ 8,726,531 | |
| Principal payments on long-term debt, bonds and capital leases in year paid | 3,767,653 | |
| Interest expenditures in year paid | 666,343 | |
| Tax revenue when collected | (3,086) | |
| Bond sales and refunding activity and related bond discounts/premiums in year of issuance | <u>(8,373,724)</u> | 4,783,717 |
| Governmental funds do not report - | | |
| Depreciation/amortization | | <u>(1,898,754)</u> |
| Change in Net Position - Governmental Activities | | <u>\$ 5,140,567</u> |

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, 2023, the carrying amount of the District's deposits was \$420,391 and the bank balance was \$631,068. Of the bank balance, \$416,158 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, 2023**

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, 2023, the District held the following cash equivalents and investments:

| Investment | Value at 9/30/2023 | Weighted Average Maturity (Days) | Investment Rating | |
|------------|-----------------------|--|-------------------|------------------|
| | | | Rating | Rating Agency |
| TexPool | \$ 24,713,768 | 1 | AAAm | Standard & Poors |

**SONTERRA MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2023**

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, 2023, 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 2023 fiscal year (2022 tax year) on September 12, 2022.

**SONTERRA MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2023**

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 2022 tax roll. The 2022 tax rate, based on total taxable assessed valuation of \$1,033,549,460, was \$0.715 on each \$100 valuation and was allocated \$0.115 to the General Fund and \$0.600 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, 2023, consisted of the following:

| | General Fund | Debt Service Fund | Total |
|---------------------|-----------------|-------------------------|-----------|
| Current year levy | \$ 2,794 | \$ 14,576 | \$ 17,370 |
| Prior years' levies | 3,418 | 21,005 | 24,423 |
| | \$ 6,212 | \$ 35,581 | \$ 41,793 |

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, 2023:

| | Interfund | |
|-------------------------|-------------|------------|
| | Receivables | Payables |
| General Fund: | | |
| Debt Service Fund | \$ 4,275 | \$ - |
| Capital Projects Fund | 193,122 | - |
| Debt Service Fund - | | |
| General Fund | - | 4,275 |
| Capital Projects Fund - | | |
| General Fund | - | 193,122 |
| | \$ 197,397 | \$ 197,397 |

**SONTERRA MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2023**

6. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets follows:

| | Balance 10/1/2022 | Additions | Deletions | Balance 9/30/2023 |
|--|----------------------|---------------------|-------------|----------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 1,233,309 | \$ 3,900 | \$ - | \$ 1,237,209 |
| Construction in progress | 2,767,304 | 1,940,549 | - | 4,707,853 |
| Total capital assets not being depreciated | 4,000,613 | 1,944,449 | - | 5,945,062 |
| Capital assets being depreciated: | | | | |
| Water and Wastewater System | 60,928,527 | 6,671,850 | - | 67,600,377 |
| Office Building | 465,000 | 10,122 | - | 475,122 |
| Pool & Clubhouse | 750,043 | 100,110 | - | 850,153 |
| Furniture, Fixtures and Equipment | 54,730 | - | - | 54,730 |
| Total capital assets being depreciated | 62,198,300 | 6,782,082 | - | 68,980,382 |
| Less accumulated depreciation for: | | | | |
| Water and Wastewater System | (6,672,509) | (1,346,870) | - | (8,019,379) |
| Office Building | (186,042) | (17,525) | - | (203,567) |
| Pool & Clubhouse | (365,641) | (55,855) | - | (421,496) |
| Furniture, Fixtures and Equipment | (49,551) | (3,415) | - | (52,966) |
| Total accumulated depreciation | (7,273,743) | (1,423,665) | - | (8,697,408) |
| Capital assets being depreciated, net | 54,924,557 | 5,358,417 | - | 60,282,974 |
| Total capital assets, net of accumulated depreciation | \$ 58,925,170 | \$ 7,302,866 | \$ - | \$ 66,228,036 |

7. DEFERRED OUTFLOWS OF RESOURCES

The following is a summary of changes in deferred outflows of resources for the year ended September 30, 2023:

| | |
|--|-------------------|
| Deferred charges on refundings - October 1, 2022 | \$ 500,123 |
| Retirements from Series 2013, 2015 and 2020 refundings | (102,746) |
| Deferred charges on refundings - September 30, 2023 | \$ 397,377 |

**SONTERRA MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2023**

8. LONG-TERM DEBT

The following is a summary of bond transactions of the District as of and for the year ended September 30, 2023:

| | <u>Unlimited Tax and Refunding Bonds</u> |
|--|--|
| Bonds payable at October 1, 2022 | \$ 61,810,220 |
| Bonds issued | 8,400,000 |
| Bonds retired | (3,540,158) |
| Bond premium/discount, net of accumulated amortization | 629,583 |
| Bonds payable at September 30, 2023 | <u>\$ 67,299,645</u> |

Bonds payable at September 30, 2023, were comprised of the following issues:

Unlimited Tax Bonds:

\$6,225,000 - 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.

\$3,935,000 – 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.

\$4,905,000 - 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.

\$5,790,000 - 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.

\$5,290,000 - 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, 2023**

8. LONG-TERM DEBT (continued) –

\$13,225,000 - 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.

\$4,185,000 - 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

\$10,790,000 - 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

\$6,700,000 - 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:

\$65 - 2013 Unlimited Tax Refunding Bonds payable serially through the year 2024 at an interest rate of 5.00%. Bonds maturing on or after August 15, 2026 are callable prior to maturity beginning on August 15, 2020. Bonds maturing August 15, 2026, 2028, 2030 and 2033 are term bonds and are subject to mandatory sinking fund redemption.

\$2,200,000 - 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.

\$3,424,997 - 2020 Unlimited Tax Refunding Bonds payable serially through the year 2036 at interest rates which range from 2.00% to 2.75%. Bonds maturing on or after August 15, 2026 are callable prior to maturity beginning on August 15, 2025.

On December 20, 2022, the District issued \$8,400,000 of Series 2022 Unlimited Tax and Revenue Bonds (the “Bonds”) with interest rates ranging from 4.00% to 5.00%. The net proceeds of \$7,561,148 (after payment of underwriter’s fees, the bond discount, and bond issuance costs) were used to finance Developer funded construction of water, wastewater and drainage facilities that serve the District and to fund subsequent issuance costs.

