



Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas

**Independent Auditor's Report and
Financial Statements**

September 30, 2023



**Renn Road Municipal Utility District of
Harris and Fort Bend Counties, Texas
September 30, 2023**

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Independent Auditor's Report

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

Opinions

We have audited the financial statements of the governmental activities and each major fund of Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas (the District), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of September 30, 2023, and the respective changes in financial position 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 (GAAS). 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 these 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 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not absolute assurance

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedules required by the Texas Commission on Environmental Quality listed in the table of contents are 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. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

FORVIS, LLP

Houston, Texas
February 5, 2024

Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas

Management's Discussion and Analysis

September 30, 2023

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to financial statements. This report also contains supplementary information required by the Governmental Accounting Standards Board and by the District's state oversight agency, the Texas Commission on Environmental Quality (the Commission).

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, such as the provision of water, sanitary sewer and drainage services. Other activities, such as the provision of recreation facilities and solid waste 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, liabilities, and deferred inflows and outflows of resources of 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 assets, liabilities, and deferred inflows and outflows of resources is labeled as net position and this difference is similar to the total stockholders' 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. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. 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 year.

**Renn Road Municipal Utility District of
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Management's Discussion and Analysis (Continued)
September 30, 2023

Although the statement of activities looks different from a commercial enterprise's statement of income, 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 Funds

Governmental-fund financial statements consist of a balance sheet and a statement of revenues, expenditures and changes 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, sewer and drainage 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 assets, liabilities, and deferred inflows and outflows of resources 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 is different, there are significant differences between the totals presented in these financial statements. For this reason, there is an analysis in the notes to financial statements that describes the adjustments to fund balances to arrive at net position presented in the governmental activities column on the statement of net position. Also, there is an analysis in the notes to 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.

Notes to Financial Statements

The notes to financial statements provide additional information that is essential to a full understanding of the data found in the government-wide and fund financial statements.

**Renn Road Municipal Utility District of
Harris and Fort Bend Counties, Texas**
Management's Discussion and Analysis (Continued)
September 30, 2023

Financial Analysis of the District as a Whole

The District's overall financial position and activities for the past two years are summarized as follows, based on the information included in the government-wide financial statements.

Summary of Net Position

	2023	2022
Current and other assets	\$ 7,376,365	\$ 7,062,227
Capital assets	7,875,638	8,013,117
Total assets	15,252,003	15,075,344
Deferred outflows of resources	12,185	19,984
Total assets and deferred outflows of resources	\$ 15,264,188	\$ 15,095,328
Long-term liabilities	\$ 8,617,803	\$ 9,426,292
Other liabilities	759,657	775,392
Total liabilities	9,377,460	10,201,684
Net position:		
Net investment in capital assets	1,156,456	779,129
Restricted	1,083,793	933,977
Unrestricted	3,646,479	3,180,538
Total net position	\$ 5,886,728	\$ 4,893,644

The total net position of the District increased by \$993,084, or about 20 percent. The increase in net position is primarily due to property tax revenues intended to pay principal on the District's bonded indebtedness, which is shown as long-term liabilities in the government-wide financial statements, and charges for services revenues in excess of service expenses. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Renn Road Municipal Utility District of
Harris and Fort Bend Counties, Texas**
Management's Discussion and Analysis (Continued)
September 30, 2023

Summary of Changes in Net Position

	<u>2023</u>	<u>2022</u>
Revenues:		
Property taxes	\$ 2,083,575	\$ 1,846,160
Charges for services	2,167,336	2,091,642
Other revenues	<u>578,042</u>	<u>239,773</u>
Total revenues	<u>4,828,953</u>	<u>4,177,575</u>
Expenses:		
Services	3,179,209	2,723,526
Depreciation	470,064	461,306
Debt service	<u>186,596</u>	<u>452,605</u>
Total expenses	<u>3,835,869</u>	<u>3,637,437</u>
Change in net position	993,084	540,138
Net position, beginning of year	<u>4,893,644</u>	<u>4,353,506</u>
Net position, end of year	<u>\$ 5,886,728</u>	<u>\$ 4,893,644</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 \$6,586,834, an increase of \$334,967 from the prior year.

