

**CIMARRON MUNICIPAL  
UTILITY DISTRICT**

**HARRIS AND FORT BEND COUNTIES, TEXAS**

**FINANCIAL REPORT**

**February 28, 2022**



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# **McGRATH & CO., PLLC**

*Certified Public Accountants*

2900 North Loop West, Suite 880

Houston, Texas 77092

## **Independent Auditor's Report**

Board of Directors  
Cimarron Municipal Utility District  
Harris and Fort Bend Counties, Texas

### **Opinions**

We have audited the accompanying financial statements of the governmental activities and each major fund of Cimarron Municipal Utility District (the "District"), as of and for the year ended February 28, 2022, 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 Cimarron Municipal Utility District, as of February 28, 2022, and the respective changes in financial position thereof 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.

***Board of Directors  
Cimarron Municipal Utility District  
Harris and Fort Bend Counties, Texas***

**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 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. We have applied

***Board of Directors  
Cimarron Municipal Utility District  
Harris and Fort Bend Counties, Texas***

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 is presented for purposes of additional analysis and are 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 been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Texas Supplementary Information are fairly stated in all material respects in relation to the basic financial statements as a whole.

*W. G. Galt & Co., P.C.*

Houston, Texas  
June 29, 2022

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## **Management's Discussion and Analysis**

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***Cimarron Municipal Utility District  
Management's Discussion and Analysis  
February 28, 2022***

## **Using this Annual Report**

Within this section of the financial report of Cimarron Municipal Utility District (the "District"), the District's Board of Directors provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended February 28, 2022. This analysis should be read in conjunction with the independent auditor's report and the basic financial statements that follow this section.

In addition to this discussion and analysis, this annual report consists of:

- The District's basic financial statements;
- Notes to the basic financial statements, which provide additional information essential to a full understanding of the data provided in the financial statements;
- Supplementary information required by the Governmental Accounting Standards Board (GASB) concerning the District's budget; and
- Other Texas supplementary information required by the District's state oversight agency, the Texas Commission on Environmental Quality (TCEQ).

## **Overview of the Financial Statements**

The District prepares its basic financial statements using a format that combines fund financial statements and government-wide statements onto one financial statement. The combined statements are the *Statement of Net Position and Governmental Funds Balance Sheet* and the *Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances*. Each statement contains an adjustments column which quantifies the differences between the government-wide and fund level statements. Additional details of the adjustments are provided in Note 2 to the basic financial statements.

## **Government-Wide Financial Statements**

The focus of government-wide financial statements is on the overall financial position and activities of the District, both long-term and short-term. The District's government-wide financial statements consist of the *Statement of Net Position* and the *Statement of Activities*, which are prepared using the accrual basis of accounting. The *Statement of Net Position* includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the residual reported as net position. Over time, changes in net position may provide a useful indicator of whether the financial position of the District as a whole is improving or deteriorating.

Accounting standards establish three components of net position. The net investment in capital assets component represents the District's investments in capital assets, less any outstanding debt or other borrowings used to acquire those assets. Resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The restricted component of net position consists of financial resources that are restricted for a specific purpose by enabling legislation or external parties. The unrestricted component of net position represents resources not included in the other components.

***Cimarron Municipal Utility District  
Management's Discussion and Analysis  
February 28, 2022***

The *Statement of Activities* reports how the District's net position has changed during the fiscal year. All revenues and expenses are included on this statement, regardless of whether cash has been received or paid.

**Fund Financial Statements**

The fund financial statements include the *Governmental Funds Balance Sheet* and the *Governmental Funds Revenues, Expenditures and Changes in Fund Balances*. The focus of fund financial statements is on specific activities of the District rather than the District as a whole, reported using modified accrual accounting. These statements report on the District's use of available financial resources and the balances of available financial resources at the end of the year. 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, governmental statutes or regulations.

For further discussion on the government-wide and fund financial statements, please refer to Note 1 in the financial statements.

**Financial Analysis of the District as a Whole**

The District's net position at February 28, 2022, was \$7,101,756. A comparative summary of the District's overall financial position, as of February 28, 2022 and 2021, is as follows:

	<u>2022</u>	<u>2021</u>
Current and other assets	\$ 12,833,770	\$ 10,942,596
Capital assets	<u>19,302,120</u>	<u>19,573,074</u>
Total assets	<u>32,135,890</u>	<u>30,515,670</u>
Total deferred outflows of resources	<u>389,178</u>	<u>437,150</u>
Current liabilities	2,164,036	2,169,202
Long-term liabilities	<u>23,259,276</u>	<u>24,609,127</u>
Total liabilities	<u>25,423,312</u>	<u>26,778,329</u>
Net Position		
Net investment in capital assets	(3,572,087)	(4,373,037)
Restricted	2,268,575	2,221,512
Unrestricted	<u>8,405,268</u>	<u>6,326,016</u>
Total Net Position	<u>\$ 7,101,756</u>	<u>\$ 4,174,491</u>

***Cimarron Municipal Utility District  
Management's Discussion and Analysis  
February 28, 2022***

The total net position of the District increased during the current fiscal year by \$2,927,265. A comparative summary of the District's *Statement of Activities* for the past two years is as follows:

	<u>2022</u>	<u>2021</u>
Revenues		
Water and sewer service	\$ 1,852,005	\$ 1,868,950
Property taxes, penalties and interest	4,022,688	4,110,084
City of Houston sales tax rebates	1,119,254	857,977
Regional water authority fees	1,459,290	1,362,287
Other	1,596,136	1,440,287
Total revenues	<u>10,049,373</u>	<u>9,639,585</u>
Expenses		
Current service operations	5,834,300	5,211,418
Debt interest and fees	866,411	936,079
Debt issuance costs		124,195
Depreciation	421,397	417,366
Total expenses	<u>7,122,108</u>	<u>6,689,058</u>
Change in net position	2,927,265	2,950,527
Net position, beginning of year	<u>4,174,491</u>	<u>1,223,964</u>
Net position, end of year	<u>\$ 7,101,756</u>	<u>\$ 4,174,491</u>

**Financial Analysis of the District's Funds**

The District's combined fund balances, as of February 28, 2022, were \$11,727,353, which consists of \$9,582,748 in the General Fund and \$2,144,605 in the Debt Service Fund.

*General Fund*

A comparative summary of the General Fund's financial position as of February 28, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Total assets	<u>\$ 10,243,789</u>	<u>\$ 8,354,712</u>
Total liabilities	\$ 517,630	\$ 638,417
Total deferred inflows	143,411	152,620
Total fund balance	<u>9,582,748</u>	<u>7,563,675</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 10,243,789</u>	<u>\$ 8,354,712</u>

***Cimarron Municipal Utility District  
Management’s Discussion and Analysis  
February 28, 2022***

A comparative summary of the General Fund’s activities for the current and prior fiscal year is as follows:

	<u>2022</u>	<u>2021</u>
Total revenues	\$ 6,869,791	\$ 6,496,498
Total expenditures	<u>(4,971,313)</u>	<u>(5,009,998)</u>
Revenues over expenditures	1,898,478	1,486,500
Other changes in fund balance	120,595	
Net change in fund balance	<u>\$ 2,019,073</u>	<u>\$ 1,486,500</u>

The District manages its activities with the objectives of ensuring that expenditures will be adequately covered by revenues each year and that an adequate fund balance is maintained. The District’s primary financial resources in the General Fund are from a property tax levy, the provision of water and sewer services to customers within the District, tap connection fees charged to developers in the District and City of Houston sales tax rebates. During the current year, the General Fund also had revenues for the provision of bulk water to another district. Financial resources are influenced by a variety of factors each year:

- Property tax revenues are dependent upon assessed values in the District and the maintenance tax rate set by the District. While assessed values in the District increased from the prior year, property tax revenues decreased because the District decreased the maintenance component of the levy.
- Water, sewer and regional water authority fee revenues are dependent upon customer usage, which fluctuates from year to year as a result of factors beyond the District’s control.
- Tap connection fees fluctuate with development within the District.
- Sales tax rebates received from the City of Houston under a Strategic Partnership Agreement are dependent on consumer spending at retail stores located within the District’s boundaries and will fluctuate from year to year.

*Debt Service Fund*

A comparative summary of the Debt Service Fund’s financial position as of February 28, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Total assets	<u>\$ 2,306,792</u>	<u>\$ 2,263,347</u>
Total liabilities	\$ 38,217	\$ 41,835
Total deferred inflows	123,970	165,620
Total fund balance	<u>2,144,605</u>	<u>2,055,892</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 2,306,792</u>	<u>\$ 2,263,347</u>

***Cimarron Municipal Utility District  
Management's Discussion and Analysis  
February 28, 2022***

A comparative summary of the Debt Service Fund's activities for the current and prior fiscal year is as follows:

	<u>2022</u>	<u>2021</u>
Total revenues	\$ 2,298,845	\$ 2,194,839
Total expenditures	<u>(2,210,132)</u>	<u>(2,247,554)</u>
Revenues over/(under) expenditures	88,713	(52,715)
Other changes in fund balance		49,002
Net change in fund balance	<u>\$ 88,713</u>	<u>\$ (3,713)</u>

The District's financial resources in the Debt Service Fund in both the current year and prior year are from property tax revenues. The difference between these financial resources and debt service requirements resulted in changes in fund balance each year. It is important to note that the District sets its annual debt service tax rate as recommended by its financial advisor, who monitors projected cash flows in the Debt Service Fund to ensure that the District will be able to meet its future debt service requirements.