**SONTERRA MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2023**

8. LONG-TERM DEBT (continued) –

The annual requirements to amortize all bonded debt at September 30, 2023, including interest, are as follows:

| Year Ended September 30, | Annual Requirements for All Series | | |
|-----------------------------|------------------------------------|---------------|---------------|
| | Principal | Interest | Total |
| 2024 | \$ 2,176,749 | \$ 2,561,339 | \$ 4,738,088 |
| 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 - 2033 | 16,015,000 | 7,773,048 | 23,788,048 |
| 2034 - 2038 | 17,985,000 | 5,099,895 | 23,084,895 |
| 2039 - 2043 | 16,545,000 | 2,007,559 | 18,552,559 |
| 2044 - 2046 | 3,295,000 | 149,195 | 3,444,195 |
| | \$ 66,670,062 | \$ 25,883,055 | \$ 92,553,117 |

A portion of the Series 2013 and 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, 2023, accreted interest payable on these premium compound interest bonds totaled \$629,250.

\$3,147,641 is available in the Debt Service Fund to service the bonded debt as of September 30, 2023. As of September 30, 2023, 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 \$15,000,000, 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, 2023**

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, 2023, the District recognized expenditures to LSARGP of \$38,138 for groundwater pumped from the wells on LSARGP's property. As of September 30, 2023, the future minimum payment requirements related to the groundwater lease were as follows:

| Fiscal Year | Payment |
|-------------|------------|
| 2024 | \$ 8,000 |
| 2025 | 8,000 |
| 2026 | 8,600 |
| 2027 | 8,800 |
| 2028 | 8,800 |
| 2029-2033 | 51,425 |
| 2034-2038 | 58,875 |
| 2039-2043 | 61,375 |
| 2044-2046 | 28,125 |
| | \$ 242,000 |

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, 2023**

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 \$1,941,876 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, 2023, the District recognized expenditures to the Authority of \$1,149,610 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, 2023**

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, 2023, the District has recognized an intangible asset of \$29,806,249, which corresponds to its outstanding facility financing obligation noted below.

At September 30, 2023, the Authority has \$28,300,000 of bond principal outstanding related to the Project. For the year ended September 30, 2023, the District paid \$475,089 to the Authority for its proportionate share of principal and interest payments due on the Project bonds. As of September 30, 2023, 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 | |
|-------------|---------------------------|------------|
| 2024 | \$ | 553,072 |
| 2025 | | 625,440 |
| 2026 | | 697,701 |
| 2027 | | 698,249 |
| 2028 | | 698,511 |
| 2029-2033 | | 5,710,590 |
| 2034-2038 | | 6,125,987 |
| 2039-2043 | | 6,394,803 |
| 2044-2048 | | 6,086,413 |
| 2049-2050 | | 2,215,483 |
| | \$ | 29,806,249 |

**SONTERRA MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2023**

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, 2023, the District paid the Authority \$200,388 in principal and interest payments on the outstanding debt, of which \$100,000 was for principal and \$100,388 was for interest.

As of September 30, 2023, the debt service requirements related to the LSRWA Facilities Contract are as follows:

| Fiscal Year | Principal | Interest | Total |
|-------------|---------------------|-------------------|---------------------|
| 2024 | \$ 105,000 | \$ 97,388 | \$ 202,388 |
| 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 |
| 2029-2033 | 675,000 | 333,038 | 1,008,038 |
| 2034-2038 | 815,000 | 185,988 | 1,000,988 |
| 2039-2040 | 375,000 | 24,013 | 399,013 |
| | <u>\$ 2,425,000</u> | <u>\$ 988,254</u> | <u>\$ 3,413,254</u> |

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, 2023, the District recognized income of \$6,702 for the library lease.

**SONTERRA MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2023**

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 has agreed to pay equal monthly installments of \$2,714, representing both principal and interest, through July 8, 2024 at which point all unpaid principal and interest is due in a lump-sum payment of \$182,874. The lease accrues interest at 7.00% annually.

During the year ended September 30, 2023, the District made capital lease principal and interest payments totaling \$66,017, of which \$29,781 was for principal and \$36,236 was for interest. As of September 30, 2023, the future payment requirements related to the capital leases are as follows:

| Fiscal Year | Principal | Interest | Total |
|-------------|-------------------|-------------------|-------------------|
| 2024 | \$ 208,636 | \$ 32,115 | \$ 240,751 |
| 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 |
| 2029-2033 | 94,378 | 72,897 | 167,275 |
| 2034-2038 | 127,301 | 39,973 | 167,274 |
| 2039-2041 | 65,364 | 4,333 | 69,697 |
| | <u>\$ 553,278</u> | <u>\$ 225,539</u> | <u>\$ 778,817</u> |

**SONTERRA MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2023**

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, 2023, the District billed and received contract payments totaling \$334,120 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, 2023, the District billed and received contract payments totaling \$369,334 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. As of September 30, 2023, 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, 2023, 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, 2023**

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.

**REQUIRED
SUPPLEMENTARY INFORMATION**

**SONTERRA MUNICIPAL UTILITY DISTRICT
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2023**

| | <u>Actual</u> | <u>Budget</u> | <u>Variance Positive (Negative)</u> |
|--|----------------------|-----------------------|---|
| REVENUES: | | | |
| Property taxes, including penalties and interest | \$ 1,194,490 | \$ 1,185,107 | \$ 9,383 |
| Water service | 4,026,230 | 3,348,170 | 678,060 |
| Wastewater service | 2,511,894 | 2,269,150 | 242,744 |
| Contract reservation fees | 703,454 | 703,454 | - |
| Penalty and interest | 206,758 | 90,000 | 116,758 |
| Inspection and tap fees | 778,021 | 820,000 | (41,979) |
| Park and recreation fees | 1,360,811 | 1,093,584 | 267,227 |
| Investment revenues | 664,726 | 72,100 | 592,626 |
| Impact fees | 416,500 | - | 416,500 |
| Miscellaneous revenues | 102,462 | 84,033 | 18,429 |
| TOTAL REVENUES | <u>11,965,346</u> | <u>9,665,598</u> | <u>2,299,748</u> |
| EXPENDITURES: | | | |
| Service operations: | | | |
| Parks and recreation salaries, repairs and maintenance expenditures | 1,164,450 | 1,369,088 | 204,638 |
| Professional fees | 371,130 | 349,000 | (22,130) |
| Contracted services | 1,690,594 | 1,704,852 | 14,258 |
| Purchased water service | 1,187,748 | 1,082,793 | (104,955) |
| Purchased wastewater service | 1,941,876 | 2,093,295 | 151,419 |
| Utilities | 166,813 | 176,400 | 9,587 |
| Repair and maintenance | 898,010 | 687,093 | (210,917) |
| Other | 654,512 | 882,605 | 228,093 |
| Capital outlay | 371,107 | 2,594,800 | 2,223,693 |
| Debt service: | | | |
| Principal | 227,495 | 197,714 | (29,781) |
| Interest | 513,999 | 408,000 | (105,999) |
| TOTAL EXPENDITURES | <u>9,187,734</u> | <u>11,545,640</u> | <u>2,357,906</u> |
| CHANGE IN FUND BALANCE | 2,777,612 | <u>\$ (1,880,042)</u> | <u>\$ 4,657,654</u> |
| FUND BALANCE: | | | |
| Beginning of the year | <u>13,648,280</u> | | |
| End of the year | <u>\$ 16,425,892</u> | | |

