

RICEWOOD MUNICIPAL UTILITY DISTRICT

HARRIS COUNTY, TEXAS

ANNUAL AUDIT REPORT

SEPTEMBER 30, 2023

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January 30, 2024

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Ricewood Municipal
Utility District
Harris County, Texas

Opinions

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Ricewood Municipal Utility District as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise Ricewood Municipal Utility District's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Ricewood Municipal Utility District, as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows there of for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

INDEPENDENT AUDITOR'S REPORT (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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. I 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 Ricewood Municipal Utility District's internal control. Accordingly, no such opinion is expressed. I 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. I conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Ricewood Municipal Utility District's ability to continue as a going concern for a reasonable period of time.

I am 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 I 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 budgetary comparison information 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. I 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 I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

INDEPENDENT AUDITOR'S REPORT (Continued)**Supplementary Information**

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Ricewood Municipal Utility District's basic financial statements. The supplementary information on Pages 22 to 39 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. Except for the portion marked "unaudited," the information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The supplementary information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on it. The accompanying supplementary information includes financial data excerpted from prior year financial statements which were audited by my firm.

A handwritten signature in dark ink, appearing to read "M. A. J.", is centered on the page.

Management's Discussion and Analysis

Using this Annual Report

Within this section of the Ricewood Municipal Utility District (the "District") annual report, the District's Board of Directors provides narrative discussion and analysis of the financial activities of the District for the fiscal year ended September 30, 2023.

The annual report consists of a series of financial statements plus additional supplemental information to the financial statements as required by its state oversight agency, the Texas Commission on Environmental Quality. In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities which engage in a single governmental program. In the District's case, the single governmental program is provision of water and sewer services. Other activities, such as security service and garbage collection, are minor activities and are not budgeted or accounted for as separate programs. The financial statements of special-purpose governments combine two types of financial statements into one statement. These two types of financial statements are the government-wide financial statements and the fund financial statements. The fund financial statements are presented on the left side of the statements, a column for adjustments is to the right of the fund financial statements, and the government-wide financial statements are presented to the right side of the adjustments column. The following sections describe the measurement focus of the two types of statements and the significant differences in the information they provide.

Government-Wide Financial Statements

The focus of government-wide financial statements is on the overall financial position and activities of the District. The District's government-wide financial statements include the statement of net position and statement of activities, which are prepared using accounting principles that are similar to commercial enterprises. The purpose of the statement of net position is to attempt to report all of the assets and liabilities owned by the District. The District reports all of its assets when it acquires or begins to maintain the assets and reports all of its liabilities when they are incurred.

The difference between the District's total assets and total liabilities is labeled as *net position* and this difference is similar to the total owners' equity presented by a commercial enterprise.

The purpose of the statement of activities is to present the revenues and expenses of the District. Again, the items presented on the statement of activities are measured in a manner similar to the approach used by a commercial enterprise in that revenues are recognized when earned or established criteria are satisfied and expenses are reported when incurred by the District. Thus, revenues are reported even when they may not be collected for several months or years after the end of the accounting period and expenses are recorded even though they may not have used cash during the current period.

Although the statement of activities looks different from a commercial enterprise's income statement, the financial statement is different only in format, not substance. Whereas the bottom line in a commercial enterprise is its net income, the District reports an amount described as *change in net position*, essentially the same thing.

Fund Financial Statements

Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the District rather than the District as a whole. Except for the General Fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties or governmental statutes or regulations.

Governmental fund financial statements consist of a balance sheet and statement of revenues, expenditures and change in fund balances and are prepared on an accounting basis that is significantly different from that used to prepare the government-wide financial statements.

In general, these financial statements have a short-term emphasis and, for the most part, measure and account for cash and other assets that can easily be converted into cash. For example, amounts reported on the balance sheet include items such as cash and receivables collectible within a very short period of time, but do not include capital assets such as land and water and sewer systems. Fund liabilities include amounts that are to be paid within a very short period after the end of the fiscal year. The difference between a fund's total assets and total liabilities is labeled the fund balance, and generally indicates the amount that can be used to finance the next fiscal year's activities. Likewise, the operating statement for governmental funds reports only those revenues and expenditures that were collected in cash or paid with cash, respectively, during the current period or very shortly after the end of the fiscal year.

Because the focus of the government-wide and fund financial statements are different, there are significant differences between the totals presented in these financial statements. For this reason, there is an analysis in Note 3 of the notes to the financial statements that reconciles the total fund balances to the amount of net position presented in the governmental activities column on the statement of net position. Also, there is an analysis in Note 3 of the notes to the financial statements that reconciles the total change in fund balances for all governmental funds to the change in net position as reported in the governmental activities column in the statement of activities.

Financial Analysis of the District as a Whole

Financial Analysis of the District as a Whole begins with an understanding of how financial resources flow through the District's funds. Resources in the Capital Projects Fund are derived principally from proceeds of the sale of bonds, and expenditures from this fund are subject to the Rules of the Texas Commission on Environmental Quality. Resources in the Debt Service Fund are derived principally from the collection of property taxes and are used for the payment of tax collection costs and bond principal and interest. Resources in the General Fund are derived principally from property taxes and billings for water and sewer services and are used to operate and maintain the system and to pay costs of administration of the District.

Management has financial objectives for each of the District's funds. The financial objective for the Capital Projects Fund is to spend the funds as necessary in accordance with the Rules of the Texas Commission on Environmental Quality. The financial objective for the Debt Service Fund is to levy the taxes necessary to pay the fiscal year debt service requirements plus the cost of levying and collecting taxes, leaving the appropriate fund balance as recommended by the District's financial advisor. The financial objective for the General Fund is to keep the fund's expenditures as low as possible while ensuring that revenues are adequate to cover expenditures and maintaining the fund balance that Management believes is prudent. Management believes that these financial objectives were met during the fiscal year.

Management believes that the required method of accounting for certain elements of the government-wide financial statements makes the government-wide financial statements as a whole not useful for financial analysis. In the government-wide financial statements, capital assets and depreciation expense have been required to be recorded at historical cost. Management's policy is to maintain the District's capital assets in a condition greater than or equal to the condition required by regulatory authorities, and management does not believe that depreciation expense is relevant to the management of the District. In the government-wide financial statements, certain non-cash costs of long-term debt are capitalized and amortized over the life of the related debt. Management believes that this required method of accounting is not useful for financial analysis of the District and prefers to consider the required cash flows of the debt as reported in the fund statements and the notes to the financial statements. In the government-wide financial statements, property tax revenues are required to be recorded in the fiscal year for which the taxes are levied, regardless of the year of collection. Management believes that the cash basis method of accounting for property taxes in the funds provides more useful financial information.

The following required summaries of the District's overall financial position and operations for the past two years are based on the information included in the government-wide financial statements. For the reasons described in the preceding paragraph, a separate analysis of the summaries is not presented.

Summary of Net Position

	<u>2023</u>	<u>2022</u>	<u>Change</u>
Current and other assets	\$ 6,358,001	\$ 6,243,558	\$ 114,443
Capital assets	6,471,426	6,771,469	(300,043)
Total assets	<u>12,829,427</u>	<u>13,015,027</u>	<u>(185,600)</u>
Long-term liabilities	5,658,911	6,109,162	(450,251)
Other liabilities	926,034	1,161,879	(235,845)
Total liabilities	<u>6,584,945</u>	<u>7,271,041</u>	<u>(686,096)</u>
Net position:			
Invested in capital assets, net of related debt	362,264	61,369	300,895
Restricted	2,199,126	2,341,879	(142,753)
Unrestricted	3,683,092	3,340,738	342,354
Total net position	<u>\$ 6,244,482</u>	<u>\$ 5,743,986</u>	<u>\$ 500,496</u>

Summary of Changes in Net Position

	<u>2023</u>	<u>2022</u>	<u>Change</u>
Revenues:			
Property taxes, including related penalty and interest	\$ 1,661,472	\$ 1,576,407	\$ 85,065
Charges for services	2,126,972	1,916,562	210,410
Other revenues	547,327	301,211	246,116
Total revenues	<u>4,335,771</u>	<u>3,794,180</u>	<u>541,591</u>
Expenses:			
Service operations	3,663,828	3,224,640	439,188
Debt service	171,447	174,176	(2,729)
Total expenses	<u>3,835,275</u>	<u>3,398,816</u>	<u>436,459</u>
Change in net position	500,496	395,364	105,132
Net position, beginning of year	<u>5,743,986</u>	<u>5,348,622</u>	<u>395,364</u>
Net position, end of year	<u>\$ 6,244,482</u>	<u>\$ 5,743,986</u>	<u>\$ 500,496</u>

Financial Analysis of the District's Funds

The District's combined fund balances as of the end of the fiscal year ended September 30, 2023 were \$5,864,032, an increase of \$196,485 from the prior year.