In the prior year, the District issued refunding bonds in the amount of \$2,400,000 to refund \$2,495,000 of outstanding Series 2010 and Series 2013 bonds and save \$494,538 in future debt service payments.

*Capital Projects Fund*

A comparative summary of the Capital Projects Fund's financial position as of February 28, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Total assets	<u>\$ -</u>	<u>\$ 120,587</u>
Total liabilities	\$ -	\$ -
Total fund balance	<u>-</u>	<u>120,587</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ 120,587</u>

A comparative summary of activities in the Capital Projects Fund for the current and prior fiscal year is as follows:

	<u>2022</u>	<u>2021</u>
Total revenues	\$ 8	\$ 400
Total expenditures	<u>-</u>	<u>(208)</u>
Revenues over expenditures	8	192
Other changes in fund balance	(120,595)	
Net change in fund balance	<u>\$ (120,587)</u>	<u>\$ 192</u>

***Cimarron Municipal Utility District  
Management’s Discussion and Analysis  
February 28, 2022***

During the current year, the District transferred \$120,595 from the Capital Projects Fund to the General Fund for the reimbursement of costs related to the construction of capital assets. As of February 28, 2022, the Capital Projects Fund had no remaining assets or liabilities.

*Joint Water Plant Fund*

The District uses a special revenue fund to account for costs associated with the operation and maintenance of water plant no. 3 jointly owned by the District and Harris – Fort Bend Counties Municipal Utility District No. 3 (the “Joint Water Plant”). A comparative summary of the Joint Water Plant Fund’s financial position as of February 28, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Total assets	<u>\$ 283,189</u>	<u>\$ 203,950</u>
Total liabilities	<u>\$ 283,189</u>	<u>\$ 203,950</u>

A comparative summary of activities for the Joint Water Plant Fund’s current and prior fiscal year is as follows:

	<u>2022</u>	<u>2021</u>
Total revenues	<u>\$ 931,587</u>	<u>\$ 846,649</u>
Total expenditures	<u>(931,587)</u>	<u>(846,649)</u>
Revenues over/(under) expenditures	<u>\$ -</u>	<u>\$ -</u>

Revenues in the Joint Water Plant Fund primarily consist of charges to participants. The amount the District charges is based upon the actual cost of providing services. Consequently, revenues will equal expenditures each year.

**General Fund Budgetary Highlights**

The Board of Directors adopts an annual unappropriated budget for the General Fund prior to the beginning of each fiscal year. The Board did not amend the budget during the fiscal year.

Since the District’s budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was \$1,028,978 greater than budgeted. The *Budgetary Comparison Schedule* on page 38 of this report provides variance information per financial statement line item.



***Cimarron Municipal Utility District  
Management's Discussion and Analysis  
February 28, 2022***

**Capital Assets**

Capital assets held by the District at February 28, 2022 and 2021 are summarized as follows:

	<u>2022</u>	<u>2021</u>
Capital assets not being depreciated		
Land and improvements	\$ 8,124,046	\$ 8,124,046
Construction in progress	261,188	378,292
	<u>8,385,234</u>	<u>8,502,338</u>
Capital assets being depreciated		
Infrastructure	16,957,440	16,689,893
Investment in regional facilities	2,580,111	2,580,111
	<u>19,537,551</u>	<u>19,270,004</u>
Less accumulated depreciation		
Infrastructure	(7,966,547)	(7,602,921)
Investment in regional facilities	(654,118)	(596,347)
	<u>(8,620,665)</u>	<u>(8,199,268)</u>
Depreciable capital assets, net	<u>10,916,886</u>	<u>11,070,736</u>
Capital assets, net	<u>\$ 19,302,120</u>	<u>\$ 19,573,074</u>

Capital asset additions during the current year consist of the sanitary sewer rehabilitation, phase 5. The District's construction in progress is for the construction of capital improvements to regional facilities shared with West Memorial Municipal Utility District.

**Long-Term Debt and Related Liabilities**

At February 28, 2022 and 2021, the District had total bonded debt outstanding as shown below:

<u>Series</u>	<u>2022</u>	<u>2021</u>
2014 Refunding	\$ 3,385,000	\$ 3,935,000
2015	4,410,000	4,630,000
2017 Refunding	4,030,000	4,050,000
2017	955,000	1,010,000
2019 Refunding	9,260,000	9,455,000
2021 Refunding	2,155,000	2,400,000
	<u>\$ 24,195,000</u>	<u>\$ 25,480,000</u>

At February 28, 2022, the District had authorized, but unissued unlimited tax and revenue bonds in the amount of \$1,325,000; authorized, but unissued unlimited tax and refunding bonds in the amount of \$365,000 and authorized, but unissued unlimited tax refunding bonds in the amount of \$16,571.

*Cimarron Municipal Utility District  
 Management’s Discussion and Analysis  
 February 28, 2022*

**Next Year’s Budget**

In establishing the budget for the next fiscal year, the Board considered various economic factors that may affect the District, most notably projected revenues from property taxes, City of Houston sales tax rebates, and water/sewer services and the projected cost of operating the District and providing services to customers. A comparison of next year’s budget to current year actual amounts for the General Fund is as follows:

	<u>2022 Actual</u>	<u>2023 Budget</u>
Total revenues	\$ 6,869,791	\$ 6,471,101
Total expenditures	<u>(4,971,313)</u>	<u>(5,859,343)</u>
Revenues over expenditures	1,898,478	611,758
Other changes in fund balance	<u>120,595</u>	
Net change in fund balance	2,019,073	611,758
Beginning fund balance	<u>7,563,675</u>	<u>9,582,748</u>
Ending fund balance	<u>\$ 9,582,748</u>	<u>\$ 10,194,506</u>

## **Basic Financial Statements**

*Cimarron Municipal Utility District  
Statement of Net Position and Governmental Funds Balance Sheet  
February 28, 2022*

	General Fund	Debt Service Fund	Joint Water Plant Fund	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 668,868	\$ 853,637	\$ 100,452	\$ 1,622,957
Investments	8,603,055	1,385,432		9,988,487
Taxes receivable, net	58,543	123,970		182,513
Customer service receivables	289,449			289,449
Due from City of Houston	272,296			272,296
Internal balances	(118,981)	(57,266)	176,247	
Other receivables	5,049	1,019		6,068
Due from other districts	192,000		6,490	198,490
Operating Reserve - West Memorial Treatment Plant	74,754			74,754
Operating Reserve - Water Plant	198,756			198,756
Capital assets not being depreciated Capital assets, net				
<b>Total Assets</b>	<b>\$ 10,243,789</b>	<b>\$ 2,306,792</b>	<b>\$ 283,189</b>	<b>\$ 12,833,770</b>
<b>Deferred Outflows of Resources</b>				
Deferred difference on refunding				
<b>Liabilities</b>				
Accounts payable	\$ 399,914	\$ -	\$ 67,702	\$ 467,616
Other payables	103,616	38,217		141,833
Operating reserve			215,487	215,487
Customer deposits	14,100			14,100
Long-term debt				
Due within one year				
Due after one year				
<b>Total Liabilities</b>	<b>517,630</b>	<b>38,217</b>	<b>283,189</b>	<b>839,036</b>
<b>Deferred Inflows of Resources</b>				
Deferred property taxes	58,543	123,970		182,513
Deferred City of Houston sales tax	84,868			84,868
	143,411	123,970		267,381
<b>Fund Balances/Net Position</b>				
<b>Fund Balances</b>				
Nonspendable	273,510			273,510
Restricted		2,144,605		2,144,605
Unassigned	9,309,238			9,309,238
<b>Total Fund Balances</b>	<b>9,582,748</b>	<b>2,144,605</b>		<b>11,727,353</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 10,243,789</b>	<b>\$ 2,306,792</b>	<b>\$ 283,189</b>	<b>\$ 12,833,770</b>
<b>Net Position</b>				
Net investment in capital assets				
Restricted for debt service				
Unrestricted				
<b>Total Net Position</b>				
See notes to basic financial statements.				