**TEXAS
SUPPLEMENTARY INFORMATION**

SONTERRA MUNICIPAL UTILITY DISTRICT
TSI-1. SERVICES AND RATES
SEPTEMBER 30, 2023

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 ⁽¹⁾ | 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 ⁽¹⁾ | 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" | 5,014 | 5,014 | 1.0 | 5,014 |
| 1" | 5 | 5 | 2.5 | 13 |
| 1 1/2" | 7 | 7 | 5.0 | 35 |
| 2" | 4 | 4 | 8.0 | 32 |
| 3" | - | - | 15.0 | - |
| 4" | - | - | 25.0 | - |
| 6" | - | - | 50.0 | - |
| 8" | - | - | 80.0 | - |
| 10" | - | - | 115.0 | - |
| Total Water | 5,030 | 5,030 | | 5,094 |
| Total Wastewater | 4,941 | 4,941 | 1.0 | 4,941 |

⁽¹⁾ Includes solid waste pick-up charge.

SONTERRA MUNICIPAL UTILITY DISTRICT
TSI-1. SERVICES AND RATES
SEPTEMBER 30, 2023

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

Gallons pumped into system: 395,365,000

Gallons billed to customers: 373,808,000

| |
|---|
| Water Accountability Ratio (Gallons billed / Gallons Pumped) 94.5% |
|---|

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, 2023

| | | |
|---|-----------|------------------|
| Personnel Expenditures (including benefits) | \$ | 13,636 |
| Professional Fees: | | |
| Auditing | | 21,250 |
| Legal | | 168,488 |
| Engineering | | 180,909 |
| Financial Advisor Fee | | 483 |
| Other | | - |
| Purchased Services for Resale- | | |
| Bulk Water and Wastewater Purchases | | 3,129,624 |
| Contracted Services: | | |
| Bookkeeping | | 72,450 |
| Operations and Billing | | 729,515 |
| Appraisal District | | 6,436 |
| Tax Collector | | - |
| Utilities | | 166,813 |
| Repairs and Maintenance | | 898,010 |
| Administrative Expenditures: | | |
| Directors' Fees | | 13,223 |
| Office Supplies | | - |
| Insurance | | 23,448 |
| Other Administrative Expenditures | | 28,113 |
| Capital Outlay: | | |
| Capitalized Assets | | 371,107 |
| Expenditures not Capitalized | | - |
| Tap Connection Expenditures | | - |
| Solid Waste Disposal | | 810,497 |
| Security | | 71,696 |
| Restrictive Covenant Enforcement | | 302,475 |
| Parks and Recreation | | 1,164,450 |
| Debt Service | | 741,494 |
| Other Expenditures | | 273,617 |
| TOTAL EXPENDITURES | \$ | 9,187,734 |

Number of persons employed by the District:

Full-Time Part-Time

**SONTERRA MUNICIPAL UTILITY DISTRICT
TSI-3. TEMPORARY INVESTMENTS
SEPTEMBER 30, 2023**

| Funds | Identification or Certificate Number | Interest Rate | Maturity Date | Balance at End of Year | Accrued Interest Receivable at End of Year |
|-------------------------------|--|------------------|------------------|------------------------------|--|
| General Fund: | | | | | |
| TexPool | XXXX0003 | Varies | Daily | \$ 8,677,185 | \$ - |
| TexPool | XXXX0012 | Varies | Daily | 141,466 | - |
| TexPool | XXXX0013 | Varies | Daily | 1,075,294 | - |
| TexPool | XXXX0014 | Varies | Daily | 258,191 | - |
| TexPool | XXXX0018 | Varies | Daily | 3,064,477 | - |
| TexPool | XXXX0020 | Varies | Daily | 3,329,740 | - |
| Total General Fund | | | | <u>16,546,353</u> | <u>-</u> |
| Debt Service Fund: | | | | | |
| TexPool | XXXX0002 | Varies | Daily | 3,177,624 | - |
| TexPool | XXXX0004 | Varies | Daily | 5,529 | - |
| Total Debt Service Fund | | | | <u>3,183,153</u> | <u>-</u> |
| Capital Projects Fund: | | | | | |
| TexPool | XXXX0011 | Varies | Daily | 421,754 | - |
| TexPool | XXXX0015 | Varies | Daily | 190,031 | - |
| TexPool | XXXX0017 | Varies | Daily | 283,616 | - |
| TexPool | XXXX0019 | Varies | Daily | 3,472,156 | - |
| TexPool | XXXX0022 | Varies | Daily | 616,705 | - |
| Total Capital Projects Fund | | | | <u>4,984,262</u> | <u>-</u> |
| Total - All Funds | | | | <u>\$ 24,713,768</u> | <u>\$ -</u> |