The general fund's fund balance increased by \$462,025 due to property taxes and services revenues exceeding service operations expenditures, as well as tap connection and inspection fees revenues exceeding tap connections expenditures.

The special revenue fund's fund balance remained the same, as all expenditures were billed to participants.

The debt service fund's fund balance increased by \$69,169 due to property tax revenues and investment income exceeding bond principal and interest requirements and contracted services expenditures.

The capital projects fund's fund balance decreased by \$196,227 due to capital outlay expenditures exceeding investment income.

**Renn Road Municipal Utility District of
Harris and Fort Bend Counties, Texas**
Management's Discussion and Analysis (Continued)
September 30, 2023

General Fund Budgetary Highlights

There were several differences between the final budgetary amounts and actual amounts. The major differences between budget and actual were due to property taxes, sewer service and regional water fee revenues, tap connection and inspection fees revenues, investment income and repairs and maintenance expenditures being greater than anticipated, as well as purchased services expenditures being less than anticipated. In addition, tap connections expenditures were not budgeted. The fund balance as of September 30, 2023, was expected to be \$3,065,838 and the actual end-of-year fund balance was \$3,624,603.

Capital Assets and Related Debt

Capital Assets

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

Capital Assets (Net of Accumulated Depreciation)

	2023	2022
Land and improvements	\$ 1,834,065	\$ 1,834,065
Construction in progress	251,905	40,679
Water facilities	1,421,243	1,439,662
Wastewater facilities	3,290,622	3,535,780
Drainage facilities	1,077,803	1,162,931
Total capital assets	\$ 7,875,638	\$ 8,013,117

During the current year, additions to capital assets were as follows:

Construction in progress for the wastewater treatment plant clarifier replacement project, including engineering fees	\$ 211,226
Ground storage tank rehabilitation	67,558
Fleetzoom units at the water plant and wastewater treatment plant	22,306
Booster pump Nos. 1, 2 and 3 valve replacements	8,438
Lift pump No. 4 and lifting chain replacement	23,057
Total additions to capital assets	\$ 332,585

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Management's Discussion and Analysis (Continued)
September 30, 2023

Debt

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

Long-term debt payable, beginning of year	\$	9,426,292
Decreases in long-term debt		(808,489)
Long-term debt payable, end of year	\$	8,617,803

At September 30, 2023, the District had \$29,675,000 of unlimited tax bonds authorized, but unissued, for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District.

The District's bonds carry an underlying rating of "A" by Standard & Poor's. The Series 2013 refunding bonds carry an "AA" rating from Standard & Poor's by virtue of bond insurance issued by Assured Guaranty Municipal Corp. The Series 2020 and Series 2021 bonds carry an "AA" rating from Standard & Poor's by virtue of bond insurance issued by Build America Mutual Assurance Company.

Other Relevant Factors

Relationship to the City of Houston

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Houston (the City), the District must conform to the City ordinance consenting to the creation of the District. In addition, the District may be annexed by the City without the District's consent. If the District is annexed, the City must assume the District's assets and obligations (including the bonded indebtedness) and abolish the District within 90 days.

**Renn Road Municipal Utility District of
Harris and Fort Bend Counties, Texas**
Statement of Net Position and Governmental Funds Balance Sheet
September 30, 2023

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets							
Cash	\$ 338,878	\$ 142,516	\$ 27,071	\$ 230,487	\$ 738,952	\$ -	\$ 738,952
Certificates of deposit	916,947	-	-	-	916,947	-	916,947
Short-term investments	2,596,452	-	884,703	1,721,781	5,202,936	-	5,202,936
Receivables:							
Property taxes	21,876	-	24,221	-	46,097	-	46,097
Service accounts	282,985	-	-	-	282,985	-	282,985
Accrued interest	26,808	-	-	-	26,808	-	26,808
Interfund receivables	2,738	41,521	-	35,125	79,384	(79,384)	-
Due from others	-	144,288	-	8,327	152,615	-	152,615
Prepaid expenditures	9,025	-	-	-	9,025	-	9,025
Capital assets (net of accumulated depreciation):							
Land and improvements	-	-	-	-	-	1,834,065	1,834,065
Construction in progress	-	-	-	-	-	251,905	251,905
Infrastructure	-	-	-	-	-	5,789,668	5,789,668
Total assets	<u>4,195,709</u>	<u>328,325</u>	<u>935,995</u>	<u>1,995,720</u>	<u>7,455,749</u>	<u>7,796,254</u>	<u>15,252,003</u>
Deferred Outflows of Resources							
Deferred amount on debt refundings	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>12,185</u>	<u>12,185</u>
Total assets and deferred outflows of resources	<u>\$ 4,195,709</u>	<u>\$ 328,325</u>	<u>\$ 935,995</u>	<u>\$ 1,995,720</u>	<u>\$ 7,455,749</u>	<u>\$ 7,808,439</u>	<u>\$ 15,264,188</u>

Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas

Statement of Net Position and Governmental Funds Balance Sheet (Continued) September 30, 2023

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Liabilities							
Accounts payable	\$ 318,711	\$ 94,902	\$ 2,525	\$ -	\$ 416,138	\$ -	\$ 416,138
Retainage payable	-	48,298	-	-	48,298	-	48,298
Accrued interest payable	-	-	-	-	-	16,223	16,223
Customer deposits	184,805	-	-	-	184,805	-	184,805
Due to others	4,193	-	-	-	4,193	-	4,193
Due to other district	-	90,000	-	-	90,000	-	90,000
Interfund payables	41,521	35,125	2,738	-	79,384	(79,384)	-
Long-term liabilities:							
Due within one year	-	-	-	-	-	825,000	825,000
Due after one year	-	-	-	-	-	7,792,803	7,792,803
Total liabilities	<u>549,230</u>	<u>268,325</u>	<u>5,263</u>	<u>0</u>	<u>822,818</u>	<u>8,554,642</u>	<u>9,377,460</u>
Deferred Inflows of Resources							
Deferred property tax revenues	21,876	0	24,221	0	46,097	(46,097)	0
Fund Balances/Net Position							
Fund balances:							
Nonspendable, prepaid expenditures	9,025	-	-	-	9,025	(9,025)	
Restricted:							
Unlimited tax bonds	-	-	906,511	-	906,511	(906,511)	
Water, sewer and drainage	-	-	-	1,995,720	1,995,720	(1,995,720)	
Committed, wastewater collection and treatment	-	60,000	-	-	60,000	(60,000)	
Unassigned	3,615,578	-	-	-	3,615,578	(3,615,578)	
Total fund balances	<u>3,624,603</u>	<u>60,000</u>	<u>906,511</u>	<u>1,995,720</u>	<u>6,586,834</u>	<u>(6,586,834)</u>	
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,195,709</u>	<u>\$ 328,325</u>	<u>\$ 935,995</u>	<u>\$ 1,995,720</u>	<u>\$ 7,455,749</u>		
Net position:							
Net investment in capital assets						1,156,456	1,156,456
Restricted for plant operations						60,000	60,000
Restricted for debt service						914,509	914,509
Restricted for capital projects						109,284	109,284
Unrestricted						3,646,479	3,646,479
Total net position						<u>\$ 5,886,728</u>	<u>\$ 5,886,728</u>

**Renn Road Municipal Utility District of
Harris and Fort Bend Counties, Texas**
**Statement of Activities and Governmental Funds Revenues,
Expenditures and Changes in Fund Balances**
Year Ended September 30, 2023