<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ -	\$ 1,622,957
	9,988,487
	182,513
	289,449
	272,296
	6,068
	198,490
	74,754
	198,756
8,385,234	8,385,234
<u>10,916,886</u>	<u>10,916,886</u>
<u>19,302,120</u>	<u>32,135,890</u>
<u>389,178</u>	<u>389,178</u>
	467,616
	141,833
	215,487
	14,100
1,325,000	1,325,000
<u>23,259,276</u>	<u>23,259,276</u>
<u>24,584,276</u>	<u>25,423,312</u>
(182,513)	
<u>(84,868)</u>	
<u>(267,381)</u>	
(273,510)	
(2,144,605)	
<u>(9,309,238)</u>	
<u>(11,727,353)</u>	
(3,572,087)	(3,572,087)
2,268,575	2,268,575
8,405,268	8,405,268
<u>\$ 7,101,756</u>	<u>\$ 7,101,756</u>

*Cimarron Municipal Utility District  
Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances  
For the Year Ended February 28, 2022*

	General Fund	Debt Service Fund	Capital Projects Fund	Joint Water Plant Fund
<b>Revenues</b>				
Water service	\$ 719,243	\$ -	\$ -	\$ -
Sewer service	1,132,762			
Property taxes	1,724,055	2,222,217		
Penalties and interest	113,900	30,869		
Water supply	192,000			931,569
Tap connection and inspection	326,609			
City of Houston sales tax rebate	1,101,759			
Regional water authority fees	1,459,290			
Miscellaneous	83,402	41,507		
Investment earnings	16,771	4,252	8	18
<b>Total Revenues</b>	<b>6,869,791</b>	<b>2,298,845</b>	<b>8</b>	<b>931,587</b>
<b>Expenditures/Expenses</b>				
Current service operations				
Purchased services	1,647,345			
Professional fees	145,435			3,000
Contracted services	820,993	65,475		6,141
Repairs and maintenance	921,975			91,247
Utilities	109,691			44,890
Regional water authority fees	930,387			773,839
Administrative	110,063	16,368		12,150
Other	34,981			320
Economic development grant	100,000			
Capital outlay	150,443			
Debt service				
Principal		1,285,000		
Interest and fees		843,289		
Depreciation				
<b>Total Expenditures/Expenses</b>	<b>4,971,313</b>	<b>2,210,132</b>		<b>931,587</b>
<b>Revenues Over Expenditures</b>	<b>1,898,478</b>	<b>88,713</b>	<b>8</b>	
<b>Other Financing Sources/(Uses)</b>				
Internal transfers	120,595		(120,595)	
<b>Net Change in Fund Balances</b>	<b>2,019,073</b>	<b>88,713</b>	<b>(120,587)</b>	
<b>Change in Net Position</b>				
Fund Balances/Net Position				
Beginning of the period	7,563,675	2,055,892	120,587	
<b>End of the period</b>	<b>\$ 9,582,748</b>	<b>\$ 2,144,605</b>	<b>\$ -</b>	<b>\$ -</b>

See notes to basic financial statements.

Total	Adjustments	Statement of Activities
\$ 719,243	\$ -	\$ 719,243
1,132,762		1,132,762
3,946,272	(63,339)	3,882,933
144,769	(5,014)	139,755
1,123,569		1,123,569
326,609		326,609
1,101,759	17,495	1,119,254
1,459,290		1,459,290
124,909		124,909
21,049		21,049
<u>10,100,231</u>	<u>(50,858)</u>	<u>10,049,373</u>
1,647,345		1,647,345
148,435		148,435
892,609		892,609
1,013,222		1,013,222
154,581		154,581
1,704,226		1,704,226
138,581		138,581
35,301		35,301
100,000		100,000
150,443	(150,443)	
1,285,000	(1,285,000)	
843,289	23,122	866,411
	421,397	421,397
<u>8,113,032</u>	<u>(990,924)</u>	<u>7,122,108</u>
1,987,199	(1,987,199)	
1,987,199	(1,987,199)	
	2,927,265	2,927,265
9,740,154	(5,565,663)	4,174,491
<u>\$ 11,727,353</u>	<u>\$ (4,625,597)</u>	<u>\$ 7,101,756</u>

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## **Note 1 – Summary of Significant Accounting Policies**

The accounting policies of Cimarron Municipal Utility District (the “District”) conform with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (“GASB”). The following is a summary of the most significant policies:

### **Creation**

The District was organized, created and established pursuant to an order of the Texas Water Rights Commission, statutory predecessor to the Texas Commission on Environmental Quality, dated February 9, 1976, and operates in accordance with the Texas Water Code, Chapters 49 and 54. The Board of Directors held its first meeting on December 7, 1976 and the first bonds were issued on December 1, 1977.

The District’s primary activities include construction, maintenance and operation of water, sewer and drainage facilities. The District has contracted with various consultants to provide services to operate and administer the affairs of the District. The District has no employees, related payroll or pension costs.

### **Reporting Entity**

The District is a political subdivision of the State of Texas governed by an elected five-member board. The GASB has established the criteria for determining the reporting entity for financial statement reporting purposes. To qualify as a primary government, a government must have a separately elected governing body, be legally separate, and be fiscally independent of other state and local governments, while a component unit is a legally separate government for which the elected officials of a primary government are financially accountable. Fiscal independence implies that the government has the authority to adopt a budget, levy taxes, set rates, and/or issue bonds without approval from other governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District’s financial statements as component units.

### **Government-Wide and Fund Financial Statements**

Government-wide financial statements display information about the District as a whole. These statements focus on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Interfund activity, if any, has been removed from these statements. These aggregated statements consist of the *Statement of Net Position* and the *Statement of Activities*.

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Government-Wide and Fund Financial Statements (continued)**

Fund financial statements display information at the individual fund level. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for a specific purpose. Each fund is considered to be a separate accounting entity. Most governments typically have many funds; however, governmental financial statements focus on the most important or “major” funds with non-major funds aggregated in a single column. The District has four governmental funds, which are all considered major funds.

The following is a description of the various funds used by the District:

- The General Fund is used to account for the operations of the District’s water and sewer system and all other financial transactions not reported in other funds. The principal sources of revenue are property taxes, City of Houston sales tax rebates and water and sewer service fees. Expenditures include costs associated with the daily operations of the District.
- The Debt Service Fund is used to account for the payment of interest and principal on the District’s general long-term debt. The primary source of revenue for debt service is property taxes. Expenditures include costs incurred in assessing and collecting these taxes.
- The Capital Projects Fund is used to account for the expenditures of bond proceeds for the construction of the District’s water, sewer and drainage facilities.
- The Special Revenue Fund is used to account for the operation and maintenance of water plant no. 3, which is jointly owned by the District and Harris-Fort Bend Counties Municipal Utility District No. 3. See Note 11 for more information.

As a special-purpose government engaged in a single governmental program, the District has opted to combine its government-wide and fund financial statements in a columnar format showing an adjustments column for reconciling items between the two.

**Measurement Focus and Basis of Accounting**

The government-wide financial statements use the economic resources measurement focus and the full 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 revenue in the year for which they are levied.

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Measurement Focus and Basis of Accounting (continued)**

The fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized in the accounting period in which it becomes both available and measurable to finance expenditures of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Revenues susceptible to accrual include property taxes, City of Houston sales tax rebates, interest earned on investments and income from District operations. Property taxes receivable at the end of the fiscal year are treated as deferred inflows because they are not considered available to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due.

Note 2 further details the adjustments from the governmental fund presentation to the government-wide presentation.

**Use of Restricted Resources**

When both restricted and unrestricted resources are available for use, the District uses restricted resources first, then unrestricted resources as they are needed.

**Receivables**

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Receivables from and payables to external parties are reported separately and are not offset, unless a legal right of offset exists. At February 28, 2022, an allowance of \$26,767 was provided for possible uncollectible property taxes. An allowance for uncollectible water/sewer accounts was not considered necessary.

**Unbilled Service Revenues**

Utility revenue is recorded when earned. Customers are billed monthly. The estimated value of services provided but unbilled at year-end has been included in the accompanying financial statements.

**Interfund Activity**

During the course of operations, transactions occur between individual funds. This can include internal transfers, payables and receivables. This activity is combined as internal balances and is eliminated in both the government-wide and fund financial statement presentation.

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Capital Assets**

Capital assets do not provide financial resources at the fund level, and, therefore, are reported only in the government-wide statements. The District defines capital assets as assets with an initial cost of \$50,000 or more and an estimated useful life in excess of one year. Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire the asset on the acquisition date. The District has not capitalized interest incurred during the construction of its capital assets. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Depreciable capital assets, which primarily consist of water, wastewater and drainage facilities, are depreciated using the straight-line method as follows:

Assets	Useful Life
Infrastructure	20-45 years
Investment in regional facilities	45 years

The District’s detention facilities are considered improvements to land and are non-depreciable.

**Deferred Inflows and Outflows of Financial Resources**

A deferred inflow of financial resources is the acquisition of resources in one period that is applicable to a future period, while a deferred outflow of financial resources is the consumption of financial resources in one period that is applicable to a future period. A deferred inflow results from the acquisition of an asset without a corresponding revenue or assumption of a liability. A deferred outflow results from the use of an asset without a corresponding expenditure or reduction of a liability.

At the fund level, property taxes receivable and City of Houston sales tax rebates receivable that are not collected within 60 days of fiscal year end do not meet the availability criteria required for revenue recognition and are recorded as deferred inflows of financial resources.

Deferred outflows of financial resources at the government-wide level are from a refunding bond transaction in which the amount required to repay the old debt exceeded the net carrying amount of the old debt. This amount is being amortized to interest expense.

**Net Position – Governmental Activities**

Governmental accounting standards establish the following three components of net position:

Net investment in capital assets – represents the District’s investments in capital assets, less any outstanding debt or other borrowings used to acquire those assets.

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Net Position – Governmental Activities (continued)**

Restricted – consists of financial resources that are restricted for a specific purpose by enabling legislation or external parties.

Unrestricted – resources not included in the other components.

**Fund Balances – Governmental Funds**

Governmental accounting standards establish the following fund balance classifications:

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. The District's nonspendable fund balance consists of operating reserves paid to West Memorial Municipal Utility District and to the Joint Water Plant Fund for the joint water plant.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. The District's restricted fund balance consist of property taxes levied for debt service in the Debt Service Fund.

Committed - amounts that can be used only for specific purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The District does not have any committed fund balances.

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

Unassigned - all other spendable amounts in the General Fund.