SONTERRA MUNICIPAL UTILITY DISTRICT
TSI-4. TAXES LEVIED AND RECEIVABLE
SEPTEMBER 30, 2023

| | Maintenance Taxes | Debt Service Taxes | | |
|--|------------------------------|-------------------------------|-----------------------|-----------------------|
| Taxes Receivable, Beginning of Year | \$ 6,301 | \$ 38,578 | | |
| 2022 Original tax levy, less adjustments | 1,194,280 | 6,231,027 | | |
| Prior year tax adjustments | (2,197) | (14,303) | | |
| Total to be accounted for | 1,198,384 | 6,255,302 | | |
| Tax collections: | | | | |
| Current year | 1,191,486 | 6,216,451 | | |
| Prior years | 686 | 3,270 | | |
| Total collections | 1,192,172 | 6,219,721 | | |
| Taxes Receivable, End of Year | \$ 6,212 | \$ 35,581 | | |
| Taxes Receivable, by Years | | | | |
| 2021 and prior | \$ 3,418 | \$ 21,005 | | |
| 2022 | 2,794 | 14,576 | | |
| Taxes Receivable, End of Year | \$ 6,212 | \$ 35,581 | | |
| Property Valuations: | 2022 | 2021 | 2020 | 2019 |
| Land and improvements | \$ 1,033,549,460 (a) | \$ 709,394,592 (a) | \$ 518,857,775 (a) | \$ 417,612,197 (a) |
| Total Property Valuations | \$ 1,033,549,460 | \$ 709,394,592 | \$ 518,857,775 | \$ 417,612,197 |
| Tax Rates per \$100 Valuation: | | | | |
| Maintenance tax rates | \$ 0.1150 | \$ 0.1275 | \$ 0.1325 | \$ 0.1235 |
| Debt Service tax rates | 0.6000 | 0.8200 | 0.8150 | 0.8240 |
| Total Tax Rates per \$100 Valuation: | \$ 0.7150 | \$ 0.9475 | \$ 0.9475 | \$ 0.9475 |
| Tax Levy | \$ 7,425,307 | \$ 6,729,538 | \$ 4,916,934 | \$ 3,958,517 |
| Percent of Taxes Collected to Taxes Levied ** | 99.8% | 99.9% | 99.9% | 99.9% |
| Maximum Maintenance Tax Rate Approved by Voters: | \$ 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, 2023

| Fiscal Year Ending | Unlimited Tax Refunding Bonds Series 2013 | | | Unlimited Tax Bonds Series 2014 | | | Unlimited Tax Refunding Bonds Series 2015 | | | Unlimited Tax Bonds Series 2015 | | |
|--------------------|---|-------------------------|------------|---------------------------------|-------------------------|--------------|---|-------------------------|--------------|---------------------------------|-------------------------|--------------|
| | 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 |
| | 2024 | \$ 65 | \$ 249,935 | \$ 250,000 | \$ 285,000 | \$ 217,118 | \$ 502,118 | \$ 170,000 | \$ 67,020 | \$ 237,020 | \$ 155,000 | \$ 135,013 |
| 2025 | - | - | - | 295,000 | 208,568 | 503,568 | 175,000 | 61,920 | 236,920 | 165,000 | 130,363 | 295,363 |
| 2026 | - | - | - | 310,000 | 199,718 | 509,718 | 180,000 | 56,670 | 236,670 | 170,000 | 125,413 | 295,413 |
| 2027 | - | - | - | 320,000 | 190,030 | 510,030 | 185,000 | 51,270 | 236,270 | 180,000 | 120,313 | 300,313 |
| 2028 | - | - | - | 335,000 | 180,030 | 515,030 | 195,000 | 45,720 | 240,720 | 190,000 | 114,463 | 304,463 |
| 2029 | - | - | - | 345,000 | 169,561 | 514,561 | 200,000 | 39,870 | 239,870 | 195,000 | 108,288 | 303,288 |
| 2030 | - | - | - | 360,000 | 158,780 | 518,780 | 205,000 | 33,870 | 238,870 | 205,000 | 101,950 | 306,950 |
| 2031 | - | - | - | 375,000 | 147,530 | 522,530 | 215,000 | 27,720 | 242,720 | 215,000 | 95,288 | 310,288 |
| 2032 | - | - | - | 390,000 | 135,718 | 525,718 | 215,000 | 21,270 | 236,270 | 225,000 | 88,300 | 313,300 |
| 2033 | - | - | - | 405,000 | 123,238 | 528,238 | 225,000 | 14,551 | 239,551 | 235,000 | 80,988 | 315,988 |
| 2034 | - | - | - | 425,000 | 110,075 | 535,075 | 235,000 | 7,520 | 242,520 | 250,000 | 73,350 | 323,350 |
| 2035 | - | - | - | 440,000 | 95,200 | 535,200 | - | - | - | 260,000 | 65,225 | 325,225 |
| 2036 | - | - | - | 455,000 | 77,600 | 532,600 | - | - | - | 270,000 | 56,450 | 326,450 |
| 2037 | - | - | - | 475,000 | 59,400 | 534,400 | - | - | - | 285,000 | 47,338 | 332,338 |
| 2038 | - | - | - | 495,000 | 40,400 | 535,400 | - | - | - | 300,000 | 36,650 | 336,650 |
| 2039 | - | - | - | 515,000 | 20,600 | 535,600 | - | - | - | 310,000 | 25,400 | 335,400 |
| 2040 | - | - | - | - | - | - | - | - | - | 325,000 | 13,000 | 338,000 |
| 2041 | - | - | - | - | - | - | - | - | - | - | - | - |
| 2042 | - | - | - | - | - | - | - | - | - | - | - | - |
| 2043 | - | - | - | - | - | - | - | - | - | - | - | - |
| 2044 | - | - | - | - | - | - | - | - | - | - | - | - |
| 2045 | - | - | - | - | - | - | - | - | - | - | - | - |
| 2046 | - | - | - | - | - | - | - | - | - | - | - | - |
| | \$ 65 | \$ 249,935 | \$ 250,000 | \$ 6,225,000 | \$ 2,133,566 | \$ 8,358,566 | \$ 2,200,000 | \$ 427,401 | \$ 2,627,401 | \$ 3,935,000 | \$ 1,417,792 | \$ 5,352,792 |

SONTERRA MUNICIPAL UTILITY DISTRICT
TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS - BY YEARS
SEPTEMBER 30, 2023