The General Fund balance increased by \$340,722, in accordance with the District's financial plan.

The Debt Service Fund balance decreased by \$30,529, in accordance with the District's financial plan.

The Capital Projects Fund balance decreased by \$113,708, as authorized expenditures exceeded interest earnings.

General Fund Budgetary Highlights

The Board of Directors did not amend the budget during the fiscal year. The District's budget is primarily a planning tool. Accordingly, actual results varied from the budgeted amounts. A comparison of actual to budgeted amounts is presented on Page 21 of this report. The budgetary fund balance as of September 30, 2023, was expected to be \$3,407,353 and the actual end of year fund balance was \$3,670,055.

Capital Asset and Debt Administration

Capital Assets

Capital assets held by the District at the end of the current and previous fiscal years are summarized as follows:

	<u>Capital Assets (Net of Accumulated Depreciation)</u>		
	<u>2023</u>	<u>2022</u>	<u>Change</u>
Land	\$ 454,939	\$ 454,939	\$ 0
Detention ponds	309,913	309,913	0
Construction in progress	215,256	884,217	(668,961)
Park facilities	259,569	279,984	(20,415)
Water facilities	1,379,663	1,490,253	(110,590)
Sewer facilities	<u>3,852,086</u>	<u>3,352,163</u>	<u>499,923</u>
Totals	<u>\$ 6,471,426</u>	<u>\$ 6,771,469</u>	<u>\$ (300,043)</u>

Changes to capital assets during the fiscal year ended September 30, 2023, are summarized as follows:

Additions:		
Water system improvements		\$ 141,425
Decreases:		
Depreciation		<u>(441,468)</u>
Net change to capital assets		<u>\$ (300,043)</u>

Debt

Changes in the bonded debt position of the District during the fiscal year ended September 30, 2023, are summarized as follows:

Bonded debt payable, beginning of year	\$ 6,805,000
Bonds paid	<u>(605,000)</u>
Bonded debt payable, end of year	<u>\$ 6,200,000</u>

At September 30, 2023, the District had \$1,940,000 of bonds authorized but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage system within the District.

The District's Series 2014 bonds have an underlying rating of A by Standard & Poor's and the Series 2015A and 2019 bonds have an underlying rating of A2 by Moody's. The Series 2015 bonds are not rated or insured. The Series 2019 bonds are insured by Build America Mutual Assurance Corporation and the Series 2015A bonds are insured by Assured Guaranty Municipal Corp. Because of the insurance, the Series 2015A and 2019 bonds are rated AA by Standard & Poor's. There were no changes in the bond ratings during the fiscal year ended September 30, 2023.

RELEVANT FACTORS AND WATER SUPPLY ISSUES

Property Tax Base

The District's tax base increased approximately \$57,515,000 for the 2022 tax year (approximately 13%) primarily due to the increased valuation on existing property.

Relationship to the City of Houston

Utilizing a provision of Texas law, effective December 20, 2007, the District and the City of Houston (the "City") entered into a 30 year Strategic Partnership Agreement (the "Agreement"). Under the terms of the Agreement, the City annexed a portion of the District (the "Partial District") for the limited purpose of imposition of the City's Sales and Use Tax. In addition, the Agreement provides that the City shall apply and enforce within the Partial District the most current section of the City's fire code banning fireworks as adopted by City Council. The Agreement states that the District and all taxable property within the District shall not be liable for any present or future debts of the City and current and future taxes levied by the City shall not be levied on taxable property with the District. During the term of the SPA, the City has agreed not to annex all or part of the District or commence any action to annex all or part of the District for full purposes.

The City has imposed a Sales and Use Tax within the boundaries of the Partial District at the time of the limited-purpose annexation of the Partial District. The Agreement provides that the City shall pay to the District one half of all Sales and Use Tax revenues generated within the boundaries of the Partial District and received by the City from the Comptroller of Public Accounts of the State of Texas.

Water Supply Issues

The District is within the Harris-Galveston Subsidence District (the "Subsidence District") Regulatory Area No. 3. The Subsidence District regulates the withdrawal of groundwater within its jurisdiction. The District's authority to pump ground water from its well is subject to annual permits issued by the Subsidence District. The Subsidence District has ordered certain areas of suburban Houston to convert most of their water supply to surface water under various schedules. The Subsidence District has designated January 2025 as the date required for the District to restrict the withdrawal of ground water and convert 60% of its total water use to surface water and January 2035, as the date required for the District to restrict the withdrawal of ground water and convert 80% of its total water use to surface water. If the District does not meet the requirements of the Subsidence District, the District may be required to pay the disincentive fees adopted by the Subsidence District.

In May, 2001, the Texas Legislature created the West Harris County Regional Water Authority (the "Authority") and included the District within the boundaries of the Authority. The Authority was created to provide a regional entity to build the necessary facilities to meet the subsidence District's requirements for conversion from ground water to surface water of all permit holders within its boundaries, including the District. Accordingly, the District is required to pay groundwater reduction plan fees to the Authority, and in turn is entitled to rely upon the Authority's GRP to achieve compliance with the subsidence District's requirements. In accordance with the GRP, the Authority has negotiated a water supply contract with the City of Houston and has issued revenue bonds to finance the surface water supply system. The Authority may establish such fees, charges, or tolls as necessary to accomplish its purposes. As of September 30, 2023, the Authority's ground water pumpage fee was equal to \$3.95 per 1,000 gallons pumped, and is expected to increase in the future. At this date the Authority's surface water usage fee was equal to \$4.35 per 1,000 gallons, and is expected to increase in the future.

The District cannot predict the amount or level of fees and charges which may be due the Authority for future years, but anticipates that it will pass such fees, either in whole or in part, through to its customers in higher water rates. In the event the Authority fails to commence construction of surface water infrastructure by the deadline established by the Subsidence District, the District and others within the Authority's GRP group could be required to pay the disincentive fee on withdrawn groundwater. This disincentive fee is substantial, and the District expects it would need to pass such fee through to its customers in the form of higher water rates. This disincentive fee would be in addition to the Authority's fee.

RICEWOOD MUNICIPAL UTILITY DISTRICT

STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET

SEPTEMBER 30, 2023

	General	Debt Service	Capital Projects	Total	Adjustments (Note 3)	Statement of Net Position
ASSETS						
Cash, including interest-bearing accounts, Note 7	\$ 183,277	\$ 62,387	\$ 286	\$ 245,950	\$	\$ 245,950
Certificates of deposit, at cost, Note 7	1,655,000			1,655,000		1,655,000
Temporary investments, at cost, Note 7	1,634,351	247,566	1,975,373	3,857,290		3,857,290
Receivables:						
Property taxes	13,037	12,518		25,555		25,555
Accrued penalty and interest on property taxes				0	5,165	5,165
Service accounts	224,446			224,446		224,446
Accrued interest	33,641			33,641		33,641
Sales and Use Taxes, Note 11	63,735			63,735		63,735
Other	114,819			114,819		114,819
Prepaid expenditures	67,900			67,900		67,900
Maintenance taxes collected not yet transferred from other fund	13,682			13,682	(13,682)	0
Deposits at joint venture, Note 10	64,500			64,500		64,500
Capital assets, net of accumulated depreciation, Note 4:						
Capital assets not being depreciated				0	980,108	980,108
Depreciable capital assets				0	5,491,318	5,491,318
Total assets	<u>\$4,068,388</u>	<u>\$ 322,471</u>	<u>\$ 1,975,659</u>	<u>\$ 6,366,518</u>	<u>6,462,909</u>	<u>12,829,427</u>
LIABILITIES						
Accounts payable	\$ 273,550	\$ 3,099	\$ 7,154	\$ 283,803		283,803
Construction contracts payable			67,700	67,700		67,700
Accrued interest payable				0	12,534	12,534
Customer and builder deposits	111,746			111,746		111,746
Maintenance taxes collected not yet transferred to other fund		13,682		13,682	(13,682)	0
Long-term liabilities, Note 5:						
Due within one year				0	450,251	450,251
Due in more than one year				0	5,658,911	5,658,911
Total liabilities	<u>385,296</u>	<u>16,781</u>	<u>74,854</u>	<u>476,931</u>	<u>6,108,014</u>	<u>6,584,945</u>
DEFERRED INFLOWS OF RESOURCES						
Property tax revenues	13,037	12,518	0	25,555	(25,555)	0
FUND BALANCES / NET POSITION						
Fund balances:						
Nonspendable:						
Reserved for reserve at joint venture, Note 10	64,500			64,500	(64,500)	0
Committed to construction contracts in progress			897,800	897,800	(897,800)	0
Assigned to:						
Debt service		293,172		293,172	(293,172)	0
Capital projects			1,003,005	1,003,005	(1,003,005)	0
Unassigned	3,605,555			3,605,555	(3,605,555)	0
Total fund balances	<u>3,670,055</u>	<u>293,172</u>	<u>1,900,805</u>	<u>5,864,032</u>	<u>(5,864,032)</u>	<u>0</u>
Total liabilities, deferred inflows, and fund balances	<u>\$4,068,388</u>	<u>\$ 322,471</u>	<u>\$ 1,975,659</u>	<u>\$ 6,366,518</u>		
Net position:						
Invested in capital assets, net of related debt					362,264	362,264
Restricted for debt service					298,321	298,321
Restricted for capital projects					1,900,805	1,900,805
Unrestricted					3,683,092	3,683,092
Total net position					<u>\$ 6,244,482</u>	<u>\$ 6,244,482</u>