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

*Cimarron Municipal Utility District*  
*Notes to Financial Statements*  
*February 28, 2022*

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses/expenditures during the period reported. These estimates include, among others, the collectability of receivables; the value of unbilled utility revenues and receivables and the useful lives and impairment of capital assets. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

*Cimarron Municipal Utility District*  
*Notes to Financial Statements*  
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**Note 2 – Adjustment from Governmental to Government-wide Basis**

**Reconciliation of the *Governmental Funds Balance Sheet* to the *Statement of Net Position***

Total fund balance, governmental funds		\$ 11,727,353
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.

Historical cost	\$ 27,922,785	
Less accumulated depreciation	<u>(8,620,665)</u>	
Change due to capital assets		19,302,120

The difference between the face amount of bonds refunded and the amount paid to the escrow agent is recorded as a deferred difference on refunding in the *Statement of Net Position* and amortized to interest expense. It is not recorded in the fund statements because it is not a financial resource.

389,178

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. The difference consists of bonds payable, net.

(24,584,276)

Receivables that are not collected within sixty days of fiscal year end are not considered available to pay current period expenditures and are deferred in the funds.

Property taxes	182,513	
City of Houston sales tax receipts	<u>84,868</u>	
		267,381

Total net position - governmental activities		<u><u>\$ 7,101,756</u></u>
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*Cimarron Municipal Utility District*  
*Notes to Financial Statements*  
*February 28, 2022*

**Note 2 – Adjustment from Governmental to Government-wide Basis (continued)**

**Reconciliation of the *Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances* to the *Statement of Activities***

Net change in fund balances - total governmental funds \$ 1,987,199

Governmental funds do not report revenues that are not available to pay current obligations. In contrast, such revenues are reported in the *Statement of Activities* when earned. The difference is for:

Property taxes and related penalties and interest	\$ (68,353)	
City of Houston sales tax rebates	17,495	
		(50,858)

Governmental funds report capital outlays for construction costs as expenditures in the funds; however, in the *Statement of Activities*, the cost of long-term assets is capitalized and charged to expense over the estimated useful life of the asset.

Capital outlays	150,443	
Depreciation expense	(421,397)	
		(270,954)

The issuance of long-term debt provides current financial resources in governmental funds, while the repayment of principal uses current financial resources. However, neither transaction has any effect on net position. Other elements of debt financing are reported differently between the fund and government wide statements.

Principal payments	1,285,000	
Interest expense accrual	(23,122)	
		1,261,878

Change in net position of governmental activities \$ 2,927,265

**Note 3 – Deposits and Investments**

**Deposit Custodial Credit Risk**

Custodial credit risk as it applies to deposits (i.e. cash and certificates of deposit) is the risk that, in the event of the failure of the depository institution, a government will not be able to recover its deposits or will not be able to recover collateral securities. The *Public Funds Collateral Act* (Chapter 2257, Texas Government Code) requires that all of the District’s deposits with financial institutions be covered by federal depository insurance and, if necessary, pledged collateral held by a third-party custodian. The act further specifies the types of securities that can be used as collateral. The District’s written investment policy establishes additional requirements for collateralization of deposits.



***Cimarron Municipal Utility District***  
***Notes to Financial Statements***  
***February 28, 2022***

**Note 3 – Deposits and Investments (continued)**

**Investments**

The District is authorized by the *Public Funds Investment Act* (Chapter 2256, Texas Government Code) to invest in the following: (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including Federal Home Loan Banks, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) certain collateralized mortgage obligations, (4) other obligations, which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies or instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States, (5) certain A rated or higher obligations of states and political subdivisions of any state, (6) bonds issued, assumed or guaranteed by the State of Israel, (7) certain insured or collateralized certificates of deposit and share certificates, (8) certain fully collateralized repurchase agreements, (9) bankers’ acceptances with limitations, (10) commercial paper rated A-1 or P-1 or higher and a maturity of 270 days or less, (11) no-load money market mutual funds and no-load mutual funds, with limitations, (12) certain guaranteed investment contracts, (13) certain qualified governmental investment pools and (14) a qualified securities lending program.

The District has adopted a written investment policy to establish the principles by which the District’s investment program should be managed. This policy further restricts the types of investments in which the District may invest.

As of February 28, 2022, the District’s investments consist of the following:

Type	Fund	Carrying Value	Percentage of Total	Rating	Weighted Average Maturity
Certificates of deposit	General	\$ 3,420,000			
	Debt Service	480,000			
		<u>3,900,000</u>	39%	N/A	N/A
Texas CLASS	General	5,183,055			
	Debt Service	905,432			
		<u>6,088,487</u>	61%	AAAm	38 days
Total		<u>\$ 9,988,487</u>	<u>100%</u>		

The District’s investments in certificates of deposit are reported at cost.

*Cimarron Municipal Utility District*  
*Notes to Financial Statements*  
*February 28, 2022*

**Note 3 – Deposits and Investments (continued)**

**Texas CLASS**

The District participates in Texas Cooperative Liquid Assets Securities System (Texas CLASS). Texas CLASS is managed by an elected Board of Trustees consisting of members of the pool. Additionally, the Board of Trustees has established an advisory board, the function of which is to provide guidance on investment policies and strategies. The Board of Trustees has selected Public Trust Advisors, LLC as the program administer and UMB Bank N.A., as the custodian.

The District’s investment in Texas CLASS is reported at fair value because Texas CLASS uses fair value to report investments (other than repurchase agreements which are valued at amortized cost). Governmental accounting standards establish the following hierarchy of inputs used to measure fair value: Level 1 inputs are based on quoted prices in active markets, Level 2 inputs are based on significant other observable inputs, and Level 3 inputs are based on significant unobservable inputs. The District’s investment in Texas CLASS is measured using published fair value per share (level 1 inputs).

Investments in Texas CLASS may be withdrawn via wire transfer on a same day basis, as long as the transaction is executed by 4 p.m. ACH withdrawals made by 4 p.m. will settle on the next business day.

**Investment Credit and Interest Rate Risk**

Investment credit risk is the risk that the investor may not recover the value of an investment from the issuer, while interest rate risk is the risk that the value of an investment will be adversely affected by changes in interest rates. The District’s investment policies do not address investment credit and interest rate risk beyond the rating and maturity restrictions established by state statutes.

**Note 4 – Interfund Balances and Transactions**

Amounts due to/from other funds at February 28, 2022, consist of the following:

Receivable Fund	Payable Fund	Amounts	Purpose
General Fund	Debt Service Fund	\$ 57,266	Maintenance tax collections not remitted
Joint Water Plant Fund	General Fund	176,247	Participant billings not remitted as of year end.

Amounts reported as internal balances between funds are considered temporary balances and will be paid during the following fiscal year.

During the current year, the District transferred \$120,595 from the Capital Projects Fund to the General Fund for the reimbursement of costs related to the construction of capital assets.

***Cimarron Municipal Utility District***  
***Notes to Financial Statements***  
***February 28, 2022***

**Note 5 – Capital Assets**

A summary of changes in capital assets, for the year ended February 28, 2022, is as follows:

	Beginning Balances	Additions/ Adjustments	Retirements	Ending Balances
Capital assets not being depreciated				
Land and improvements	\$ 8,124,046	\$ -	\$ -	\$ 8,124,046
Construction in progress	378,292	132,706	(249,810)	261,188
	<u>8,502,338</u>	<u>132,706</u>	<u>(249,810)</u>	<u>8,385,234</u>
Capital assets being depreciated				
Infrastructure	16,689,893	267,547		16,957,440
Investment in regional facilities	2,580,111			2,580,111
	<u>19,270,004</u>	<u>267,547</u>		<u>19,537,551</u>
Less accumulated depreciation				
Infrastructure	(7,602,921)	(363,626)		(7,966,547)
Investment in regional facilities	(596,347)	(57,771)		(654,118)
	<u>(8,199,268)</u>	<u>(421,397)</u>		<u>(8,620,665)</u>
Subtotal depreciable capital assets, net	<u>11,070,736</u>	<u>(153,850)</u>		<u>10,916,886</u>
Capital assets, net	<u>\$ 19,573,074</u>	<u>\$ (21,144)</u>	<u>\$ (249,810)</u>	<u>\$ 19,302,120</u>

Depreciation expense for the current year was \$421,397.

**Note 6 – Long-Term Debt**

Long-term debt is comprised of the following:

Bonds payable	\$ 24,195,000
Unamortized discounts	(96,125)
Unamortized premiums	485,401
	<u>\$ 24,584,276</u>
Due within one year	<u>\$ 1,325,000</u>

***Cimarron Municipal Utility District***  
***Notes to Financial Statements***  
***February 28, 2022***

**Note 6 – Long-Term Debt (continued)**

The District’s bonds payable at February 28, 2022, consists of unlimited tax bonds as follows:

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/Ending	Interest Payment Dates	Call Dates
2014 Refunding	\$ 3,385,000	\$ 6,585,000	2.00% - 3.125%	March 1, 2015/2031	September 1, March 1	March 1, 2023
2015	4,410,000	5,790,000	2.00% - 3.250%	March 1, 2016/2036	September 1, March 1	March 1, 2024
2017 Refunding	4,030,000	4,155,000	2.76%	March 1, 2018/2031	September 1, March 1	March 1, 2025
2017	955,000	1,215,000	2.00% - 4.50%	March 1, 2018/2036	September 1, March 1	March 1, 2025
2019 Refunding	9,260,000	9,655,000	4.00%	March 1, 2020/2036	September 1, March 1	March 1, 2029
2021 Refunding	2,155,000	2,400,000	2.00% - 3.00%	March 1, 2022/2036	September 1, March 1	March 1, 2028
	<u>\$ 24,195,000</u>					

Payments of principal and interest on all series of bonds are to be provided from taxes levied on all properties within the District. Investment income realized by the Debt Service Fund from investment of idle funds will be used to pay outstanding bond principal and interest. The District is in compliance with the terms of its bond resolutions.