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues							
Property taxes	\$ 1,029,465	\$ -	\$ 1,049,946	\$ -	\$ 2,079,411	\$ 4,164	\$ 2,083,575
Water service	545,532	-	-	-	545,532	-	545,532
Sewer service	624,518	1,500,252	-	-	2,124,770	(962,023)	1,162,747
Regional water fee	459,057	-	-	-	459,057	-	459,057
Penalty and interest	39,552	-	25,105	-	64,657	(14,024)	50,633
Tap connection and inspection fees	251,608	-	-	-	251,608	-	251,608
Investment income	141,243	492	44,311	89,657	275,703	-	275,703
Other income	98	-	-	-	98	-	98
Total revenues	<u>3,091,073</u>	<u>1,500,744</u>	<u>1,119,362</u>	<u>89,657</u>	<u>5,800,836</u>	<u>(971,883)</u>	<u>4,828,953</u>
Expenditures/Expenses							
Service operations:							
Purchased services	388,846	-	-	-	388,846	(388,846)	-
Regional water fee	388,678	-	-	-	388,678	-	388,678
Professional fees	137,241	16,820	8,436	-	162,497	7,099	169,596
Contracted services	581,241	113,224	40,632	-	735,097	-	735,097
Utilities	58,238	115,578	-	-	173,816	-	173,816
Repairs and maintenance	848,675	619,568	-	-	1,468,243	-	1,468,243
Other expenditures	127,618	32,303	9,073	-	168,994	-	168,994
Tap connections	74,785	-	-	-	74,785	-	74,785
Capital outlay	23,726	603,251	-	285,884	912,861	(912,861)	-
Depreciation	-	-	-	-	-	470,064	470,064
Debt service:							
Principal retirement	-	-	780,000	-	780,000	(780,000)	-
Interest and fees	-	-	212,052	-	212,052	(25,456)	186,596
Total expenditures/expenses	<u>2,629,048</u>	<u>1,500,744</u>	<u>1,050,193</u>	<u>285,884</u>	<u>5,465,869</u>	<u>(1,630,000)</u>	<u>3,835,869</u>
Excess (Deficiency) of Revenues Over Expenditures	462,025	0	69,169	(196,227)	334,967	(334,967)	
Change in Net Position						993,084	993,084
Fund Balances/Net Position							
Beginning of year	3,162,578	60,000	837,342	2,191,947	6,251,867	-	4,893,644
End of year	<u>\$ 3,624,603</u>	<u>\$ 60,000</u>	<u>\$ 906,511</u>	<u>\$ 1,995,720</u>	<u>\$ 6,586,834</u>	<u>\$ 0</u>	<u>\$ 5,886,728</u>

Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas

Notes to Financial Statements

September 30, 2023

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas (the District), was created by an order of the Texas Water Rights Commission, now known as the Texas Commission on Environmental Quality (the Commission), effective December 22, 1978, in accordance with the Texas Water Code, Chapter 54. The District operates in accordance with Chapters 49 and 54 of the Texas Water Code and is subject to the continuing supervision of the Commission. The principal functions of the District are to finance, construct, own and operate waterworks, wastewater and drainage facilities and to provide such facilities and services to the customers of the District.

The District is governed by a Board of Directors (the Board) consisting of five individuals who are residents or owners of property within the District and are elected by voters within the District. The Board sets the policies of the District. The accounting and reporting policies of the District conform to accounting principles generally accepted in the United States of America for state and local governments, as defined by the Governmental Accounting Standards Board. The following is a summary of the significant accounting and reporting policies of the District:

Reporting Entity

The accompanying government-wide financial statements present the financial statements of the District. There are no component units that are legally separate entities for which the District is considered to be financially accountable. Accountability is defined as the District's substantive appointment of the voting majority of the component unit's governing board. Furthermore, to be financially accountable, the District must be able to impose its will upon the component unit or there must be a possibility that the component unit may provide specific financial benefits to, or impose specific financial burdens on, the District.

Government-wide and Fund Financial Statements

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, such as the provision of water, wastewater, drainage and other related services. 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 with a column for adjustments to convert to the government-wide financial statements.

The government-wide financial statements report information on all of the activities of the District. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Governmental activities generally are financed through taxes, charges for services and intergovernmental revenues. The statement of activities reflects the revenues and expenses of the District.

Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas

Notes to Financial Statements

September 30, 2023

The fund financial statements provide information about the District's governmental funds. Separate statements for each governmental fund are presented. The emphasis of fund financial statements is directed to specific activities of the District.

The District presents the following major governmental funds:

General Fund – The general fund is the primary operating fund of the District which accounts for all financial resources not accounted for in another fund. Revenues are derived primarily from property taxes, charges for services and interest income.

Special Revenue Fund – Accounts for revenues and expenditures involving specific revenue sources that are legally restricted to expenditures for specified purposes. The primary source of revenue is participant fees.

Debt Service Fund – The debt service fund is used to account for financial resources that are restricted, committed or assigned to expenditures for principal and interest related costs, as well as the financial resources being accumulated for future debt service.

Capital Projects Fund – The capital projects fund is used to account for financial resources that are restricted, committed or assigned to expenditures for capital outlays.