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

RICEWOOD MUNICIPAL UTILITY DISTRICT

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments (Note 3)	Statement of Activities
REVENUES						
Property taxes	\$ 895,721	\$ 750,972	\$	\$ 1,646,693	\$ 1,983	\$ 1,648,676
Water service	407,511			407,511		407,511
Sewer service	702,048			702,048		702,048
Surface water fees, Note 9	878,221			878,221		878,221
Penalty and interest	60,482	13,024		73,506	(228)	73,278
Sales and Use Taxes, Note 11	265,984			265,984		265,984
Tap connection and inspection fees	20,142			20,142		20,142
Interest on deposits and investments	149,652	34,719	96,972	281,343		281,343
Other revenues	58,568			58,568		58,568
Total revenues	3,438,329	798,715	96,972	4,334,016	1,755	4,335,771
EXPENDITURES / EXPENSES						
Service operations:						
Purchased sewer services, Note 10	258,662			258,662		258,662
Professional fees	110,731	4,986	352	116,069		116,069
Contracted services	182,523	38,201	666	221,390		221,390
Utilities	43,879			43,879		43,879
Surface water fees, Note 9	870,891			870,891		870,891
Repairs, maintenance and other operating expenditures	651,506		68,211	719,717		719,717
Security service	389,246			389,246		389,246
Garbage disposal	379,191			379,191		379,191
Administrative expenditures	204,916	12,311		217,227		217,227
Depreciation				0	441,468	441,468
Capital outlay / non-capital outlay	6,062		141,451	147,513	(141,425)	6,088
Debt service:						
Principal retirement		605,000		605,000	(605,000)	0
Interest and fees		168,746		168,746	2,701	171,447
Total expenditures / expenses	3,097,607	829,244	210,680	4,137,531	(302,256)	3,835,275
Excess (deficiency) of revenues over expenditures	340,722	(30,529)	(113,708)	196,485	304,011	500,496
Net change in fund balances / net position	340,722	(30,529)	(113,708)	196,485	304,011	500,496
Beginning of year	3,329,333	323,701	2,014,513	5,667,547	76,439	5,743,986
End of year	<u>\$ 3,670,055</u>	<u>\$ 293,172</u>	<u>\$ 1,900,805</u>	<u>\$ 5,864,032</u>	<u>\$ 380,450</u>	<u>\$ 6,244,482</u>

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

RICEWOOD MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1: REPORTING ENTITY

Ricewood Municipal Utility District (the "District") was created by an order of the Texas Water Commission (now the Texas Commission on Environmental Quality) effective April 4, 1978, and operates in accordance with Texas Water Code, Chapters 49 and 54, as amended. The District is a political subdivision of the State of Texas, governed by an elected five member Board of Directors. The Board of Directors held its first meeting on April 13, 1978, and the first bonds were sold on June 27, 1983. The District is subject to the continuing supervision of the Texas Commission on Environmental Quality.

The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply of water; the collection, transportation and treatment of wastewater; and the control and diversion of storm water. The District may provide security services, park and recreational facilities, and garbage disposal, collection services and recycling. In addition, the District is empowered, if approved by the electorate, the Texas Commission on Environmental Quality and other governmental entities having jurisdiction, to establish, operate and maintain a fire department, either independently or jointly with certain other districts.

In evaluating how to define the District for financial reporting purposes, the Board of Directors of the District has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, there were no other entities which were included as a component unit in the District's financial statements.

The District is a participant in the Mayde Creek Waste Treatment Facilities (the "Facilities"). Oversight of the Facilities is exercised by the Board of Directors of Mayde Creek Municipal Utility District. Based on the criteria described above, the financial activity of the Facilities has not been included in the District's financial statements as a component unit. Transactions with and summary financial information regarding the Facilities are described in Note 10.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

The District's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board (the "GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board issued through November 30, 1989 (when applicable), that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the District are discussed below.

Basic Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and governmental fund financial statements (reporting the District's funds). Because the District is a single-program government as defined by the GASB, the District has combined the government-wide statements and the fund financial statements using a columnar format that reconciles individual line items of fund financial data to government-wide data in a separate column on the face of the financial statements. An additional reconciliation between the fund and the government-wide financial data is presented in Note 3.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. The effect of interfund activity has been removed from these statements. The District's net position is reported in three parts – invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The government-wide statement of activities reports the components of the changes in net position during the reporting period.

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for in a separate set of self-balancing accounts that comprises its assets, liabilities, fund balances, revenues and expenditures and changes in fund balances. The District's fund balances are reported as nonspendable, restricted, committed, assigned or unassigned. Nonspendable fund balances are either not in spendable form or are contractually required to remain intact. Restricted fund balances include amounts that can only be used for the specific purposes stipulated by constitutional provisions, external resource providers or enabling legislation. Committed fund balances include amounts that can only be used for the specific purposes determined by formal action of the District's Board of Directors. Assigned fund balances are intended for a specific purpose but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. The transactions of the District are accounted for in the following funds:

General Fund -- To account for all revenues and expenditures not required to be accounted for in other funds.

Debt Service Fund -- To account for the accumulation of financial resources for, and the payment of, bond principal and interest, paid principally from property taxes levied by the District.

Capital Projects Fund -- To account for financial resources designated to construct or acquire capital assets. Such resources are derived principally from proceeds of the sale of bonds.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Basis of Accounting

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting which recognizes all long-term assets and receivables as well as long-term debt and obligations. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Ad valorem property taxes are recognized as revenues in the fiscal year for which they have been levied and related penalties and interest are recognized in the fiscal year in which they are imposed. An allowance for uncollectibles is estimated for delinquent property taxes and reported separately in the financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred except for principal and interest on bonds payable which are recorded only when payment is due.

Interfund Activity

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is reported as interfund receivables or payables, as appropriate, as are all other outstanding balances between funds. Operating transfers between funds represent legally authorized transfers from the fund receiving resources to the fund through which the resources are to be expended.

Receivables

Service accounts receivable as reported are considered collectible. The District uses the direct write off method for uncollectible service accounts. Unbilled water and sewer revenues are not material and are not recorded at year end. The District considers service accounts revenues to be available if they are to be collected within 60 days after the end of the fiscal year.

In the fund financial statements, ad valorem taxes and penalties and interest are reported as revenues in the fiscal year in which they become available to finance expenditures of the fiscal year for which they have been levied. Property taxes which have been levied and are not yet collected (or have been collected in advance of the fiscal year for which they have been levied) are recorded as deferred inflow of resources. Property taxes collected after the end of the fiscal year are not included in revenues.

Capital Assets

Capital assets, which include property, plant, equipment, and immovable public domain or "infrastructure" assets are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 (including installation costs, if any, and associated professional fees) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed by the District. Donated capital assets are recorded at historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset or increase the value of an asset are capitalized. Costs incurred for repairs and maintenance are expensed as incurred.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Depreciation on capital assets is computed using the straight-line method over the following estimated useful lives:

Plant and equipment	10-45 years
Underground lines	45 years

Long-term Liabilities

Long-term debt and other long-term obligations are reported in the government-wide financial statements. Bond premiums and discounts, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable premium or discount. If bonds are refunded and the carrying amount of the new debt is different than the net carrying amount of the old debt, the difference is netted against the new debt and amortized using the effective interest method over the shorter of the remaining life of the refunded debt or the life of the new debt issued.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures of the fund from which they are paid.