At February 28, 2022, the District had authorized but unissued unlimited tax and revenue bonds in the amount of \$1,325,000; authorized but unissued unlimited tax and refunding bonds in the amount of \$365,000; and authorized but unissued unlimited tax refunding bonds in the amount of \$16,571.

The change in the District’s long-term debt during the year is as follows:

Bonds payable, beginning of period	\$ 25,480,000
Bonds retired	<u>(1,285,000)</u>
Bonds payable, end of period	<u>\$ 24,195,000</u>

*Cimarron Municipal Utility District*  
*Notes to Financial Statements*  
*February 28, 2022*

**Note 6 – Long-Term Debt (continued)**

The debt service payment due March 1 was made during the current fiscal year. The following schedule was prepared presuming this practice will continue. As of February 28, 2022, annual debt service requirements on bonds outstanding are as follows:

Year	Principal	Interest	Totals
2023	\$ 1,325,000	\$ 801,192	\$ 2,126,192
2024	1,380,000	760,037	2,140,037
2025	1,440,000	717,088	2,157,088
2026	1,485,000	672,545	2,157,545
2027	1,530,000	627,514	2,157,514
2028	1,590,000	581,014	2,171,014
2029	1,655,000	532,717	2,187,717
2030	1,720,000	483,888	2,203,888
2031	1,770,000	432,733	2,202,733
2032	1,885,000	379,705	2,264,705
2033	1,970,000	310,544	2,280,544
2034	2,060,000	238,037	2,298,037
2035	2,145,000	162,087	2,307,087
2036	2,240,000	82,850	2,322,850
	\$ 24,195,000	\$ 6,781,951	\$ 30,976,951

**Note 7 – Property Taxes**

On January 25, 1977, the voters of the District authorized the District’s Board of Directors to levy taxes annually for use in financing general operations limited to \$0.25 per \$100 of assessed value. The District’s bond resolutions require that property taxes be levied for use in paying interest and principal on long-term debt and for use in paying the cost of assessing and collecting taxes. Taxes levied to finance debt service requirements on long-term debt are without limitation as to rate or amount.

All property values and exempt status, if any, are determined by the Harris County Appraisal District and the Fort Bend Central Appraisal District. Assessed values are determined as of January 1 of each year, at which time a tax lien attaches to the related property. Taxes are levied around October/November, are due upon receipt and are delinquent the following February 1. Penalty and interest attach thereafter.

Property taxes are collected based on rates adopted in the year of the levy. The District’s 2022 fiscal year was financed through the 2021 tax levy, pursuant to which the District levied property taxes of \$0.35 per \$100 of assessed value, of which \$0.155 was allocated to maintenance and operations and \$0.195 was allocated to debt service. The resulting tax levy was \$4,094,805 on the adjusted taxable value of \$1,169,943,940.

*Cimarron Municipal Utility District*  
*Notes to Financial Statements*  
*February 28, 2022*

**Note 7 – Property Taxes (continued)**

Net property taxes receivable, at February 28, 2022, consisted of the following:

Current year taxes receivable	\$ 96,627
Prior years taxes receivable	76,945
Less allowance for uncollectible accounts	<u>(26,767)</u>
	146,805
Penalty and interest receivable	<u>35,708</u>
Net property taxes receivable	<u>\$ 182,513</u>

**Note 8 – Strategic Partnership Agreement**

Effective April 10, 2003, as subsequently amended, the District and the City of Houston (the “City”) entered into a Strategic Partnership Agreement (the “Agreement”) under which the City annexed certain commercial areas of the District for the limited purposes of applying the City’s planning, zoning, health and safety ordinances within the District. The District continues to exercise all powers and functions of a municipal utility district. As consideration for the District providing services described in the Agreement, the City agreed to remit one half of all retail sales taxes collected from retailers in the area annexed. The City agrees that it will not annex all or part of the District during the term of this agreement which is thirty years. During the current year, the District recognized \$1,119,254 in City of Houston sales tax revenues.

**Note 9 – Financing and Operation of Regional Facilities**

On August 30, 1983, as subsequently amended, the District entered into a forty-five year agreement with West Memorial Municipal Utility District (“West Memorial”), Interstate Municipal Utility District, Mason Creek Utility District and Harris County Municipal Utility District No. 81, whereby West Memorial agreed to provide the regional wastewater treatment and disposal facilities necessary to serve the participants. West Memorial has oversight responsibilities and holds title to the facilities for the benefit of the participating Districts.

The following represents each participant’s capacity and percentage of ownership:

Participant	Million Gallons Capacity	Percent of Ownership
Cimarron Municipal Utility District	2,471,000	38.16%
Interstate Municipal Utility District	1,350,000	20.85%
Harris County Municipal Utility District No. 81	1,255,000	19.38%
Mason Creek Utility District	800,000	12.36%
West Memorial Municipal Utility District	<u>599,000</u>	<u>9.25%</u>
Totals	<u>6,475,000</u>	<u>100.00%</u>

*Cimarron Municipal Utility District*  
*Notes to Financial Statements*  
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**Note 9 – Financing and Operation of Regional Facilities (continued)**

West Memorial operates the regional facilities. Participants are billed monthly based on a contractual formula. During the current year, the District recorded expenditures in the amount of \$782,606 for its share of operating costs. In addition, the District is responsible for its pro rata share of an operating and maintenance reserve, which is equivalent to three months of average budgeted operating and maintenance expenditures. As of February 28, 2022, the District’s share of the operating reserve is \$74,754.

Audited financial statements for the wastewater treatment plant are prepared annually and can be obtained from West Memorial’s attorney. Condensed financial information, as of and for the year ended June 30, 2021, is shown below:

Total Assets	<u>\$ 702,360</u>
Total Liabilities	\$ 281,940
Total Fund Balance - Restricted	<u>420,420</u>
Total Liabilities and Fund Balance	<u>\$ 702,360</u>
Total Revenues	\$ 1,822,819
Total Expenditures	<u>(1,822,819)</u>
Revenues Over Expenditures	
Other Financing Sources - Increase in Operating Reserve	<u>2,150</u>
Net Change in Fund Balance	2,150
Fund Balance, Beginning of Year	<u>418,270</u>
Fund Balance, End of Year	<u>\$ 420,420</u>

**Note 10 – Joint Water Supply Agreement**

On November 17, 2010, the District entered into a Joint Water Plant Operating Agreement, (“the “Agreement”) with Harris-Fort Bend Counties Municipal District No. 3 (“HFB MUD 3”) for allocation of costs associated with the operation and maintenance of a joint water plant. The District shall hold legal title for the water plant for the benefit of both districts. Each district shall have an undivided equitable interest in the water plant based on the district’s proportionate share of equivalent single family connections. The District has a 65.04% interest in the water plant and HFB MUD 3 has a 34.96% interest in the water plant.

Pursuant to the Agreement, the District has established the Joint Water Plant Fund, a special revenue fund, to account for activities related to the operation and maintenance of the joint water plant. Each district is billed monthly for its proportionate share of maintenance and operating expenditures. For the year ended February 28, 2022, the District’s share of the water service billings were \$868,843 and HFB MUD 3’s share of the water service billings were \$62,726. As of February 28, 2022, the District’s and HFB MUD 3’s operating reserves are \$198,756 and \$16,731, respectively.

**Note 11 – West Harris County Regional Water Authority**

The District is within the boundaries of the West Harris County Regional Water Authority (the “Authority”), which was created by the Texas Legislature. The Authority is a political subdivision of the State of Texas, governed by an elected nine-member Board of Directors. The Authority was created to provide a regional entity to acquire surface water and build the necessary facilities to convert from groundwater to surface water in order to meet conversion requirements mandated by the Harris-Galveston Coastal Subsidence District, which regulates groundwater withdrawal. As of February 28, 2022, the Authority’s rates are \$3.70 per 1,000 gallons of water pumped from the District’s wells and \$4.10 for surface water supplied to the District. These rates are subject to future increases. The District passes these costs on to its customers.

**Note 12 – Economic Development Agreement**

On July 17, 2013, the District entered into an Economic Development Agreement with Costco Wholesale Corporation in order to provide a performance-based economic development grant to the developer to defray a portion of the costs incurred by the developer by building a wholesale merchandise facility in the District. Costco will be paid from revenues received from the Strategic Partnership Agreement (“SPA”) between the District and the City of Houston (“the City”). The amount of the Economic Development Grant for a given year shall be equal to fifty percent of the revenue received by the District from the City pursuant to the SPA from Costco, but not to exceed \$100,000. The initial Economic Development Grant payment shall be made within thirty days of the annual anniversary date of the initial sales tax collection by the City from Costco and ends after ten years. During the current fiscal year, the District recognized \$100,000 in payment to Costco.

**Note 13 – Risk Management**

The District is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; and personal injuries. The risk of loss is covered by commercial insurance. There have been no significant reductions in insurance coverage from the prior year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.