Fund Balances – Governmental Funds

The fund balances for the District's governmental funds can be displayed in up to five components:

Nonspendable – Amounts that are not in a spendable form or are required to be maintained intact.

Restricted – Amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

Committed – Amounts that can be used only for the specific purposes determined by resolution of the Board. Commitments may be changed or lifted only by issuance of a resolution by the District's Board.

Assigned – Amounts intended to be used by the District for specific purposes as determined by management. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

Unassigned – The residual classification for the general fund and includes all amounts not contained in the other classifications.

Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas

Notes to Financial Statements

September 30, 2023

The District considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The District applies committed amounts first, followed by assigned amounts, and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Measurement Focus and Basis of Accounting

Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

Nonexchange transactions, in which the District receives (or gives) value without directly giving (or receiving) equal value in exchange, include property taxes and donations. Recognition standards are based on the characteristics and classes of nonexchange transactions. Revenues from property taxes are recognized in the period for which the taxes are levied. Donations are recognized as revenues, net of estimated uncollectible amounts, as soon as all eligibility requirements imposed by the provider have been met. Amounts received before all eligibility requirements have been met are reported as liabilities. Intergovernmental revenues are recognized as revenues, net of estimated refunds and uncollectible amounts, in the accounting period when an enforceable legal claim to the assets arises and the use of resources is required or is first permitted.

Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and liabilities are generally included on the balance sheet. The statement of governmental funds revenues, expenditures and changes in fund balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in spendable resources. General capital asset acquisitions are reported as expenditures and proceeds of long-term debt are reported as other financing sources. Under the modified accrual basis of accounting, revenues are recognized when both measurable and available. The District considers revenues reported in the governmental funds to be available if they are collectible within 60 days after year-end. Principal revenue sources considered susceptible to accrual include taxes, charges for services and investment income. Other revenues are considered to be measurable and available only when cash is received by the District. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized as expenditures when payment is due.

Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas

Notes to Financial Statements

September 30, 2023

Deferred Outflows and Inflows of Resources

A deferred outflow of resources is a consumption of net position that is applicable to a future reporting period and a deferred inflow of resources is an acquisition of net position that is applicable to a future reporting period.

Interfund Transactions

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

Pension Costs

The District does not participate in a pension plan and, therefore, has no pension costs.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and deferred inflows and outflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

Investments and Investment Income

Investments in certificates of deposit, U.S. Government and agency securities, and certain pooled funds, which have a remaining maturity of one year or less at the date of purchase, are recorded at amortized cost. All other investments are carried at fair value. Fair value is determined using quoted market values.

Investment income includes dividends and interest income and the net change for the year in the fair value of investments carried at fair value. Investment income is credited to the fund in which the investment is recorded.

Property Taxes

An appraisal district annually prepares appraisal records listing all property within the District and the appraised value of each parcel or item as of January 1. Additionally, on January 1, a tax lien attaches to property to secure the payment of all taxes, penalty and interest ultimately imposed for the year on the property. After the District receives its certified appraisal roll from the appraisal

Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas

Notes to Financial Statements

September 30, 2023

district, the rate of taxation is set by the Board of the District based upon the aggregate appraisal value. Taxes are due and payable October 1 or when billed, whichever is later, and become delinquent after January 31 of the following year.

In the governmental funds, property taxes are initially recorded as receivables and deferred inflows of resources at the time the tax levy is billed. Revenues recognized during the fiscal year ended September 30, 2023, include collections during the current period or within 60 days of year-end related to the 2022 and prior years' tax levies.

In the government-wide statement of net position, property taxes are considered earned in the budget year for which they are levied. For the District's fiscal year ended September 30, 2023, the 2022 tax levy is considered earned during the current fiscal year. In addition to property taxes levied, any delinquent taxes are recorded net of amounts considered uncollectible.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an individual cost of \$5,000 or more and an estimated useful life of two years or more. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized.

Capital assets are depreciated using the straight-line method over their estimated useful lives as follows:

	<u>Years</u>
Water production and distribution facilities	10-45
Wastewater collection and treatment facilities	10-45
Drainage facilities	10-45

Deferred Amount on Debt Refundings

In the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt in a debt refunding is deferred and amortized to interest expense using the effective interest rate method over the remaining life of the old debt or the life of the new debt, whichever is shorter. Such amounts are classified as deferred outflows or inflows of resources.

Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas

Notes to Financial Statements

September 30, 2023

Debt Issuance Costs

Debt issuance costs, other than prepaid insurance, do not meet the definition of an asset or deferred outflows of resources since the costs are not applicable to a future period and, therefore, are recognized as an expense/expenditure in the period incurred.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Premiums and discounts on bonds are recognized as a component of long-term liabilities and amortized over the life of the related debt using the effective interest rate method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize premiums and discounts on bonds 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 debt service expenditures.

Net Position/Fund Balances

Fund balances and net position are reported as restricted when constraints placed on them are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or are imposed by law through constitutional provisions or enabling legislation.

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

Reconciliation of Government-wide and Fund Financial Statements

Amounts reported for net position of governmental activities in the statement of net position and fund balances in the governmental funds balance sheet are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds.	\$ 7,875,638
Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.	46,097
Deferred amount on debt refundings for governmental activities are not financial resources and are not reported in the funds.	12,185

Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas

Notes to Financial Statements

September 30, 2023

Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the funds.	\$ (16,223)
Long-term debt obligations are not due and payable in the current period and are not reported in the funds.	<u>(8,617,803)</u>
Adjustment to fund balances to arrive at net position.	<u><u>\$ (700,106)</u></u>

Amounts reported for change in net position of governmental activities in the statement of activities are different from changes in fund balances in the governmental funds statement of revenues, expenditures and changes in fund balances because:

Change in fund balances.	\$ 334,967
Governmental funds report capital outlays as expenditures. However, for government-wide financial statements, the cost of capitalized assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense and noncapitalized costs exceeded capital outlay expenditures in the current year.	(137,479)
Governmental funds report principal payments on debt as expenditures. For the statement of activities, these transactions do not have any effect on net position.	780,000
Revenues collected in the current year, which have previously been reported in the statement of activities, are reported as revenues in the governmental funds.	(9,860)
Some expenses previously reported in the statement of activities are reported as expenditures in governmental funds.	<u>25,456</u>
Change in net position of governmental activities.	<u><u>\$ 993,084</u></u>

Note 2: Deposits, Investments and Investment Income

Deposits

Custodial credit risk is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The District's deposit policy for custodial credit risk requires compliance with the provisions of state law.

Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas

Notes to Financial Statements

September 30, 2023

State law requires collateralization of all deposits with federal depository insurance; a surety bond; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities of the State of Texas; or certain collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States.

Investments

The District may legally invest in obligations of the United States or its agencies and instrumentalities, direct obligations of Texas or its agencies or instrumentalities, collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States, other obligations guaranteed as to principal and interest by the State of Texas or the United States or their agencies and 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, obligations of states, agencies and counties and other political subdivisions with an investment rating not less than "A," bonds issued, assumed or guaranteed by the State of Israel, insured or collateralized certificates of deposit, and certain bankers' acceptances, repurchase agreements, mutual funds, commercial paper, guaranteed investment contracts and investment pools.

The District's investment policy may be more restrictive than the Public Funds Investment Act.

The District invests in TexPool, an external investment pool that is not registered with the Securities and Exchange Commission. The State Comptroller of Public Accounts of the State of Texas has oversight of TexPool.

The District also invests in TexSTAR, an external investment pool that is not registered with the Securities and Exchange Commission. A Board of Directors, made up of participants and representatives of the administrator and investment manager, has oversight of TexSTAR. The District's investments may be redeemed at any time.

At September 30, 2023, the District had the following investments and maturities:

Type	Maturities in Years				
	Amortized Cost	Less Than 1	1-5	6-10	More Than 10
TexPool	\$ 4,986,921	\$ 4,986,921	\$ -	\$ -	\$ -
TexSTAR	216,015	216,015	-	-	-
Totals	\$ 5,202,936	\$ 5,202,936	\$ 0	\$ 0	\$ 0

Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas

Notes to Financial Statements

September 30, 2023

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy does not allow investments in certain mortgage-backed securities, collateralized mortgage obligations with a final maturity date in excess of 10 years and interest rate indexed collateralized mortgage obligations. The external investment pools are presented as investments with a maturity of less than one year because they are redeemable in full immediately.