NOTE 3: RECONCILIATION OF FUND TO GOVERNMENT-WIDE FINANCIAL STATEMENTS

Reconciliation of year end fund balances to net position:

Total fund balances, end of year		\$ 5,864,032
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Total capital assets, net		6,471,426
Some long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:		
Bonds payable	\$ (6,200,000)	
Deferred charge on refunding (to be amortized as interest expense)	1,691	
Issuance discount net of premium (to be amortized as interest expense)	<u>89,147</u>	(6,109,162)
Some receivables that do not provide current financial resources are not reported as receivables in the funds:		
Accrued penalty and interest on property taxes receivable	5,165	
Uncollected property taxes	<u>25,555</u>	30,720
Some liabilities that do not require the use of current financial resources are not reported as liabilities in the funds:		
Accrued interest		<u>(12,534)</u>
Net position, end of year		<u>\$ 6,244,482</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Reconciliation of net change in fund balances to change in net position:

Total net change in fund balances		\$ 196,485
<p>The funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:</p>		
Capital outlay	\$ 141,425	
Depreciation	<u>(441,468)</u>	(300,043)
<p>The issuance of long-term debt (bonds payable) provides current financial resources to the funds, while the repayment of the principal of long-term debt consumes the current financial resources of the funds. Neither transaction, however, has any effect on net position. The effect of these differences in the treatment of long-term debt:</p>		
Principal reduction		605,000
<p>The funds report the effect of bond premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of these items:</p>		
Refunding charges	(1,188)	
Issuance discount, net of premium	<u>(2,874)</u>	(4,062)
<p>Some revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenues in the funds:</p>		
Accrued penalty and interest on property taxes receivable	(228)	
Uncollected property taxes	<u>1,983</u>	1,755
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds:</p>		
Accrued interest		<u>1,361</u>
Change in net position		<u>\$ 500,496</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 4: CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 454,939	\$	\$	\$ 454,939
Detention ponds	309,913			309,913
Construction in progress	<u>884,217</u>	<u>141,425</u>	<u>810,386</u>	<u>215,256</u>
Total capital assets not being depreciated	<u>1,649,069</u>	<u>141,425</u>	<u>810,386</u>	<u>980,108</u>
Depreciable capital assets:				
Park facilities	1,168,062	810,386		1,978,448
Water system	3,850,247			3,850,247
Sewer system	<u>6,640,011</u>			<u>6,640,011</u>
Total depreciable capital assets	<u>11,658,320</u>	<u>810,386</u>	<u>0</u>	<u>12,468,706</u>
Less accumulated depreciation for:				
Park facilities	(597,257)	(20,415)		(617,672)
Water system	(2,650,815)	(110,590)		(2,761,405)
Sewer system	<u>(3,287,848)</u>	<u>(310,463)</u>		<u>(3,598,311)</u>
Total accumulated depreciation	<u>(6,535,920)</u>	<u>(441,468)</u>	<u>0</u>	<u>(6,977,388)</u>
Total depreciable capital assets, net	<u>5,122,400</u>	<u>368,918</u>	<u>0</u>	<u>5,491,318</u>
Total capital assets, net	<u>\$ 6,771,469</u>	<u>\$ 510,343</u>	<u>\$ 810,386</u>	<u>\$ 6,471,426</u>
Changes to capital assets:				
Capital outlay		\$ 141,425	\$	
Assets transferred to depreciable assets		810,386	810,386	
Less depreciation expense for the fiscal year		<u>(441,468)</u>		
Net increases / decreases to capital assets		<u>\$ 510,343</u>	<u>\$ 810,386</u>	

NOTE 5: LONG-TERM LIABILITIES AND CONTINGENT LIABILITIES

Long-term liability activity for the fiscal year ended September 30, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Bonds payable	\$ 6,805,000	\$	\$ 605,000	\$ 6,200,000	\$ 460,000
Less deferred amounts:					
For issuance (discount) premium	(92,021)		(2,874)	(89,147)	(9,179)
For refunding	<u>(2,879)</u>		<u>(1,188)</u>	<u>(1,691)</u>	<u>(570)</u>
Total bonds payable	<u>6,710,100</u>	<u>0</u>	<u>600,938</u>	<u>6,109,162</u>	<u>450,251</u>
Total long-term liabilities	<u>\$ 6,710,100</u>	<u>\$ 0</u>	<u>\$ 600,938</u>	<u>\$ 6,109,162</u>	<u>\$ 450,251</u>

Developer Construction Commitments and Liabilities

At September 30, 2023, there were no developer construction commitments or liabilities.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

As of September 30, 2023, the debt service requirements on the bonds outstanding were as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 460,000	\$ 150,412	\$ 610,412
2025	465,000	139,334	604,334
2026	465,000	127,462	592,462
2027	460,000	115,589	575,589
2028	450,000	102,897	552,897
2029 - 2033	1,770,000	382,212	2,152,212
2034 - 2038	<u>2,130,000</u>	<u>163,256</u>	<u>2,293,256</u>
	<u>\$ 6,200,000</u>	<u>\$ 1,181,162</u>	<u>\$ 7,381,162</u>

Bonds voted	\$ 24,300,000.00
Bonds approved for sale and sold	22,360,000.00
Bonds voted and not issued	1,940,000.00
Refunding bonds voted	24,300,000.00
Refunding bonds approved for sale and sold	6,317,514.25
Refunding bonds voted and not issued	17,982,485.75

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.

The bond issues payable at September 30, 2023, were as follows:

	<u>Refunding Series 2015</u>	<u>Series 2015A</u>	<u>Series 2019</u>
Amounts outstanding, September 30, 2023	\$1,360,000	\$940,000	\$3,900,000
Interest rates	2.59%	2.125% to 3.00%	2.00% to 2.50%
Maturity dates, serially beginning/ending	September 1, 2024/2028	September 1, 2024/2028	September 1, 2029/2038
Interest payment dates	March 1/September 1	March 1/September 1	March 1/September 1
Callable dates	September 1, 2022*	September 1, 2023*	September 1, 2025*

*Or any date thereafter, in whole or in part, callable at par plus unpaid accrued interest to the date fixed for redemption.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 6: PROPERTY TAXES

The Harris County Appraisal District has the responsibility for appraising property for all taxing units within the county as of January 1 of each year, subject to review and change by the county Appraisal Review Board. The appraisal roll, as approved by the Appraisal Review Board, must be used by the District in establishing its tax roll and tax rate. The District's taxes are usually levied in the fall, are due when billed and become delinquent after January 31 of the following year or 30 days after the date billed, whichever is later. On January 1 of each year, a statutory tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed for the year on the property.

The Bond Orders require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes.

At an election held January 16, 1982, the voters within the District authorized a maintenance tax not to exceed \$0.50 per \$100 valuation on all property subject to taxation within the District. This maintenance tax is being used by the General Fund to pay expenditures of operating the District.

On October 18, 2022, the District levied the following ad valorem taxes for the 2022 tax year on the adjusted taxable valuation of \$486,681,439:

	Rate	Amount
Debt service	\$ 0.1550	\$ 754,356
Maintenance	0.1850	900,361
	\$ 0.3400	\$ 1,654,717

A reconciliation of the tax levy to property tax revenues on the Statement of Activities is as follows:

2022 tax year total property tax levy	\$ 1,654,717
Appraisal district adjustments to prior year taxes	(6,041)
Statement of Activities property tax revenues	\$ 1,648,676

NOTE 7: DEPOSITS AND TEMPORARY INVESTMENTS

The District complied with the requirements of the Public Funds Investment Act during the current fiscal year including the preparation of quarterly investment reports required by the Act.

State statutes authorize the District to invest and reinvest in direct or indirect obligations of the United States, the State of Texas, any county, city, school district, or other political subdivision of the state, or in local government investment pools authorized under the Public Funds Investment Act. Funds of the District may be placed in certificates of deposit of state or national banks or savings and loan associations within the state provided that they are secured in the manner provided for the security of the funds under the laws of the State of Texas. In accordance with the District's investment policies, during the current year the District's funds were invested in interest bearing accounts at authorized financial institutions and an authorized private sector investment pool (Texas CLASS). The private sector investment pool is rated AAAM by Standard & Poor's.

In accordance with state statutes and the District's investment policies, the District requires that insurance or security be provided by depositories for all funds held by them. At the balance sheet date, the District's deposits were covered by federal insurance.

At the balance sheet date the carrying value and market value of the investments in the authorized private sector investment pool was \$3,857,290.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Deposits and temporary investments restricted by state statutes and the Bond Orders:

Debt Service Fund

For payment of debt principal and interest,
paying agent fees and costs of assessing and
collecting taxes:

Cash	\$	62,387
Temporary investments		<u>247,566</u>
	\$	<u><u>309,953</u></u>

Capital Projects Fund

For construction of capital assets:

Cash	\$	286
Temporary investments		<u>1,975,373</u>
	\$	<u><u>1,975,659</u></u>

NOTE 8: RISK MANAGEMENT

The District is exposed to various risks of loss related to: torts; theft of, damage to, and destruction of assets; errors and omissions; personal injuries and natural disasters. Significant losses are covered by insurance as described below. There were no significant reductions in insurance coverage from the prior fiscal year. There have been no settlements which have exceeded the insurance coverage for each of the past three fiscal years.