| Fiscal Year Ending | Unlimited Tax Bonds Series 2016 | | | Unlimited Tax Bonds Series 2018 | | | Unlimited Tax Bonds Series 2019 | | | Unlimited Tax 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 |
| | 2024 | \$ 100,000 | \$ 153,188 | \$ 253,188 | \$ 200,000 | \$ 182,844 | \$ 382,844 | \$ 165,000 | \$ 155,418 | \$ 320,418 | \$ 435,000 | \$ 585,256 |
| 2025 | 100,000 | 150,688 | 250,688 | 210,000 | 176,843 | 386,843 | 170,000 | 152,118 | 322,118 | 450,000 | 556,982 | 1,006,982 |
| 2026 | 100,000 | 148,188 | 248,188 | 215,000 | 170,544 | 385,544 | 180,000 | 148,719 | 328,719 | 470,000 | 527,732 | 997,732 |
| 2027 | 100,000 | 145,188 | 245,188 | 225,000 | 164,094 | 389,094 | 190,000 | 145,118 | 335,118 | 485,000 | 497,182 | 982,182 |
| 2028 | 100,000 | 142,188 | 242,188 | 235,000 | 157,344 | 392,344 | 200,000 | 140,844 | 340,844 | 500,000 | 465,656 | 965,656 |
| 2029 | 100,000 | 139,188 | 239,188 | 250,000 | 150,293 | 400,293 | 205,000 | 135,844 | 340,844 | 520,000 | 433,156 | 953,156 |
| 2030 | 100,000 | 136,188 | 236,188 | 260,000 | 142,794 | 402,794 | 215,000 | 130,206 | 345,206 | 535,000 | 399,356 | 934,356 |
| 2031 | 100,000 | 133,188 | 233,188 | 270,000 | 134,994 | 404,994 | 230,000 | 123,756 | 353,756 | 555,000 | 377,956 | 932,956 |
| 2032 | 100,000 | 130,188 | 230,188 | 285,000 | 126,894 | 411,894 | 240,000 | 116,856 | 356,856 | 575,000 | 355,756 | 930,756 |
| 2033 | 100,000 | 127,188 | 227,188 | 295,000 | 118,344 | 413,344 | 250,000 | 109,656 | 359,656 | 595,000 | 332,756 | 927,756 |
| 2034 | 300,000 | 124,188 | 424,188 | 310,000 | 109,494 | 419,494 | 260,000 | 102,156 | 362,156 | 615,000 | 308,956 | 923,956 |
| 2035 | 455,000 | 115,188 | 570,188 | 325,000 | 99,806 | 424,806 | 275,000 | 94,356 | 369,356 | 640,000 | 284,356 | 924,356 |
| 2036 | 470,000 | 101,538 | 571,538 | 340,000 | 89,650 | 429,650 | 285,000 | 86,106 | 371,106 | 660,000 | 258,756 | 918,756 |
| 2037 | 490,000 | 87,438 | 577,438 | 355,000 | 78,600 | 433,600 | 300,000 | 77,200 | 377,200 | 685,000 | 232,356 | 917,356 |
| 2038 | 515,000 | 72,738 | 587,738 | 370,000 | 67,062 | 437,062 | 315,000 | 67,826 | 382,826 | 710,000 | 204,956 | 914,956 |
| 2039 | 535,000 | 57,288 | 592,288 | 385,000 | 55,037 | 440,037 | 330,000 | 57,982 | 387,982 | 730,000 | 176,556 | 906,556 |
| 2040 | 560,000 | 39,900 | 599,900 | 400,000 | 42,525 | 442,525 | 345,000 | 47,668 | 392,668 | 760,000 | 147,356 | 907,356 |
| 2041 | 580,000 | 20,300 | 600,300 | 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 | - | - | - | - | - | - | - | - | - | - | - | - |
| 2045 | - | - | - | - | - | - | - | - | - | - | - | - |
| 2046 | - | - | - | - | - | - | - | - | - | - | - | - |
| | \$ 4,905,000 | \$ 2,023,958 | \$ 6,928,958 | \$ 5,790,000 | \$ 2,111,037 | \$ 7,901,037 | \$ 5,290,000 | \$ 1,966,743 | \$ 7,256,743 | \$ 13,225,000 | \$ 6,449,762 | \$ 19,674,762 |

SONTERRA MUNICIPAL UTILITY DISTRICT
TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS - BY YEARS
SEPTEMBER 30, 2023

| Fiscal Year Ending | Unlimited Tax Refunding Bonds Series 2020 | | | Unlimited Tax Bonds Series 2020A | | | Unlimited Tax Bonds Series 2021 | | | Unlimited Tax Bonds Series 2022 | | |
|--------------------|---|-------------------------|---------------------|----------------------------------|-------------------------|---------------------|---------------------------------|-------------------------|----------------------|---------------------------------|-------------------------|----------------------|
| | 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 |
| | 2024 | \$ 26,684 | \$ 171,441 | \$ 198,125 | \$ 115,000 | \$ 91,575 | \$ 206,575 | \$ 330,000 | \$ 273,475 | \$ 603,475 | \$ 195,000 | \$ 279,056 |
| 2025 | 58,313 | 394,813 | 453,126 | 120,000 | 88,125 | 208,125 | 340,000 | 260,275 | 600,275 | 210,000 | 269,306 | 479,306 |
| 2026 | 370,000 | 78,125 | 448,125 | 125,000 | 84,525 | 209,525 | 350,000 | 246,675 | 596,675 | 220,000 | 258,806 | 478,806 |
| 2027 | 380,000 | 70,725 | 450,725 | 130,000 | 82,025 | 212,025 | 365,000 | 232,675 | 597,675 | 230,000 | 247,807 | 477,807 |
| 2028 | 375,000 | 63,125 | 438,125 | 135,000 | 79,425 | 214,425 | 375,000 | 225,375 | 600,375 | 240,000 | 236,306 | 476,306 |
| 2029 | 380,000 | 55,625 | 435,625 | 145,000 | 76,725 | 221,725 | 385,000 | 217,875 | 602,875 | 255,000 | 226,106 | 481,106 |
| 2030 | 395,000 | 47,075 | 442,075 | 150,000 | 73,825 | 223,825 | 395,000 | 210,175 | 605,175 | 270,000 | 215,269 | 485,269 |
| 2031 | 395,000 | 38,188 | 433,188 | 155,000 | 70,825 | 225,825 | 410,000 | 202,275 | 612,275 | 280,000 | 204,469 | 484,469 |
| 2032 | 405,000 | 28,312 | 433,312 | 165,000 | 67,725 | 232,725 | 420,000 | 194,075 | 614,075 | 295,000 | 193,268 | 488,268 |
| 2033 | 405,000 | 18,188 | 423,188 | 170,000 | 64,425 | 234,425 | 435,000 | 185,675 | 620,675 | 315,000 | 181,469 | 496,469 |
| 2034 | 75,000 | 7,050 | 82,050 | 180,000 | 61,025 | 241,025 | 445,000 | 176,975 | 621,975 | 330,000 | 168,869 | 498,869 |
| 2035 | 80,000 | 4,800 | 84,800 | 185,000 | 57,425 | 242,425 | 460,000 | 167,519 | 627,519 | 345,000 | 155,668 | 500,668 |
| 2036 | 80,000 | 2,400 | 82,400 | 195,000 | 53,725 | 248,725 | 475,000 | 157,169 | 632,169 | 365,000 | 141,869 | 506,869 |
| 2037 | - | - | - | 205,000 | 49,581 | 254,581 | 490,000 | 145,887 | 635,887 | 385,000 | 127,269 | 512,269 |
| 2038 | - | - | - | 215,000 | 45,225 | 260,225 | 505,000 | 133,637 | 638,637 | 405,000 | 111,868 | 516,868 |
| 2039 | - | - | - | 225,000 | 40,388 | 265,388 | 520,000 | 121,013 | 641,013 | 425,000 | 95,669 | 520,669 |
| 2040 | - | - | - | 235,000 | 35,325 | 270,325 | 535,000 | 107,362 | 642,362 | 450,000 | 78,669 | 528,669 |
| 2041 | - | - | - | 245,000 | 30,038 | 275,038 | 550,000 | 93,319 | 643,319 | 470,000 | 60,669 | 530,669 |
| 2042 | - | - | - | 255,000 | 24,525 | 279,525 | 565,000 | 78,881 | 643,881 | 495,000 | 41,869 | 536,869 |
| 2043 | - | - | - | 265,000 | 18,787 | 283,787 | 585,000 | 64,050 | 649,050 | 520,000 | 21,450 | 541,450 |
| 2044 | - | - | - | 280,000 | 12,825 | 292,825 | 600,000 | 48,694 | 648,694 | - | - | - |
| 2045 | - | - | - | 290,000 | 6,525 | 296,525 | 620,000 | 32,944 | 652,944 | - | - | - |
| 2046 | - | - | - | - | - | - | 635,000 | 16,669 | 651,669 | - | - | - |
| | \$ 3,424,997 | \$ 979,867 | \$ 4,404,864 | \$ 4,185,000 | \$ 1,214,594 | \$ 5,399,594 | \$ 10,790,000 | \$ 3,592,669 | \$ 14,382,669 | \$ 6,700,000 | \$ 3,315,731 | \$ 10,015,731 |