## **Required Supplementary Information**

*Cimarron Municipal Utility District*

*Required Supplementary Information - Budgetary Comparison Schedule - General Fund*

*For the Year Ended February 28, 2022*

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Water service	\$ 803,000	\$ 719,243	\$ (83,757)
Sewer service	1,150,560	1,132,762	(17,798)
Property taxes	1,702,545	1,724,055	21,510
Penalties and interest	68,000	113,900	45,900
Water supply		192,000	192,000
Tap connection and inspection	143,660	326,609	182,949
City of Houston sales tax rebate	849,300	1,101,759	252,459
Regional water authority fees	1,374,100	1,459,290	85,190
Miscellaneous	10,000	83,402	73,402
Investment earnings	16,300	16,771	471
Total Revenues	<u>6,117,465</u>	<u>6,869,791</u>	<u>752,326</u>
<b>Expenditures</b>			
Current service operations			
Purchased services	1,454,412	1,647,345	(192,933)
Professional fees	185,500	145,435	40,065
Contracted services	730,652	820,993	(90,341)
Repairs and maintenance	1,202,760	921,975	280,785
Utilities	108,700	109,691	(991)
Regional water authority fees	888,600	930,387	(41,787)
Administrative	117,560	110,063	7,497
Other	34,000	34,981	(981)
Economic development grant	100,000	100,000	
Capital outlay	<u>305,186</u>	<u>150,443</u>	<u>154,743</u>
Total Expenditures	<u>5,127,370</u>	<u>4,971,313</u>	<u>156,057</u>
<b>Revenues Over Expenditures</b>	990,095	1,898,478	908,383
<b>Other Items</b>			
Internal transfers		<u>120,595</u>	<u>120,595</u>
<b>Net Change in Fund Balance</b>	990,095	2,019,073	1,028,978
<b>Fund Balance</b>			
Beginning of the period	<u>7,563,675</u>	<u>7,563,675</u>	
End of the period	<u>\$ 8,553,770</u>	<u>\$ 9,582,748</u>	<u>\$ 1,028,978</u>

*Cimarron Municipal Utility District  
 Required Supplementary Information - Budgetary Comparison Schedule -  
 Joint Water Plant Fund  
 For the Year Ended February 28, 2022*

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Water supply	\$ 861,946	\$ 931,569	\$ 69,623
Investment earnings	130	18	(112)
Total Revenues	<u>862,076</u>	<u>931,587</u>	<u>69,511</u>
<b>Expenditures</b>			
Current service operations			
Professional fees	15,500	3,000	12,500
Contracted services	7,000	6,141	859
Repairs and maintenance	84,820	91,247	(6,427)
Utilities	42,900	44,890	(1,990)
Regional Water Authority fees	699,600	773,839	(74,239)
Administrative	12,136	12,150	(14)
Other	120	320	(200)
Total Expenditures	<u>862,076</u>	<u>931,587</u>	<u>(69,511)</u>
<b>Revenues Over (Under) Expenditures</b>			
<b>Fund Balance:</b>			
Beginning of the period	-	-	-
End of the period	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

*Cimarron Municipal Utility District*  
*Notes to Required Supplementary Information*  
*February 28, 2022*

**Budgets and Budgetary Accounting**

An annual unappropriated budget is adopted for the General Fund and the Joint Water Plant Fund by the District's Board of Directors. The budgets are prepared using the same method of accounting as for financial reporting. There were no amendments to the budgets during the year.

## **Texas Supplementary Information**

**Cimarron Municipal Utility District**

**TSI-1. Services and Rates**

February 28, 2022

1. Services provided by the District During the Fiscal Period:

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

2. Retail Service Providers

a. Retail Rates for a 5/8" meter (or equivalent):

	Minimum Charge	Minimum Usage	Flat Rate (Y / N)	Rate per 1,000 Gallons Over Minimum Usage	Usage Levels	
Water:	\$ 9.00	6,000	N	\$ 1.25	6,001	to 10,000
				\$ 1.50	10,001	to 15,000
				\$ 1.75	15,001	to 20,000
				\$ 2.00	20,001	to No limit
Wastewater:	\$ 26.22	- 0 -	Y	N/A	- 0 -	to No limit
Surface water:	\$	- 0 -	N	\$ 4.07	- 0 -	to No limit

District employs winter averaging for wastewater usage?  Yes  No

Total charges per 10,000 gallons usage: Water \$ 54.70 Wastewater \$ 26.22

b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC'S
Unmetered			x 1.0	
less than 3/4"	1,502	1,488	x 1.0	1,488
1"	29	29	x 2.5	73
1.5"	38	38	x 5.0	190
2"	111	111	x 8.0	888
3"	2	2	x 15.0	30
4"	2	2	x 25.0	50
6"	4	4	x 50.0	200
8"	13	13	x 80.0	1,040
10"			x 115.0	
12"	1	1	x 155.0	155
Total Water	1,702	1,688		4,114
Total Wastewater	1,601	1,587	x 1.0	1,587

See accompanying auditor's report.

*Cimarron Municipal Utility District*  
*TSI-1. Services and Rates*  
*February 28, 2022*

3. Total Water Consumption during the fiscal period (rounded to the nearest thousand):

Gallons pumped into system:	<u>488,486,000</u>	Water Accountability Ratio: (Gallons billed and sold/ gallons pumped and purchased) <u>96.55%</u>
Gallons billed to customers:	<u>454,353,000</u>	
*Gallons sold:	<u>17,261,000</u>	

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: \_\_\_\_\_

5. Location of District

Is the District located entirely within one county? Yes  No

County(ies) in which the District is located: Harris and Fort Bend

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

City(ies) in which the District is located: \_\_\_\_\_

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

Entirely  Partly  Not at all

ETJs in which the District is located: City of Houston

Are Board members appointed by an office outside the district? Yes  No

If Yes, by whom? \_\_\_\_\_

\* Gallons sold to Harris-Fort Bend County MUD 3

See accompanying auditor's report.

*Cimarron Municipal Utility District  
TSI-2 General Fund Expenditures  
For the Year Ended February 28, 2022*

Purchased services		<u>\$ 1,647,345</u>
Professional fees		
Legal		80,929
Engineering		51,256
Audit		13,250
		<u>145,435</u>
Contracted services		
Bookkeeping		32,667
Operator		140,146
Garbage collection		242,475
Tap connection and inspection		178,126
Tax assessor collector		4,931
Security		222,648
		<u>820,993</u>
Repairs and maintenance		<u>921,975</u>
Utilities		<u>109,691</u>
Regional water authority fees		<u>930,387</u>
Administrative		
Directors fees		15,600
Printing and office supplies		21,058
Insurance		35,516
Other		37,889
		<u>110,063</u>
Other		<u>34,981</u>
Economic development grant		<u>100,000</u>
Capital outlay		<u>150,443</u>
Total expenditures		<u><u>\$ 4,971,313</u></u>

Reporting of Utility Services in Accordance with HB 3693:

	<u>Usage</u>	<u>Cost</u>
Electrical	1,127,127 kWh	\$ 110,162
Water	N/A	N/A
Natural Gas	626 CCF	\$ 744

See accompanying auditor's report.



*Cimarron Municipal Utility District*  
*TSI-3. Investments*  
*February 28, 2022*

Fund	Interest Rate	Maturity Date	Balance at End of Year	Interest Receivable
General				
Texas CLASS	Variable	N/A	\$ 5,183,055	\$ -
Certificate of deposit	0.20%	04/22/22	245,000	419
Certificate of deposit	0.44%	11/01/22	245,000	348
Certificate of deposit	0.50%	04/20/22	245,000	1,054
Certificate of deposit	0.30%	03/21/22	245,000	691
Certificate of deposit	0.35%	01/24/23	240,000	106
Certificate of deposit	0.25%	07/14/22	245,000	384
Certificate of deposit	0.15%	09/24/22	245,000	158
Certificate of deposit	0.25%	10/15/22	245,000	228
Certificate of deposit	0.25%	05/09/22	245,000	495
Certificate of deposit	0.35%	06/22/22	245,000	590
Certificate of deposit	0.13%	12/22/22	240,000	58
Certificate of deposit	0.40%	09/25/22	245,000	419
Certificate of deposit	0.40%	02/24/23	245,000	11
Certificate of deposit	0.12%	11/10/22	245,000	89
			<u>8,603,055</u>	<u>5,050</u>
Debt Service				
Texas CLASS	Variable	N/A	905,432	
Certificate of deposit	0.15%	08/23/22	240,000	4
Certificate of deposit	0.30%	08/23/22	240,000	8
			<u>1,385,432</u>	<u>12</u>
Total - All Funds			<u>\$ 9,988,487</u>	<u>\$ 5,062</u>

See accompanying auditor's report.