At September 30, 2023, the District had physical damage and boiler and machinery coverage of \$4,625,000, comprehensive general liability coverage with a per occurrence limit of \$1,000,000 and \$3,000,000 general aggregate, consultant's crime coverage of \$50,000 and a tax assessor-collector bond of \$10,000.

NOTE 9: REGIONAL WATER AUTHORITY

The West Harris County Regional Water Authority (the "Authority") was created by House Bill 1842, Acts of the 77th Legislature, Regular Session 2001. The Authority is a political subdivision of the State of Texas, governed by an elected nine member Board of Directors. The Authority is empowered to, among other powers, "acquire or develop surface water and ground water supplies from sources inside of or outside of the boundaries of the authority and may conserve, store, transport, treat, purify, distribute, sell and deliver water to persons, corporations, municipal corporations, political subdivisions of the state, and others, inside of and outside of the boundaries of the authority." The Authority is also empowered to "establish fees and charges as necessary to enable the authority to fulfill the authority's regulatory obligations." In accordance with this provision, at September 30, 2023, the Authority had established a ground water pumpage fee of \$3.95 per 1,000 gallons of water pumped from each regulated well and surface water usage fees of \$4.35 per 1,000 gallons. The fees payable by the District to the Authority for the fiscal year ended September 30, 2023, were \$870,891. The District billed its customers \$878,221 during the fiscal year to pay for the fees charged by the Authority.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 10: JOINT VENTURE

On March 5, 1979 (amended December 9, 1982, April 30, 1984, March 18, 2003, December 1, 2004, March 1, 2019, June 1, 2019 and August 10, 2019), the District, Mayde Creek Municipal Utility District and Clay Road Municipal Utility District entered into a forty year Waste Disposal Contract for the construction and operations of the Mayde Creek Municipal Utility District Waste Treatment Facilities (the "Facilities"). Oversight of the Facilities is exercised by the Board of Directors of Mayde Creek Municipal Utility District. Ownership of the capacity in the Facilities under the amended contract is as follows: Mayde Creek Municipal Utility District -- 29.50%; Ricewood Municipal Utility District -- 43.00%; Clay Road Municipal Utility District -- 27.50%. Construction costs of the Facilities are funded by the contribution of funds from each participating district or their developers. The Facilities issues no debt. Each participant records its share of the capital assets of the Facilities in its financial statements.

Each participant is responsible only for its share of the operating costs of the Facilities which are allocated and billed monthly based upon each participant's pro rata share of capacity in the Facilities. In addition, the District has contributed \$64,500 to an operating reserve. During the fiscal year ended September 30, 2023, the District accrued \$258,662 for purchased sewer services.

The following summary financial data of the Facilities' General Fund is presented for the Facilities' fiscal year ended August 31, 2023:

	Facilities Total	District's Share
Total assets	\$ 203,268	
Total liabilities	(53,268)	
Total fund equity	150,000	\$ 64,500
Operating reserves	(150,000)	(64,500)
Undesignated fund balance	\$ 0	\$ 0
Total revenues	\$ 654,937	\$ 257,158
Total expenditures	(654,937)	(257,158)
Excess revenues (expenditures)	\$ 0	\$ 0

NOTE 11: STRATEGIC PARTNERSHIP AGREEMENT

On December 30, 2007, the District and the City of Houston (the "City") entered into a 30 year Strategic Partnership Agreement (the "Agreement"). Under the terms of the Agreement, the City annexed a portion of the District (the "Partial District") for the limited purposes of applying the City's Planning, Zoning, Health, and Safety Ordinances within the Partial District. The Agreement states that the District and all taxable property within the District shall not be liable for any present or future debts of the City and current and future taxes levied by the City shall not be levied on taxable property with the District. The City agreed that it will not annex the District for full purposes or commence any action to annex the District for full purposes during the term of this Agreement.

The City imposed a Sales and Use Tax within the boundaries of the Partial District at the time of the limited-purpose annexation of the Partial District. The Agreement provides that the City shall pay to the District one half of all Sales and Use Tax revenues generated within the boundaries of the Partial District and received by the City from the Comptroller of Public Accounts of the State of Texas. The District accrued Sales and Use Tax revenues of \$265,984 from the City for the fiscal year ended September 30, 2023, of which \$63,735 was receivable at that date.

RICEWOOD MUNICIPAL UTILITY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE, BUDGET AND ACTUAL, GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Property taxes	\$ 875,000	\$ 875,000	\$ 895,721	\$ 20,721
Water service	398,700	398,700	407,511	8,811
Sewer service	701,200	701,200	702,048	848
Surface water fees	807,500	807,500	878,221	70,721
Penalty	49,400	49,400	60,482	11,082
Sales and Use Taxes	266,300	266,300	265,984	(316)
Tap connection and inspection fees	0	0	20,142	20,142
Interest on deposits and investments	50,550	50,550	149,652	99,102
Other revenues	58,000	58,000	58,568	568
TOTAL REVENUES	<u>3,206,650</u>	<u>3,206,650</u>	<u>3,438,329</u>	<u>231,679</u>
EXPENDITURES				
Service operations:				
Purchased services	275,300	275,300	258,662	(16,638)
Professional fees	125,000	125,000	110,731	(14,269)
Contracted services	162,500	162,500	182,523	20,023
Utilities	46,800	46,800	43,879	(2,921)
Surface water fees	807,500	807,500	870,891	63,391
Repairs, maintenance and other operating expenditures	782,750	782,750	651,506	(131,244)
Security service	375,600	375,600	389,246	13,646
Garbage disposal	367,600	367,600	379,191	11,591
Administrative expenditures	155,580	155,580	204,916	49,336
Capital outlay	30,000	30,000	6,062	(23,938)
TOTAL EXPENDITURES	<u>3,128,630</u>	<u>3,128,630</u>	<u>3,097,607</u>	<u>(31,023)</u>
EXCESS REVENUES (EXPENDITURES)	78,020	78,020	340,722	262,702
FUND BALANCE, BEGINNING OF YEAR	<u>3,329,333</u>	<u>3,329,333</u>	<u>3,329,333</u>	<u>0</u>
FUND BALANCE, END OF YEAR	<u>\$ 3,407,353</u>	<u>\$ 3,407,353</u>	<u>\$ 3,670,055</u>	<u>\$ 262,702</u>

The District's Board of Directors adopts an annual nonappropriated budget. This budget may be amended throughout the fiscal year and is prepared on a basis consistent with generally accepted accounting principles.

See accompanying independent auditor's report.

RICEWOOD MUNICIPAL UTILITY DISTRICT
SCHEDULE OF TEXAS SUPPLEMENTARY INFORMATION
REQUIRED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
SEPTEMBER 30, 2023

(Schedules included are checked or explanatory notes provided for omitted schedules.)

- [X] TSI-1. Services and Rates
- [X] TSI-2. General Fund Expenditures
- [X] TSI-3. Temporary Investments
- [X] TSI-4. Taxes Levied and Receivable
- [X] TSI-5. Long-Term Debt Service Requirements by Years
- [X] TSI-6. Changes in Long-Term Bonded Debt
- [X] TSI-7. Comparative Schedule of Revenues and Expenditures -
General Fund and Debt Service Fund - Five Year
- [X] TSI-8. Board Members, Key Personnel and Consultants

RICEWOOD MUNICIPAL UTILITY DISTRICT

SCHEDULE OF 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) | | |
| <input type="checkbox"/> Other | | |

2. Retail Service Providers

a. Retail Rates for a 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:	\$11.50	5,000	N	\$1.25 1.75	5,001 to 12,000 Over 12,000
WASTEWATER:	\$36.56		Y		

SURCHARGE: \$4.79 per 1,000 gallons of water used -- WHCRWA pumpage fees.