SONTERRA MUNICIPAL UTILITY DISTRICT
TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS - BY YEARS
SEPTEMBER 30, 2023

| Fiscal Year Ending | Annual Requirements for All Series | | |
|--------------------------|------------------------------------|-------------------------------|----------------------|
| | Principal Due 8/15 | Interest Due 2/15, 8/15 | Total |
| 2024 | \$ 2,176,749 | \$ 2,561,339 | \$ 4,738,088 |
| 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 | 3,090,000 | 1,649,488 | 4,739,488 |
| 2031 | 3,200,000 | 1,556,189 | 4,756,189 |
| 2032 | 3,315,000 | 1,458,362 | 4,773,362 |
| 2033 | 3,430,000 | 1,356,478 | 4,786,478 |
| 2034 | 3,425,000 | 1,249,658 | 4,674,658 |
| 2035 | 3,465,000 | 1,139,543 | 4,604,543 |
| 2036 | 3,595,000 | 1,025,263 | 4,620,263 |
| 2037 | 3,670,000 | 905,069 | 4,575,069 |
| 2038 | 3,830,000 | 780,362 | 4,610,362 |
| 2039 | 3,975,000 | 649,933 | 4,624,933 |
| 2040 | 3,610,000 | 511,805 | 4,121,805 |
| 2041 | 3,410,000 | 390,045 | 3,800,045 |
| 2042 | 2,945,000 | 276,663 | 3,221,663 |
| 2043 | 2,605,000 | 179,113 | 2,784,113 |
| 2044 | 1,750,000 | 93,057 | 1,843,057 |
| 2045 | 910,000 | 39,469 | 949,469 |
| 2046 | 635,000 | 16,669 | 651,669 |
| | <u>\$ 66,670,062</u> | <u>\$ 25,883,055</u> | <u>\$ 92,553,117</u> |

**SONTERRA MUNICIPAL UTILITY DISTRICT
TSI-6. CHANGES IN LONG-TERM BONDED DEBT
SEPTEMBER 30, 2023**

| | 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% - 2.75% | 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 | \$ 205 | \$ 6,500,000 | \$ 2,200,018 | \$ 4,085,000 | \$ 5,005,000 | \$ 5,980,000 | \$ 5,445,000 | \$ 13,645,000 | \$ 3,544,997 | \$ 4,295,000 | \$ 11,110,000 | \$ - | |
| Bonds Sold During the Current Fiscal Year | | | | | | | | | | | | 8,400,000 | |
| Retirements During the Current Fiscal Year: | | | | | | | | | | | | | |
| Refunded | | | | | | | | | | | | | |
| Principal | (140) | (275,000) | (18) | (150,000) | (100,000) | (190,000) | (155,000) | (420,000) | (120,000) | (110,000) | (320,000) | (1,700,000) | |
| Bonds Outstanding at End 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 | |
| Interest Paid During the Current Fiscal Year | \$ 254,860 | \$ 225,368 | \$ 232,002 | \$ 139,138 | \$ 155,188 | \$ 188,544 | \$ 158,519 | \$ 612,556 | \$ 82,925 | \$ 94,875 | \$ 286,274 | \$ 237,647 | |
| 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 | |
| Bond Authority: | Tax Bonds* | Park & Recreation Bonds | Refunding Bonds | | | | | | | | | | |
| Amount Authorized by Voters | \$ 116,480,000 | \$ 15,000,000 | \$ - | | | | | | | | | | |
| Amount Issued | (81,425,000) | - | 9,729,986 | | | | | | | | | | |
| Remaining to be Issued | \$ 35,055,000 | \$ 15,000,000 | 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, 2023: | | | | | | | | | | | | \$ 3,183,153 | |
| Average Annual Debt Service Payment (Principal & Interest) for the remaining term of all debt: | | | | | | | | | | | | \$ 4,024,049 | |

**SONTERRA MUNICIPAL UTILITY DISTRICT
TSI-7. COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND AND DEBT SERVICE FUND - FIVE YEARS
SEPTEMBER 30, 2023**