Credit Risk. Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At September 30, 2023, the District's investments in TexPool and TexSTAR were rated "AAAm" by Standard & Poor's.

Summary of Carrying Values

The carrying values of deposits and investments shown previously are included in the balance sheet at September 30, 2023, as shown below:

Carrying value:	
Deposits	\$ 1,655,899
Investments	<u>5,202,936</u>
Total	<u><u>\$ 6,858,835</u></u>

Included in the following statement of net position captions:

Cash	\$ 738,952
Certificates of deposit	916,947
Short-term investments	<u>5,202,936</u>
Total	<u><u>\$ 6,858,835</u></u>

Investment Income

Investment income of \$275,703 for the year ended September 30, 2023, consisted of interest income.

Note 3: Capital Assets

A summary of changes in capital assets for the year ended September 30, 2023, is presented as follows.

Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas

Notes to Financial Statements

September 30, 2023

Governmental Activities	Balances, Beginning of Year	Additions	Balances, End of Year
Capital assets, non-depreciable:			
Land and improvements	\$ 1,834,065	\$ -	\$ 1,834,065
Construction in progress	40,679	211,226	251,905
Total capital assets, non-depreciable	1,874,744	211,226	2,085,970
Capital assets, depreciable:			
Water production and distribution facilities	3,899,607	91,284	3,990,891
Wastewater collection and treatment facilities	8,602,580	30,075	8,632,655
Drainage facilities	3,829,113	-	3,829,113
Total capital assets, depreciable	16,331,300	121,359	16,452,659
Less accumulated depreciation:			
Water production and distribution facilities	(2,459,945)	(109,703)	(2,569,648)
Wastewater collection and treatment facilities	(5,066,800)	(275,233)	(5,342,033)
Drainage facilities	(2,666,182)	(85,128)	(2,751,310)
Total accumulated depreciation	(10,192,927)	(470,064)	(10,662,991)
Total governmental activities, net	\$ 8,013,117	\$ (137,479)	\$ 7,875,638

Note 4: Long-term Liabilities

Changes in long-term liabilities for the year ended September 30, 2023, were as follows:

Governmental Activities	Balances, Beginning of Year	Decreases	Balances, End of Year	Amounts Due in One Year
Bonds payable:				
General obligation bonds	\$ 9,405,000	\$ 780,000	\$ 8,625,000	\$ 825,000
Add premiums on bonds	88,981	34,726	54,255	-
Less discounts on bonds	67,689	6,237	61,452	-
Total governmental activities long-term liabilities	\$ 9,426,292	\$ 808,489	\$ 8,617,803	\$ 825,000

Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas

Notes to Financial Statements September 30, 2023

General Obligation Bonds

	Refunding Series 2013	Series 2016
Amounts outstanding, September 30, 2023	\$1,700,000	\$1,600,000
Interest rates	4.00%	2.00% to 2.50%
Maturity dates, serially beginning/ending	March 1, 2024/2025	September 1, 2026/2027
Interest payment dates	March 1/ September 1	March 1/ September 1
Callable dates*	March 1, 2020	September 1, 2023
	Series 2020	Series 2021
Amounts outstanding, September 30, 2023	\$2,700,000	\$2,625,000
Interest rates	1.40% to 2.00%	1.00% to 1.75%
Maturity dates, serially beginning/ending	September 1, 2028/2031	September 1, 2028/2032
Interest payment dates	March 1/ September 1	March 1/ September 1
Callable dates*	September 1, 2025	September 1, 2026

*Or any date thereafter; callable at par plus accrued interest to the date of redemption.

Annual Debt Service Requirements

The following schedule shows the annual debt service requirements to pay principal and interest on general obligation bonds outstanding at September 30, 2023:

Year	Principal	Interest	Total
2024	825,000	178,178	\$ 1,003,178
2025	875,000	144,178	1,019,178
2026	800,000	126,678	926,678
2027	800,000	107,878	907,878
2028	1,135,000	87,877	1,222,877
2029-2032	4,190,000	171,011	4,361,011
Total	<u>\$ 8,625,000</u>	<u>\$ 815,800</u>	<u>\$ 9,440,800</u>

Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas

Notes to Financial Statements

September 30, 2023

The bonds are payable from the proceeds of an ad valorem tax levied upon all property within the District subject to taxation, without limitation as to rate or amount.