District employs winter averaging for wastewater usage: Yes No

Total charges per 10,000 gallons usage: Water: \$17.75 Wastewater: \$36.56 Surcharge: \$47.90

RICEWOOD MUNICIPAL UTILITY DISTRICT
SCHEDULE OF SERVICES AND RATES (Continued)
SEPTEMBER 30, 2023

b. Water and Wastewater Retail Connections (unaudited):

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC* Factor</u>	<u>Active ESFCs</u>
Unmetered	0	0	1.0	0
< or = 3/4"	1,582	1,574	1.0	1,574
1"	37	35	2.5	88
1-1/2"	15	14	5.0	70
2"	44	41	8.0	328
3"	2	2	15.0	30
4"	2	2	25.0	50
6"	0	0	50.0	0
8"	0	0	80.0	0
10"	0	0	115.0	0
Total Water	<u>1,682</u>	<u>1,668</u>		<u>2,140</u>
Total Wastewater	<u>1,635</u>	<u>1,625</u>	1.0	<u>1,625</u>

*Single family equivalents

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

Gallons pumped into system (unaudited): 216,515
 Gallons billed to customers (unaudited): 188,333

Water Accountability Ratio
 (Gallons billed/ gallons pumped): 87%

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

Does the District have Debt Service 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: _____

RICEWOOD MUNICIPAL UTILITY DISTRICT

EXPENDITURES

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals (Memorandum Only)</u>
CURRENT				
Purchased sewer services	\$ 258,662	\$ 0	\$ 0	\$ 258,662
Professional fees:				
Auditing	10,950			10,950
Legal	66,356	4,986	352	71,694
Engineering	33,425			33,425
	<u>110,731</u>	<u>4,986</u>	<u>352</u>	<u>116,069</u>
Contracted services:				
Bookkeeping	63,638		666	64,304
Operation and billing	118,885			118,885
Tax assessor-collector		26,237		26,237
Central appraisal district		11,964		11,964
	<u>182,523</u>	<u>38,201</u>	<u>666</u>	<u>221,390</u>
Utilities	<u>43,879</u>	<u>0</u>	<u>0</u>	<u>43,879</u>
Surface water fees:				
Ground water pumpage fees	256,387			256,387
Purchased surface water	614,504			614,504
	<u>870,891</u>	<u>0</u>	<u>0</u>	<u>870,891</u>
Repairs, maintenance and other operating expenditures:				
Repairs and maintenance	559,702		68,211	627,913
Chemicals	14,416			14,416
Laboratory costs	27,187			27,187
Inspection costs	37,542			37,542
Reconnection costs	3,914			3,914
TCEQ assessment	5,330			5,330
Other	3,415			3,415
	<u>651,506</u>	<u>0</u>	<u>68,211</u>	<u>719,717</u>
Security service	<u>389,246</u>	<u>0</u>	<u>0</u>	<u>389,246</u>
Garbage disposal	<u>379,191</u>	<u>0</u>	<u>0</u>	<u>379,191</u>

See accompanying independent auditor's report.

RICEWOOD MUNICIPAL UTILITY DISTRICT
EXPENDITURES (Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals (Memorandum Only)</u>
CURRENT				
Administrative expenditures:				
Director's fees	\$ 25,356	\$	\$	\$ 25,356
Office supplies and postage	35,915			35,915
Insurance	16,071	100		16,171
Permit fees	4,074			4,074
Election	71,546			71,546
Communications	16,436			16,436
Other	35,518	12,211		47,729
	<u>204,916</u>	<u>12,311</u>	<u>0</u>	<u>217,227</u>
CAPITAL OUTLAY				
Authorized expenditures			141,451	141,451
Tap connection costs	6,062			6,062
	<u>6,062</u>	<u>0</u>	<u>141,451</u>	<u>147,513</u>
DEBT SERVICE				
Principal retirement	<u>0</u>	<u>605,000</u>	<u>0</u>	<u>605,000</u>
Interest and fees:				
Interest		166,746		166,746
Paying agent fees		2,000		2,000
	<u>0</u>	<u>168,746</u>	<u>0</u>	<u>168,746</u>
TOTAL EXPENDITURES	<u>\$ 3,097,607</u>	<u>\$ 829,244</u>	<u>\$ 210,680</u>	<u>\$ 4,137,531</u>

See accompanying independent auditor's report.

RICEWOOD MUNICIPAL UTILITY DISTRICT
ANALYSIS OF CHANGES IN DEPOSITS AND TEMPORARY INVESTMENTS
ALL GOVERNMENTAL FUND TYPES

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals (Memorandum Only)</u>
SOURCES OF DEPOSITS AND TEMPORARY INVESTMENTS				
Cash receipts from revenues excluding maintenance taxes	\$ 2,382,825	\$ 798,715	\$ 96,972	\$ 3,278,512
Maintenance tax receipts		895,721		895,721
Transfer of maintenance taxes	899,012			899,012
Increase in customer and builder deposits	2,000			2,000
Overpayments from taxpayers		<u>23,221</u>		<u>23,221</u>
TOTAL DEPOSITS AND TEMPORARY INVESTMENTS PROVIDED	<u>3,283,837</u>	<u>1,717,657</u>	<u>96,972</u>	<u>5,098,466</u>
APPLICATIONS OF DEPOSITS AND TEMPORARY INVESTMENTS				
Cash disbursements for:				
Current expenditures	3,320,733	56,324	69,229	3,446,286
Capital outlay	6,062		63,623	69,685
Debt service		773,746		773,746
Transfer of maintenance taxes		899,012		899,012
Refund of taxpayer overpayments		<u>21,738</u>		<u>21,738</u>
TOTAL DEPOSITS AND TEMPORARY INVESTMENTS APPLIED	<u>3,326,795</u>	<u>1,750,820</u>	<u>132,852</u>	<u>5,210,467</u>
INCREASE (DECREASE) IN DEPOSITS AND TEMPORARY INVESTMENTS	(42,958)	(33,163)	(35,880)	(112,001)
DEPOSITS AND TEMPORARY INVESTMENTS BALANCES, BEGINNING OF YEAR	<u>3,515,586</u>	<u>343,116</u>	<u>2,011,539</u>	<u>5,870,241</u>
DEPOSITS AND TEMPORARY INVESTMENTS BALANCES, END OF YEAR	<u><u>\$ 3,472,628</u></u>	<u><u>\$ 309,953</u></u>	<u><u>\$ 1,975,659</u></u>	<u><u>\$ 5,758,240</u></u>

See accompanying independent auditor's report.

RICEWOOD MUNICIPAL UTILITY DISTRICT
SCHEDULE OF CERTIFICATES OF DEPOSIT AND TEMPORARY INVESTMENTS
SEPTEMBER 30, 2023

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Year End Balance</u>	<u>Accrued Interest Receivable</u>
GENERAL FUND				
Certificates of Deposit				
No. 2051	5.00%	6/23/24	\$ 235,000	\$ 3,155
No. 6800	5.15%	12/17/23	235,000	3,382
No. 9547	5.00%	6/20/24	235,000	3,284
No. 0307	3.85%	11/03/23	240,000	8,379
No. 4466	5.30%	3/18/24	235,000	3,412
No. 4706	4.00%	11/10/23	240,000	8,522
No. 5320	5.34%	6/19/24	<u>235,000</u>	<u>3,507</u>
			<u>\$ 1,655,000</u>	<u>\$ 33,641</u>
Texas CLASS				
No. TX-01-0576-0001	Market	On demand	<u>\$ 1,634,351</u>	<u>\$ 0</u>
DEBT SERVICE FUND				
Texas CLASS				
No. TX-01-0576-0002	Market	On demand	<u>\$ 247,566</u>	<u>\$ 0</u>
CAPITAL PROJECTS FUND				
Texas CLASS				
No. TX-01-0576-0004	Market	On demand	<u>\$ 1,975,373</u>	<u>\$ 0</u>
Total – All Funds			<u>\$ 5,512,290</u>	<u>\$ 33,641</u>

See accompanying independent auditor's report.

RICEWOOD MUNICIPAL UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Maintenance Taxes</u>	<u>Debt Service Taxes</u>
RECEIVABLE, BEGINNING OF YEAR	\$ 11,405	\$ 12,167
Additions and corrections to prior year taxes	<u>(3,008)</u>	<u>(3,033)</u>
Adjusted receivable, beginning of year	8,397	9,134
2022 ADJUSTED TAX ROLL	<u>900,361</u>	<u>754,356</u>
Total to be accounted for	908,758	763,490
Tax collections: Current tax year	(892,331)	(747,628)
Prior tax years	<u>(3,390)</u>	<u>(3,344)</u>
RECEIVABLE, END OF YEAR	<u>\$ 13,037</u>	<u>\$ 12,518</u>
RECEIVABLE, BY TAX YEAR		
2016	\$ 219	\$ 356
2017	274	354
2018	713	923
2019	1,040	1,346
2020	1,152	1,245
2021	1,609	1,566
2022	<u>8,030</u>	<u>6,728</u>
RECEIVABLE, END OF YEAR	<u>\$ 13,037</u>	<u>\$ 12,518</u>

See accompanying independent auditor's report.