| | Amounts | | | | | Percent of Fund Total Revenues | | | | |
|--|---------------------|---------------------|---------------------|---------------------|-------------------|--------------------------------|---------------|---------------|---------------|---------------|
| | 2023 | 2022 | 2021 | 2020 | 2019 | 2023 | 2022 | 2021 | 2020 | 2019 |
| GENERAL FUND REVENUES AND OTHER FINANCING SOURCES: | | | | | | | | | | |
| Property taxes, including penalties and interest | \$ 1,194,490 | \$ 917,252 | \$ 688,440 | \$ 517,381 | \$ 405,922 | 10.0% | 5.8% | 7.7% | 7.7% | 8.3% |
| Water service | 4,026,230 | 3,560,622 | 2,714,051 | 2,117,230 | 1,650,961 | 33.5% | 22.3% | 30.3% | 31.6% | 33.8% |
| Wastewater service | 2,511,894 | 2,179,029 | 1,794,386 | 1,406,073 | 1,071,867 | 21.0% | 13.7% | 20.0% | 21.0% | 21.9% |
| Impact fees | 416,500 | 5,045,250 | 878,500 | - | - | 3.5% | 31.7% | 9.8% | - | - |
| Contract reservation fees | 703,454 | 668,492 | 645,624 | 511,142 | - | 5.9% | 4.2% | 7.2% | 7.6% | - |
| Penalty and interest | 206,758 | 125,503 | 124,030 | 26,051 | 81,524 | 1.7% | 0.8% | 1.4% | 0.4% | 1.7% |
| Inspection and tap fees | 778,021 | 1,730,203 | 929,370 | 1,033,270 | 807,873 | 6.5% | 10.9% | 10.4% | 15.5% | 16.5% |
| Park and recreation fees | 1,360,811 | 1,238,986 | 1,096,680 | 962,422 | 767,088 | 11.4% | 7.8% | 12.2% | 14.4% | 15.7% |
| Investment revenues | 664,726 | 90,063 | 43,324 | 44,044 | 44,044 | 0.5% | 0.5% | 0.1% | 0.7% | 0.9% |
| Miscellaneous revenues | 102,462 | 105,492 | 86,585 | 74,923 | 61,600 | 0.9% | 0.6% | 0.9% | 1.1% | 1.3% |
| Sale of capital assets | - | 266,783 | - | - | - | - | 1.7% | - | - | - |
| TOTAL GENERAL FUND REVENUES AND OTHER FINANCING SOURCES | 11,965,346 | 15,928,175 | 8,964,949 | 6,691,816 | 4,890,879 | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| GENERAL FUND EXPENDITURES: | | | | | | | | | | |
| Parks and recreation salaries, repairs and maintenance expenditures | 1,164,450 | 900,189 | 747,327 | 510,749 | 420,688 | 9.8% | 5.6% | 8.3% | 7.6% | 8.6% |
| Professional fees | 371,130 | 295,147 | 245,458 | 315,950 | 481,260 | 3.1% | 1.9% | 2.7% | 4.7% | 9.8% |
| Contracted services | 1,690,594 | 1,492,800 | 1,268,003 | 991,548 | 833,450 | 14.1% | 9.4% | 14.1% | 14.8% | 17.0% |
| Purchased water service | 1,187,748 | 796,703 | 497,512 | 184,635 | 184,635 | 9.9% | 5.0% | 8.5% | 7.4% | 3.8% |
| Purchased wastewater service | 1,941,876 | 1,870,980 | 1,387,091 | 1,144,324 | 851,456 | 16.2% | 11.7% | 15.5% | 17.1% | 17.6% |
| Utilities | 166,813 | 185,399 | 149,062 | 150,044 | 143,100 | 1.4% | 1.2% | 1.6% | 2.2% | 2.9% |
| Repair and maintenance | 898,010 | 1,682,073 | 408,603 | 322,510 | 156,787 | 7.5% | 10.6% | 4.6% | 4.8% | 3.2% |
| Other | 654,512 | 690,205 | 638,555 | 626,477 | 301,203 | 5.5% | 4.3% | 7.1% | 9.4% | 6.2% |
| Capital outlay | 371,107 | 162,206 | 490,793 | 50,359 | 130,611 | 3.1% | 1.0% | 5.5% | 0.8% | 2.7% |
| Principal | 227,495 | 213,391 | 213,391 | 206,391 | 209,187 | 1.9% | 1.3% | 2.4% | 3.1% | 4.3% |
| Interest | 513,999 | 458,340 | 402,921 | 357,590 | 332,975 | 4.3% | 2.9% | 4.6% | 5.3% | 6.8% |
| Transfers in (out) | - | - | 8,849 | - | (57,630) | - | - | - | 0.1% | -1.2% |
| TOTAL GENERAL FUND EXPENDITURES | 9,187,734 | 8,747,433 | 6,747,907 | 5,184,303 | 3,997,722 | 76.8% | 54.9% | 75.3% | 77.5% | 81.7% |
| EXCESS OF GENERAL FUND REVENUES OVER EXPENDITURES | \$ 2,777,612 | \$ 7,180,742 | \$ 2,217,042 | \$ 1,507,513 | \$ 893,157 | 23.2% | 45.1% | 24.7% | 22.5% | 18.3% |
| DEBT SERVICE FUND REVENUES & OTHER FINANCING SOURCES: | | | | | | | | | | |
| Property taxes, including penalties | \$ 6,232,420 | \$ 5,905,234 | \$ 4,235,367 | \$ 3,452,315 | \$ 2,809,897 | 95.6% | 99.4% | 99.8% | 92.7% | 96.9% |
| Interest and other | 286,179 | 32,726 | 7,950 | 44,944 | 89,360 | 4.4% | 0.6% | 0.2% | 1.2% | 3.1% |
| Other financing sources/(uses), net | - | - | - | 229,129 | - | - | - | - | 6.1% | - |
| TOTAL DEBT SERVICE FUND REVENUES & OTHER FINANCING SOURCES | 6,518,599 | 5,937,960 | 4,243,317 | 3,726,388 | 2,899,257 | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| DEBT SERVICE FUND EXPENDITURES & OTHER FINANCING USES: | | | | | | | | | | |
| Principal | 3,540,158 | 3,260,350 | 1,850,784 | 1,791,329 | 1,382,537 | 54.4% | 54.9% | 43.6% | 48.1% | 47.7% |
| Interest | 2,667,896 | 2,471,547 | 2,243,826 | 1,588,037 | 1,316,943 | 40.9% | 41.6% | 52.9% | 42.6% | 45.4% |
| Fiscal agent fees and other | 41,850 | 39,195 | 30,490 | 30,312 | 3,555 | 0.6% | 0.7% | 0.7% | 0.8% | 0.1% |
| Bond issuance costs | - | - | - | 251,096 | - | - | - | - | 6.7% | - |
| TOTAL DEBT SERVICE FUND EXPENDITURES & OTHER FINANCING USES | 6,249,904 | 5,771,992 | 4,125,100 | 3,660,774 | 2,702,835 | 95.9% | 97.2% | 97.2% | 98.2% | 93.2% |
| EXCESS OF DEBT SERVICE FUND REVENUES & OTHER FINANCING SOURCES OVER EXPENDITURES & OTHER FINANCING USES | \$ 268,695 | \$ 166,868 | \$ 118,217 | \$ 65,614 | \$ 196,422 | 4.1% | 2.8% | 2.8% | 1.8% | 6.8% |
| TOTAL ACTIVE RETAIL WATER CONNECTIONS | 5,030 | 4,151 | 4,105 | 3,413 | 2,143 | | | | | |
| TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS | 4,941 | 4,117 | 4,074 | 3,358 | 2,073 | | | | | |