***Cimarron Municipal Utility District***  
***TSI-4. Taxes Levied and Receivable***  
***February 28, 2022***

	Maintenance Taxes	Debt Service Taxes	Totals	
Taxes Receivable, Beginning of Year	\$ 85,233	\$ 124,910	\$ 210,143	
Adjustments to Prior Year Tax Levy	(84,896)	(113,465)	(198,361)	
Adjusted Receivable	337	11,445	11,782	
2021 Original Tax Levy	1,611,359	2,027,192	3,638,551	
Adjustments	202,055	254,199	456,254	
Adjusted Tax Levy	1,813,414	2,281,391	4,094,805	
Total to be accounted for	1,813,751	2,292,836	4,106,587	
Tax collections:				
Current year	1,770,622	2,227,556	3,998,178	
Prior years	(15,414)	(22,982)	(38,396)	
Total Collections	1,755,208	2,204,574	3,959,782	
Taxes Receivable, End of Year	\$ 58,543	\$ 88,262	\$ 146,805	
Taxes Receivable, By Years				
2021	\$ 42,792	\$ 53,835	\$ 96,627	
2020	9,400	11,394	20,794	
2019	2,419	3,888	6,307	
2017 and prior	3,932	19,145	23,077	
Taxes Receivable, End of Year	\$ 58,543	\$ 88,262	\$ 146,805	
	2021	2020	2019	2018
Property Valuations:				
Land	\$ 322,553,538	\$ 316,749,945	\$ 302,947,106	\$ 287,609,924
Improvements	878,496,635	792,261,925	655,532,929	624,586,396
Personal Property	53,635,315	54,715,154	52,516,724	49,120,833
Exemptions	(84,741,548)	(80,353,731)	(82,114,129)	(76,941,631)
Total Property Valuations	\$ 1,169,943,940	\$ 1,083,373,293	\$ 928,882,630	\$ 884,375,522
Tax Rates per \$100 Valuation:				
Maintenance tax rates*	\$ 0.155	\$ 0.165	\$ 0.140	\$ 0.110
Debt service tax rates	0.195	0.200	0.225	0.255
Total Tax Rates per \$100 Valuation	\$ 0.350	\$ 0.365	\$ 0.365	\$ 0.365
Adjusted Tax Levy:	\$ 4,094,805	\$ 3,954,313	\$ 3,390,422	\$ 3,227,971
Percentage of Taxes Collected to Taxes Levied **	97.64%	99.47%	99.81%	99.87%

\* Maximum Maintenance Tax Rate Approved by Voters: \$0.25 on January 25, 1977

\*\* Calculated as taxes collected for a tax year divided by taxes levied for that tax year.

See accompanying auditor's report.

*Cimarron Municipal Utility District*  
*TSI-5. Long-Term Debt Service Requirements*  
*Series 2014 Refunding--by Years*  
*February 28, 2022*

Due During Fiscal Years Ending	Principal Due March 1	Interest Due September 1, March 1	Total
2023	\$ 570,000	\$ 102,269	\$ 672,269
2024	595,000	85,169	680,169
2025	620,000	67,319	687,319
2026	240,000	48,719	288,719
2027	250,000	41,519	291,519
2028	260,000	34,018	294,018
2029	275,000	26,218	301,218
2030	280,000	17,968	297,968
2031	295,000	9,218	304,218
	<u>\$ 3,385,000</u>	<u>\$ 432,417</u>	<u>\$ 3,817,417</u>

See accompanying auditor's report.

*Cimarron Municipal Utility District*  
*TSI-5. Long-Term Debt Service Requirements*  
*Series 2015--by Years*  
*February 28, 2022*

Due During Fiscal Years Ending	Principal Due March 1	Interest Due September 1, March 1	Total
2023	\$ 230,000	\$ 137,463	\$ 367,463
2024	240,000	130,562	370,562
2025	255,000	123,363	378,363
2026	265,000	115,712	380,712
2027	275,000	107,763	382,763
2028	290,000	99,512	389,512
2029	305,000	90,813	395,813
2030	320,000	81,662	401,662
2031	330,000	72,063	402,063
2032	345,000	61,749	406,749
2033	365,000	50,538	415,538
2034	380,000	38,675	418,675
2035	395,000	26,325	421,325
2036	415,000	13,488	428,488
	<u>\$ 4,410,000</u>	<u>\$ 1,149,688</u>	<u>\$ 5,559,688</u>

See accompanying auditor's report.

*Cimarron Municipal Utility District*  
*TSI-5. Long-Term Debt Service Requirements*  
*Series 2017 Refunding--by Years*  
*February 28, 2022*

<u>Due During Fiscal Years Ending</u>	<u>Principal Due March 1</u>	<u>Interest Due September 1, March 1</u>	<u>Total</u>
2023	\$ 20,000	\$ 111,228	\$ 131,228
2024	20,000	110,676	130,676
2025	160,000	110,124	270,124
2026	570,000	105,708	675,708
2027	595,000	89,976	684,976
2028	620,000	73,554	693,554
2029	650,000	56,442	706,442
2030	685,000	38,502	723,502
2031	710,000	19,596	729,596
	<u>\$ 4,030,000</u>	<u>\$ 715,806</u>	<u>\$ 4,745,806</u>

See accompanying auditor's report.

*Cimarron Municipal Utility District*  
*TSI-5. Long-Term Debt Service Requirements*  
*Series 2017--by Years*  
*February 28, 2022*

<u>Due During Fiscal Years Ending</u>	<u>Principal Due March 1</u>	<u>Interest Due September 1, March 1</u>	<u>Total</u>
2023	\$ 55,000	\$ 26,732	\$ 81,732
2024	55,000	25,630	80,630
2025	60,000	24,532	84,532
2026	60,000	23,256	83,256
2027	60,000	21,906	81,906
2028	65,000	20,330	85,330
2029	65,000	18,544	83,544
2030	70,000	16,756	86,756
2031	70,000	14,656	84,656
2032	75,000	12,556	87,556
2033	75,000	10,306	85,306
2034	80,000	7,962	87,962
2035	80,000	5,362	85,362
2036	85,000	2,762	87,762
	<u>\$ 955,000</u>	<u>\$ 231,290</u>	<u>\$ 1,186,290</u>

See accompanying auditor's report.

*Cimarron Municipal Utility District*  
*TSI-5. Long-Term Debt Service Requirements*  
*Series 2019 Refunding--by Years*  
*February 28, 2022*

<u>Due During Fiscal Years Ending</u>	<u>Principal Due March 1</u>	<u>Interest Due September 1, March 1</u>	<u>Total</u>
2023	\$ 200,000	\$ 370,400	\$ 570,400
2024	215,000	362,400	577,400
2025	225,000	353,800	578,800
2026	230,000	344,800	574,800
2027	225,000	335,600	560,600
2028	225,000	326,600	551,600
2029	225,000	317,600	542,600
2030	225,000	308,600	533,600
2031	225,000	299,600	524,600
2032	1,320,000	290,600	1,610,600
2033	1,385,000	237,800	1,622,800
2034	1,450,000	182,400	1,632,400
2035	1,520,000	124,400	1,644,400
2036	1,590,000	63,600	1,653,600
	<u>\$ 9,260,000</u>	<u>\$ 3,918,200</u>	<u>\$ 13,178,200</u>

See accompanying auditor's report.

*Cimarron Municipal Utility District*  
*TSI-5. Long-Term Debt Service Requirements*  
*Series 2021 Refunding--by Years*  
*February 28, 2022*

<u>Due During Fiscal Years Ending</u>	<u>Principal Due March 1</u>	<u>Interest Due September 1, March 1</u>	<u>Total</u>
2023	\$ 250,000	\$ 53,100	\$ 303,100
2024	255,000	45,600	300,600
2025	120,000	37,950	157,950
2026	120,000	34,350	154,350
2027	125,000	30,750	155,750
2028	130,000	27,000	157,000
2029	135,000	23,100	158,100
2030	140,000	20,400	160,400
2031	140,000	17,600	157,600
2032	145,000	14,800	159,800
2033	145,000	11,900	156,900
2034	150,000	9,000	159,000
2035	150,000	6,000	156,000
2036	150,000	3,000	153,000
	<u>\$ 2,155,000</u>	<u>\$ 334,550</u>	<u>\$ 2,489,550</u>

See accompanying auditor's report.



*Cimarron Municipal Utility District*  
*TSI-5. Long-Term Debt Service Requirements*  
*All Bonded Debt Series--by Years*  
*February 28, 2022*

Due During Fiscal Years Ending	Principal Due March 1	Interest Due September 1, March 1	Total
2023	\$ 1,325,000	\$ 801,192	\$ 2,126,192
2024	1,380,000	760,037	2,140,037
2025	1,440,000	717,088	2,157,088
2026	1,485,000	672,545	2,157,545
2027	1,530,000	627,514	2,157,514
2028	1,590,000	581,014	2,171,014
2029	1,655,000	532,717	2,187,717
2030	1,720,000	483,888	2,203,888
2031	1,770,000	432,733	2,202,733
2032	1,885,000	379,705	2,264,705
2033	1,970,000	310,544	2,280,544
2034	2,060,000	238,037	2,298,037
2035	2,145,000	162,087	2,307,087
2036	2,240,000	82,850	2,322,850
	<u>\$ 24,195,000</u>	<u>\$ 6,781,951</u>	<u>\$ 30,976,951</u>

See accompanying auditor's report.