RICEWOOD MUNICIPAL UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE (Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2023

ADJUSTED PROPERTY VALUATIONS AS OF JANUARY 1 OF TAX YEAR	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Land	\$ 127,106,132	\$ 112,364,807	\$ 103,591,670	\$ 97,709,117
Improvements	447,142,462	361,765,770	341,221,395	336,343,744
Personal property	19,492,654	18,846,293	16,169,652	15,056,271
Less exemptions	<u>(107,059,809)</u>	<u>(63,810,289)</u>	<u>(60,051,068)</u>	<u>(54,880,833)</u>
 TOTAL PROPERTY VALUATIONS	 <u>\$ 486,681,439</u>	 <u>\$ 429,166,581</u>	 <u>\$ 400,931,649</u>	 <u>\$ 394,228,299</u>
 TAX RATES PER \$100 VALUATION				
Debt service tax rates	\$ 0.15500	\$ 0.18000	\$ 0.20000	\$ 0.22000
Maintenance tax rates*	<u>0.18500</u>	<u>0.18500</u>	<u>0.18500</u>	<u>0.17000</u>
 TOTAL TAX RATES PER \$100 VALUATION	 <u>\$ 0.34000</u>	 <u>\$ 0.36500</u>	 <u>\$ 0.38500</u>	 <u>\$ 0.39000</u>
 TAX ROLLS	 <u>\$ 1,654,717</u>	 <u>\$ 1,566,458</u>	 <u>\$ 1,543,587</u>	 <u>\$ 1,537,490</u>
 PERCENT OF TAXES COLLECTED TO TAXES LEVIED	 <u>99.1 %</u>	 <u>99.7 %</u>	 <u>99.8 %</u>	 <u>99.8 %</u>

*Maximum tax rate approved by voters on January 16, 1982: \$0.50

See accompanying independent auditor's report.

RICEWOOD MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS
SEPTEMBER 30, 2023

<u>Series 2015</u>			
<u>Due During Fiscal Years Ending September 30</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2024	\$ 280,000	\$ 35,224	\$ 315,224
2025	275,000	27,972	302,972
2026	275,000	20,849	295,849
2027	270,000	13,727	283,727
2028	260,000	6,734	266,734
TOTALS	<u>\$ 1,360,000</u>	<u>\$ 104,506</u>	<u>\$ 1,464,506</u>

<u>Series 2015A</u>			
<u>Due During Fiscal Years Ending September 30</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2024	\$ 180,000	\$ 24,725	\$ 204,725
2025	190,000	20,900	210,900
2026	190,000	16,150	206,150
2027	190,000	11,400	201,400
2028	190,000	5,700	195,700
TOTALS	<u>\$ 940,000</u>	<u>\$ 78,875</u>	<u>\$ 1,018,875</u>

See accompanying independent auditor's report.

RICEWOOD MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)
SEPTEMBER 30, 2023

<u>Due During Fiscal Years Ending September 30</u>	<u>Series 2019</u>		
	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2024	\$	\$ 90,463	\$ 90,463
2025		90,462	90,462
2026		90,463	90,463
2027		90,462	90,462
2028		90,463	90,463
2029	330,000	90,462	420,462
2030	340,000	83,863	423,863
2031	355,000	77,062	432,062
2032	365,000	69,518	434,518
2033	380,000	61,307	441,307
2034	395,000	52,756	447,756
2035	410,000	43,375	453,375
2036	425,000	33,125	458,125
2037	440,000	22,500	462,500
2038	460,000	11,500	471,500
TOTALS	<u>\$ 3,900,000</u>	<u>\$ 997,781</u>	<u>\$ 4,897,781</u>

See accompanying independent auditor's report.

RICEWOOD MUNICIPAL UTILITY DISTRICT

LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)

SEPTEMBER 30, 2023

<u>Due During Fiscal Years Ending September 30</u>	<u>Annual Requirements for All Series</u>		
	<u>Total Principal Due</u>	<u>Total Interest Due</u>	<u>Total</u>
2024	\$ 460,000	\$ 150,412	\$ 610,412
2025	465,000	139,334	604,334
2026	465,000	127,462	592,462
2027	460,000	115,589	575,589
2028	450,000	102,897	552,897
2029	330,000	90,462	420,462
2030	340,000	83,863	423,863
2031	355,000	77,062	432,062
2032	365,000	69,518	434,518
2033	380,000	61,307	441,307
2034	395,000	52,756	447,756
2035	410,000	43,375	453,375
2036	425,000	33,125	458,125
2037	440,000	22,500	462,500
2038	460,000	11,500	471,500
TOTALS	<u>\$ 6,200,000</u>	<u>\$ 1,181,162</u>	<u>\$ 7,381,162</u>

See accompanying independent auditor's report.

RICEWOOD MUNICIPAL UTILITY DISTRICT
ANALYSIS OF CHANGES IN LONG-TERM BONDED DEBT
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>(1)</u>	<u>(2)</u>
Bond Series:	2014	2015
Interest Rate:	Not Applicable	2.59%
Dates Interest Payable:	Not Applicable	March 1/ September 1
Maturity Dates:	Not Applicable	September 1, 2024/2028
Bonds Outstanding at Beginning of Current Year	\$ 165,000	\$ 1,620,000
Less Retirements	<u>(165,000)</u>	<u>(260,000)</u>
Bonds Outstanding at End of Current Year	<u>\$ 0</u>	<u>\$ 1,360,000</u>
Current Year Interest Paid	<u>\$ 5,775</u>	<u>\$ 41,958</u>

Bond Descriptions and Original Amount of Issue

- (1) Ricewood Municipal Utility District Unlimited Tax Refunding Bonds, Series 2014 (\$4,750,000)
(2) Ricewood Municipal Utility District Unlimited Tax Refunding Bonds, Series 2015 (\$1,715,000)

Paying Agent/Registrar

- (1) The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
(2) Regions Bank, Birmingham, Alabama

<u>Bond Authority</u>	<u>Tax Bonds</u>	<u>Other Bonds</u>	<u>Refunding Bonds</u>
Amount Authorized by Voters:	\$ 24,300,000	\$ 0	\$ 24,300,000.00
Amount Issued:	22,360,000		6,227,514.25
Remaining to be Issued:	1,940,000		18,072,485.75

Net Debt Service Fund deposits and investments balances as of September 30, 2023: \$293,172
Average annual debt service payment for remaining term of all debt: 492,077

See accompanying independent auditor's report.

RICEWOOD MUNICIPAL UTILITY DISTRICT
ANALYSIS OF CHANGES IN LONG-TERM BONDED DEBT (Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>(3)</u>	<u>(4)</u>	<u>Totals</u>
Bond Series:	2015A	2019	
Interest Rate:	2.125% to 3.00%	2.00% to 2.50%	
Dates Interest Payable:	March 1/ September 1	March 1/ September 1	
Maturity Dates:	September 1, 2024/2028	September 1, 2029/2038	
Bonds Outstanding at Beginning of Current Year	\$ 1,120,000	\$ 3,900,000	\$ 6,805,000
Less Retirements	<u>(180,000)</u>	<u> </u>	<u>(605,000)</u>
Bonds Outstanding at End of Current Year	<u>\$ 940,000</u>	<u>\$ 3,900,000</u>	<u>\$ 6,200,000</u>
Current Year Interest Paid	<u>\$ 28,550</u>	<u>\$ 90,463</u>	<u>\$ 166,746</u>

Bond Descriptions and Original Amount of Issue

(3) Ricewood Municipal Utility District Unlimited Tax Bonds, Series 2015A (\$1,660,000)

(4) Ricewood Municipal Utility District Unlimited Tax Bonds, Series 2019 (\$3,900,000)