SONTERRA MUNICIPAL UTILITY DISTRICT
TSI-8. BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER 30, 2023

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): September 11, 2023

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

| Name and Address: | Term of Office (Elected or Appointed) or Date Hired | Fees of Office Paid * 9/30/2023 | Expense Reimbursements 09/30/23 | Title at Year End |
|-------------------------------------|--|--|--|----------------------------|
| <u>Board Members:</u> | | | | |
| Michael Cosimeno | Appointed 12/14/2020 - 5/4/2024 | \$ 4,476 | \$ - | President |
| John Faske | Elected 5/2/2020 - 5/4/2024 | \$ 2,913 | \$ - | Vice-President |
| Raven Dunbar | Elected 5/2/2020 - 5/4/2024 | \$ 1,792 | \$ - | Secretary |
| Sherry Roark | Appointed 3/20/2023 - 5/2/2026 | \$ - | \$ - | Assistant Secretary |
| Jesse Payne | Appointed 9/11/2023 - 5/2/2026 | \$ 221 | \$ - | Assistant Secretary |
| <u>Former Board Member:</u> | | | | |
| Camy Lenn Reynolds | Elected 5/7/2022 - 8/14/2023 | \$ 3,521 | \$ - | Former President |
| Daniel Islas | Elected 5/7/2022 - 11/21/2022 | \$ 300 | \$ - | Former Assistant Secretary |
| <u>Consultants:</u> | | | | |
| Armbrust & Brown, PLLC | 4/18/2016 | \$ 160,249 | \$ - | Attorney |
| | | \$ 126,000 | \$ 125 | Bond Related Services |
| McCall Gibson Swedlund Barfoot PLLC | 9/17/2018 | \$ 21,250 | \$ - | Auditor |
| | | \$ 16,000 | \$ - | Bond Related Services |
| Bott & Douthitt PLLC | 7/20/2020 | \$ 71,250 | \$ 1,114 | Accountant |
| Joney-Heroy & Associates Inc. | 11/11/2013 | \$ 493,314 | \$ - | Engineer |
| | | \$ 17,115 | \$ - | Bond Related Services |
| Specialized Public Finance Inc. | 11/10/2008 | \$ 150,000 | \$ 2,850 | Financial Advisor |
| Crossroads Utility Services | 9/16/2013 | \$ 1,266,532 | \$ - | Operator |
| Vecindario Management | 4/30/2014 | \$ 573,446 | \$ - | General Manager |
| Williamson Co. Tax Collector | 7/23/2007 | \$ 1,226 | \$ - | Tax Collector |

**OTHER
SUPPLEMENTARY INFORMATION**

SONTERRA MUNICIPAL UTILITY DISTRICT
OSI-1. TOP TEN TAXPAYERS
SEPTEMBER 30, 2023

| Taxpayer | Type of Property | Tax Roll Year | | |
|--|------------------|----------------------|----------------------|----------------------|
| | | 2023 | 2022 | 2021 |
| Akiva Holdings LLC | N/A | \$ 38,500,000 | \$ 32,635,260 | \$ 20,909,230 |
| Leemak Jarrell LLC | N/A | 12,649,148 | 10,379,752 | 9,725,273 |
| Rvest LP | N/A | 10,552,022 | 6,946,954 | 5,368,747 |
| AG EHC II (LEN) Multi State I LLC | N/A | 6,271,500 | - | - |
| Oncor Electric Delivery Company | N/A | 5,325,750 | 4,402,226 | 3,263,260 |
| Big Red Barn V Ltd | N/A | 4,736,915 | 3,901,007 | 3,406,187 |
| Jarrellking LLC | N/A | 3,727,825 | 2,998,523 | - |
| Akiva, Manny | N/A | 3,100,000 | 2,840,079 | 2,758,301 |
| Starlight Homes Texas LLC | N/A | 2,959,440 | - | - |
| Lennar Homes of Texas Land & Construction Ltd. | N/A | 2,869,611 | 3,005,944 | - |
| Sonwest Co. | N/A | - | 8,812,217 | - |
| KB Home Lone Star Inc. | N/A | - | 5,103,865 | 1,884,516 |
| National Retail Properties LP | N/A | - | - | 2,778,678 |
| Pulte Homes of Texas LP | N/A | - | - | 1,997,412 |
| Century Land Holdings II LLC | N/A | - | - | 1,841,222 |
| Total | | \$ 90,692,211 | \$ 81,025,827 | \$ 53,932,826 |
| Percent of Assessed Valuation | | 7.6% | 7.8% | 7.6% |

**SONTERRA MUNICIPAL UTILITY DISTRICT
OSI-2. ASSESSED VALUE BY CLASSIFICATION
SEPTEMBER 30, 2023**

| Type of Property | Tax Roll Year | | | | | |
|------------------------------|-------------------------|-------------|-------------------------|-------------|-----------------------|-------------|
| | 2023 | | 2022 | | 2021 | |
| | Amount | % | Amount | % | Amount | % |
| Single Family | \$ 1,120,688,363 | 94.1% | \$ 1,087,304,432 | 105.2% | \$ 616,382,201 | 86.9% |
| Multi Family | 47,252,977 | 4.0% | 41,117,986 | 4.0% | 28,080,798 | 4.0% |
| Vacant Land | 28,486,615 | 2.4% | 10,036,923 | 1.0% | 5,458,580 | 0.8% |
| Acreage | 3,676,877 | 0.3% | 6,515,483 | 0.6% | 10,915,386 | 1.5% |
| Farm and Ranch | 2,337,689 | 0.2% | 10,729,558 | 1.0% | 1,500,403 | 0.2% |
| Commercial and Industrial | 43,035,780 | 3.6% | 34,873,020 | 3.4% | 30,322,095 | 4.3% |
| Tangible/Intangible Personal | 12,843,123 | 1.1% | 9,922,963 | 1.0% | 8,550,017 | 1.2% |
| Real Inventory | 37,131,218 | 3.1% | 36,239,260 | 3.5% | 54,656,147 | 7.7% |
| Exempt | (105,225,389) | -8.8% | (203,190,165) | -19.7% | (46,471,035) | -6.6% |
| Total Taxable Value | \$ 1,190,227,253 | 100% | \$ 1,033,549,460 | 100% | \$ 709,394,592 | 100% |