*Cimarron Municipal Utility District*  
*TSI-6. Change in Long-Term Bonded Debt*  
*February 28, 2022*

	Bond Issue			
	Series 2014 Refunding	Series 2015	Series 2017 Refunding	Series 2017
Interest rate	2.00% - 3.125%	2.00% - 3.25%	2.76%	2.00% - 4.50%
Dates interest payable	9/1; 3/1	9/1; 3/1	9/1; 3/1	9/1; 3/1
Maturity dates	3/1/15 - 3/1/31	3/1/16 - 3/1/36	3/1/18 - 3/1/31	3/1/18 - 3/1/36
Beginning bonds outstanding	\$ 3,935,000	\$ 4,630,000	\$ 4,050,000	\$ 1,010,000
Bonds retired	(550,000)	(220,000)	(20,000)	(55,000)
Ending bonds outstanding	<u>\$ 3,385,000</u>	<u>\$ 4,410,000</u>	<u>\$ 4,030,000</u>	<u>\$ 955,000</u>
Interest paid during fiscal year	<u>\$ 116,019</u>	<u>\$ 141,862</u>	<u>\$ 111,780</u>	<u>\$ 28,932</u>
Paying agent's name and city	Wells Fargo Bank, N.A., Houston, Texas			
Series 2010	Regions Bank, Houston, Texas			
All other Series	Regions Bank, Houston, Texas			
	Unlimited Tax and Revenue Bonds	Unlimited Tax and Refunding Bonds	Refunding Bonds	
Bond Authority:				
Amount Authorized by Voters	\$ 40,670,000	\$ 10,000,000	\$ 6,000,000	
Amount Issued	(39,345,000)	(9,635,000)	(5,983,429)	
Remaining To Be Issued	<u>\$ 1,325,000</u>	<u>\$ 365,000</u>	<u>\$ 16,571</u>	

All bonds are secured with tax revenues. Bonds may also be secured with other revenues in combination with taxes.

Debt Service Fund cash and temporary investment balances as of February 28, 2022: \$ 2,239,069

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 2,212,639

See accompanying auditor's report.

Bond Issue		
Series 2019	Series 2021	Totals
Refunding	Refunding	
4.00%	2.00% - 3.00%	
9/1; 3/1	9/1; 3/1	
3/1/20 -	3/1/22 -	
3/1/36	3/1/36	
\$ 9,455,000	\$ 2,400,000	\$ 25,480,000
(195,000)	(245,000)	(1,285,000)
<u>\$ 9,260,000</u>	<u>\$ 2,155,000</u>	<u>\$ 24,195,000</u>
<u>\$ 378,200</u>	<u>\$ 65,488</u>	<u>\$ 842,281</u>

***Cimarron Municipal Utility District  
TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund  
For the Last Five Fiscal Periods***

	Amounts				
	2022	2021	2020	2019	2018
Revenues					
Water service	\$ 719,243	\$ 791,059	\$ 626,240	\$ 584,069	\$ 588,522
Sewer service	1,132,762	1,077,891	967,426	941,124	949,228
Property taxes	1,724,055	1,784,601	1,294,132	978,763	944,956
Penalties and interest	113,900	52,628	59,374	46,559	43,041
Water supply	192,000				
Tap connection and inspection	326,609	440,123	507,134	377,337	306,535
City of Houston sales tax rebate	1,101,759	846,723	853,205	880,830	707,596
Regional water authority fees	1,459,290	1,362,287	1,240,787	943,948	863,847
Miscellaneous	83,402	89,994	68,177	22,562	27,195
Investment earnings	16,771	51,192	106,170	79,661	26,698
Total Revenues	<u>6,869,791</u>	<u>6,496,498</u>	<u>5,722,645</u>	<u>4,854,853</u>	<u>4,457,618</u>
Expenditures					
Current service operations					
Purchased services	1,647,345	1,414,595	1,016,237	1,062,583	893,494
Professional fees	145,435	144,256	139,983	179,487	162,256
Contracted services	820,993	835,138	781,713	631,204	548,678
Repairs and maintenance	921,975	770,325	672,276	650,759	628,483
Utilities	109,691	101,494	116,483	115,709	155,227
Regional water authority fees	930,387	786,510	978,193	602,504	826,308
Administrative	110,063	110,599	113,431	121,090	99,956
Other	34,981	32,983	39,590	28,437	31,707
Economic development grant	100,000	100,000	100,000	100,000	100,000
Capital outlay	150,443	625,837	805,571	558,613	243,860
Debt service					
Debt issuance costs		88,261			
Intergovernmental				350,000	
Total Expenditures	<u>4,971,313</u>	<u>5,009,998</u>	<u>4,763,477</u>	<u>4,400,386</u>	<u>3,689,969</u>
Revenues Over Expenditures	<u>\$ 1,898,478</u>	<u>\$ 1,486,500</u>	<u>\$ 959,168</u>	<u>\$ 454,467</u>	<u>\$ 767,649</u>

\*Percentage is negligible

See accompanying auditor's report.

Percent of Fund Total Revenues

2022	2021	2020	2019	2018
10%	12%	11%	12%	13%
16%	17%	17%	19%	21%
25%	27%	23%	21%	21%
2%	1%	1%	1%	1%
3%				
5%	7%	9%	8%	7%
16%	13%	15%	18%	16%
22%	21%	22%	19%	19%
1%	1%	1%	*	1%
*	1%	1%	2%	1%
100%	100%	100%	100%	100%
24%	22%	18%	22%	20%
2%	2%	2%	4%	4%
12%	13%	14%	13%	12%
13%	12%	12%	13%	14%
2%	2%	2%	2%	3%
14%	12%	17%	12%	19%
2%	2%	2%	2%	2%
1%	1%	1%	1%	1%
1%	2%	2%	2%	2%
2%	10%	14%	12%	5%
	1%			
			7%	
73%	79%	84%	90%	82%
27%	21%	16%	10%	18%

*Cimarron Municipal Utility District*

*TSI-7b. Comparative Schedule of Revenues and Expenditures - Debt Service Fund*

*For the Last Five Fiscal Periods*

	Amounts				
	2022	2021	2020	2019	2018
Revenues					
Property taxes	\$ 2,222,217	\$ 2,158,477	\$ 2,077,006	\$ 2,262,219	\$ 2,207,799
Penalties and interest	30,869	24,433	31,162	19,648	24,869
Miscellaneous	41,507	209	4,871	7,527	9,230
Investment earnings	4,252	11,720	40,361	35,148	12,403
Total Revenues	<u>2,298,845</u>	<u>2,194,839</u>	<u>2,153,400</u>	<u>2,324,542</u>	<u>2,254,301</u>
Expenditures					
Tax collection services	81,843	68,661	72,923	60,263	63,272
Other				4,612	
Debt service					
Principal	1,285,000	1,230,000	1,200,000	1,150,000	1,145,000
Interest and fees	843,289	912,959	957,943	1,053,961	1,029,973
Debt issuance costs		35,934		342,219	111,783
Total Expenditures	<u>2,210,132</u>	<u>2,247,554</u>	<u>2,230,866</u>	<u>2,611,055</u>	<u>2,350,028</u>
Revenues Over/(Under) Expenditures	<u>\$ 88,713</u>	<u>\$ (52,715)</u>	<u>\$ (77,466)</u>	<u>\$ (286,513)</u>	<u>\$ (95,727)</u>
Total Active Retail Water Connections	<u>1,688</u>	<u>1,681</u>	<u>1,667</u>	<u>1,652</u>	<u>1,634</u>
Total Active Retail Wastewater Connections	<u>1,587</u>	<u>1,585</u>	<u>1,577</u>	<u>1,565</u>	<u>1,559</u>

\*Percentage is negligible

See accompanying auditor's report.

Percent of Fund Total Revenues

2022	2021	2020	2019	2018
97%	98%	97%	97%	98%
1%	1%	1%	1%	1%
2%	*	*	*	*
*	1%	2%	2%	1%
100%	100%	100%	100%	100%
4%	3%	3%	3%	3%
56%	56%	56%	49%	51%
37%	42%	44%	45%	46%
	2%		15%	5%
97%	103%	103%	112%	105%
3%	(3%)	(3%)	(12%)	(5%)

***Cimarron Municipal Utility District  
TSI-8. Board Members, Key Personnel and Consultants  
February 28, 2022***

Complete District Mailing Address: 3200 Southwest Freeway, Suite 2600, Houston, TX 77027  
 District Business Telephone Number: (713) 860-6400  
 Submission Date of the most recent District Registration Form  
 (TWC Sections 36.054 and 49.054): February 9, 2021  
 Limit on Fees of Office that a Director may receive during a fiscal year: \$ 7,200  
 (Set by Board Resolution -- TWC Section 49.0600)

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimburse- ments	Title at Year End
<b>Board Members</b>				
David F. Jones	5/18 to 5/22	\$ 2,700	\$ 175	President
Gary Russell	5/18 to 5/22	3,750	148	Vice President
John Linn	5/20 to 5/24	3,600	198	Secretary
David Aitken	5/20 to 5/24	2,700	1,570	Assistant Secretary
Mia Hull	12/21 to 5/24	1,050	131	Assistant Vice President
Richard May	5/20 to 8/21	1,800		Former Director
<b>Consultants</b>				
Allen Boone Humphries Robinson LLP	2003	<u>Amounts Paid</u>		Attorney
<i>General legal fees</i>		\$ 88,191		
<i>Bond counsel</i>				
Si Environmental, LLC	2012	943,866		Operator
Municipal Accounts & Consulting, LP	2017	47,180		Bookkeeper
Bob Leared Interests	1977	34,784		Tax Collector
Harris County Appraisal District	Legislature	28,158		Property Valuation
Fort Bend Central Appraisal District	Legislature	1,408		Property Valuation
Perdue, Brandon, Fielder, Collins, & Mott, LLP	1996	8,482		Delinquent Tax Attorney
Vogler & Spencer Engineering, Inc.	1997	64,709		Engineer
McGrath & Co., PLLC	Annual	16,250		Auditor

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