Paying Agent/Registrar

(3) (4) The Bank of New York Mellon Trust Company, N.A., Dallas, Texas

RICEWOOD MUNICIPAL UTILITY DISTRICT

COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES,
GENERAL FUND

FOR YEARS ENDED SEPTEMBER 30

	AMOUNT					PERCENT OF TOTAL REVENUES				
	2023	2022	2021	2020	2019	2023	2022	2021	2020	2019
REVENUES										
Property taxes	\$ 895,721	\$ 789,915	\$ 742,289	\$ 666,444	\$ 639,363	26.0 %	26.4 %	27.8 %	25.1 %	24.9 %
Water service	407,511	376,357	306,725	321,667	311,308	11.9	12.6	11.5	12.2	12.1
Sewer service	702,048	668,089	653,701	650,494	648,250	20.4	22.4	24.4	24.6	25.2
Surface water fees	878,221	763,152	592,550	658,732	550,990	25.5	25.6	22.1	24.9	21.4
Penalty	60,482	48,504	41,262	26,662	49,897	1.8	1.6	1.5	1.0	1.9
Tap connection and inspection fees	20,142	0	0	14,231	68,162	0.6	0.0	0.0	0.5	2.6
Sales and Use Taxes	265,984	259,262	268,262	206,586	191,768	7.7	8.7	10.0	7.8	7.4
Interest on deposits and investments	149,652	19,817	20,573	58,116	69,162	4.4	0.7	0.8	2.2	2.7
Other revenues	58,568	60,460	49,986	44,458	45,207	1.7	2.0	1.9	1.7	1.8
TOTAL REVENUES	3,438,329	2,985,556	2,675,348	2,647,390	2,574,107	100.0	100.0	100.0	100.0	100.0
EXPENDITURES										
Current:										
Purchased sewer services	258,662	301,103	250,820	224,384	280,754	7.5	10.1	9.4	8.5	10.9
Professional fees	110,731	114,911	124,052	131,165	117,431	3.2	3.8	4.6	5.0	4.6
Contracted services	182,523	150,808	137,025	97,025	101,194	5.3	5.1	5.1	3.7	3.9
Utilities	43,879	44,514	33,631	30,276	28,910	1.3	1.5	1.3	1.1	1.1
Surface water fees	870,891	813,509	666,405	739,110	603,184	25.3	27.2	24.8	27.9	23.5
Repairs, maintenance and other operating expenditures	651,506	589,594	502,203	423,622	442,181	19.0	19.7	18.8	16.0	17.2
Security service	389,246	371,838	368,057	355,703	298,948	11.3	12.5	13.8	13.4	11.6
Garbage disposal	379,191	351,880	338,679	335,625	335,625	11.0	11.8	12.7	12.7	13.0
Administrative expenditures	204,916	122,047	136,876	138,797	115,809	6.0	4.1	5.1	5.2	4.5
Capital outlay	6,062	129,602	8,971	65,146	104,759	0.2	4.3	0.3	2.5	4.1
TOTAL EXPENDITURES	3,097,607	2,989,806	2,566,719	2,540,853	2,428,795	90.1	100.1	95.9	96.0	94.4
EXCESS REVENUES (EXPENDITURES)	\$ 340,722	\$ (4,250)	\$ 108,629	\$ 106,537	\$ 145,312	9.9 %	(0.1) %	4.1 %	4.0 %	5.6 %
TOTAL ACTIVE RETAIL WATER CONNECTIONS	1,668	1,668	1,662	1,667	1,665					
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	1,625	1,625	1,619	1,623	1,619					

See accompanying independent auditor's report.

RICEWOOD MUNICIPAL UTILITY DISTRICT
COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES,
DEBT SERVICE FUND
FOR YEARS ENDED SEPTEMBER 30

	<u>AMOUNT</u>					<u>PERCENT OF TOTAL REVENUES</u>				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
REVENUES										
Property taxes	\$ 750,972	\$ 768,564	\$ 803,120	\$ 862,440	\$ 827,585	94.1 %	97.5 %	97.2 %	96.7 %	96.6 %
Penalty and interest	13,024	13,243	20,585	13,269	11,563	1.6	1.7	2.5	1.5	1.3
Accrued interest on bonds received at date of sale	0	0	0	4,523	0	0.0	0.0	0.0	0.5	0.0
Interest on deposits and investments and other	34,719	6,116	2,073	11,332	18,037	4.3	0.8	0.3	1.3	2.1
TOTAL REVENUES	<u>798,715</u>	<u>787,923</u>	<u>825,778</u>	<u>891,564</u>	<u>857,185</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
EXPENDITURES										
Current:										
Professional fees	4,986	7,791	7,542	5,396	2,754	0.6	1.0	0.9	0.6	0.3
Contracted services	38,201	38,765	37,130	41,200	33,037	4.8	4.9	4.5	4.6	3.9
Other expenditures	12,311	9,705	9,764	6,836	8,208	1.5	1.2	1.2	0.8	1.0
Debt service:										
Principal retirement	605,000	615,000	625,000	630,000	695,000	75.8	78.1	75.7	70.7	81.0
Interest and fees	168,746	187,434	200,023	189,316	135,428	21.1	23.8	24.2	21.2	15.8
TOTAL EXPENDITURES	<u>829,244</u>	<u>858,695</u>	<u>879,459</u>	<u>872,748</u>	<u>874,427</u>	<u>103.8</u>	<u>109.0</u>	<u>106.5</u>	<u>97.9</u>	<u>102.0</u>
EXCESS REVENUES (EXPENDITURES)	<u>\$ (30,529)</u>	<u>\$ (70,772)</u>	<u>\$ (53,681)</u>	<u>\$ 18,816</u>	<u>\$ (17,242)</u>	<u>(3.8) %</u>	<u>(9.0) %</u>	<u>(6.5) %</u>	<u>2.1 %</u>	<u>(2.0) %</u>

See accompanying independent auditor's report.

RICEWOOD MUNICIPAL UTILITY DISTRICTBOARD MEMBERS, KEY PERSONNEL AND CONSULTANTSSEPTEMBER 30, 2023

Complete District Mailing Address: Ricewood Municipal Utility District
c/o Schwartz, Page & Harding, L.L.P.
1300 Post Oak Blvd., Suite 2400
Houston, Texas 77056

District Business Telephone No.: 713-623-4531

Submission date of the most recent District Registration Form: May 17, 2022

Limit on Fees of Office that a Director may receive during a fiscal year: \$6,000

BOARD MEMBERS

<u>Name and Address</u>	<u>Term of Office (Elected/ Appointed)</u>	<u>Fees of Office Paid</u>	<u>Expense Reimb.</u>	<u>Title at Year End</u>
Jacque Freeman c/o Schwartz, Page & Harding, L.L.P. 1300 Post Oak Blvd., Suite 2400 Houston, Texas 77056	Elected 5/07/22- 5/02/26	\$ 5,818	\$ 218	President
Stephen Marcum c/o Schwartz, Page & Harding, L.L.P. 1300 Post Oak Blvd., Suite 2400 Houston, Texas 77056	Elected 5/07/22- 5/02/26	3,126	254	Vice President
Carrie C. Prudhomme c/o Schwartz, Page & Harding, L.L.P. 1300 Post Oak Blvd., Suite 2400 Houston, Texas 77056	Elected 5/07/22- 5/02/26	7,200	1,424	Secretary
Elaine Mundy c/o Schwartz, Page & Harding, L.L.P. 1300 Post Oak Blvd., Suite 2400 Houston, Texas 77056	Elected 5/02/20- 5/04/24	5,352	3,260	Assistant Secretary
Shelli Flores c/o Schwartz, Page & Harding, L.L.P. 1300 Post Oak Blvd., Suite 2400 Houston, Texas 77056	Elected 5/02/20- 5/04/24	3,860	2,974	Director

See accompanying independent auditor's report.

RICEWOOD MUNICIPAL UTILITY DISTRICTBOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS (Continued)SEPTEMBER 30, 2023CONSULTANTS

<u>Name and Address</u>	<u>Date Hired</u>	<u>Fees and Expense Reimbursements</u>	<u>Title at Year End</u>
Schwartz, Page & Harding, L.L.P. 1300 Post Oak Blvd., Suite 2400 Houston, Texas 77056	4/13/78	\$ 119,253	Attorney
Ted A. Cox, P.C. 3855 Mangum Road, Suite 100 Houston, Texas 77092	8/20/96	4,986	Delinquent Tax Attorney
Municipal Accounts & Consulting, L.P. 1281 Brittmoore Road Houston, Texas 77043	Prior to 10/01/82	70,735	Bookkeeper
Mark Burton, Ghia Lewis 1281 Brittmoore Road Houston, Texas 77043	7/27/04	0	Investment Officer
Inframark, LLC 2002 Grand Parkway North, Suite 100 Katy, Texas 77449	9/09/82	754,800	Operator
Park Rangers, LLC 11803 Grant Road, Suite 108 Cypress, Texas 77429	9/14/12	70,591	Landscape Maintenance
Vogler & Spencer Engineering, Inc. 777 North Eldridge Parkway, Suite 500 Houston, Texas 77079	3/09/83	128,881	Engineer
Equi-Tax, Inc. P.O. Box 73109 Houston, Texas 77232	1/21/82	36,877	Tax Assessor- Collector
Harris County Appraisal District P.O. Box 900275 Houston, Texas 77292	Legislative Action	11,964	Central Appraisal District
Masterson Advisors, LLC 3 Greenway Plaza, Suite 1100 Houston, Texas 77046	5/15/18	0	Financial Advisor
Mark C. Eyring, CPA, PLLC 12702 Century Drive, Suite C2 Stafford, Texas 77477	Prior to 1992	10,950	Independent Auditor

See accompanying independent auditor's report.