Bonds voted	\$ 50,625,000
Bonds sold	20,950,000
Refunding bonds voted	8,000,000
Refunding bond authorization used	1,730,294

Note 5: Significant Bond Resolution and Commission Requirements

The Bond Resolutions require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due. During the year ended September 30, 2023, the District levied an ad valorem debt service tax at the rate of \$0.3150 per \$100 of assessed valuation, which resulted in a tax levy of \$1,049,427, on the taxable valuation of \$333,151,378 for the 2022 tax year. The interest and principal requirements paid from the tax revenues and available resources were \$989,303.

Note 6: Maintenance Taxes

At an election held May 6, 2017, voters authorized a maintenance tax not to exceed \$0.50 per \$100 of assessed valuation on all property within the District subject to taxation. During the year ended September 30, 2023, the District levied an ad valorem maintenance tax at the rate of \$0.3100 per \$100 of assessed valuation, which resulted in a tax levy of \$1,032,770 on the taxable valuation of \$333,151,378 for the 2022 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the District.

Note 7: Contracts With Other Districts

Wastewater Treatment

On December 5, 1979, Kingsbridge Municipal Utility District (Kingsbridge) and the District entered into a 40-year agreement to share the construction and operation costs of a regional wastewater treatment plant. Construction costs were shared based on a pro rata share of costs relative to capacity acquired in the facilities.

Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas

Notes to Financial Statements

September 30, 2023

On April 20, 1983, the District and Kingsbridge entered into an agreement to expand the wastewater treatment plant. Construction costs are to be shared equally by the districts. Each district records its pro rata share of construction costs in their respective financial statements. During a prior year, the participants contributed their pro rata share of cost for dechlorination facilities at the plant.

In September 2009, Kingsbridge and the District entered into a 40-year amended and restated Regional Wastewater Treatment Facilities Agreement regarding the maintenance and operation of the plant. Under the new agreement, the District continues to operate the facilities and hold title for the benefit of the participants. However, under the new agreement, effective October 1, 2009, operation and maintenance costs will be shared on a pro rata basis relative to the capacity owned by either participant. As of September 30, 2023, the pro rata share of ownership is 40 percent and 60 percent for the District and Kingsbridge, respectively. During the current year, the District and Kingsbridge were billed for their share of operating costs and capital billings of \$597,922 and \$902,330, respectively.

The terms of the agreement provide for the establishment of an operating reserve consisting of two months' estimated operating and maintenance costs and a reasonable contingency reserve for ordinary and extraordinary repairs and replacements. As of September 30, 2023, each participant's share of an operating reserve consists of \$60,000 and \$90,000 for the District and Kingsbridge, respectively.

Note 8: 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 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 Subsidence District, which regulates groundwater withdrawal. As of September 30, 2023, the Authority was billing the District \$3.95 per 1,000 gallons of water pumped from its wells. This amount is subject to future adjustments.

Note 9: 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 natural disasters for which the District carries commercial insurance. The District has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts in the past three fiscal years.

Required Supplementary Information

**Renn Road Municipal Utility District of
Harris and Fort Bend Counties, Texas**
Budgetary Comparison Schedule – General Fund
Year Ended September 30, 2023

	Original Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$ 840,000	\$ 1,029,465	\$ 189,465
Water service	500,000	545,532	45,532
Sewer service	550,000	624,518	74,518
Regional water fee	350,000	459,057	109,057
Penalty and interest	25,000	39,552	14,552
Tap connection and inspection fees	31,800	251,608	219,808
Investment income	5,000	141,243	136,243
Other income	-	98	98
	<u>2,301,800</u>	<u>3,091,073</u>	<u>789,273</u>
Expenditures			
Service operations:			
Purchased services	463,840	388,846	74,994
Regional water fee	420,000	388,678	31,322
Professional fees	164,500	137,241	27,259
Contracted services	525,000	581,241	(56,241)
Utilities	70,000	58,238	11,762
Repairs and maintenance	617,000	848,675	(231,675)
Other expenditures	138,200	127,618	10,582
Tap connections	-	74,785	(74,785)
Capital outlay	-	23,726	(23,726)
	<u>2,398,540</u>	<u>2,629,048</u>	<u>(230,508)</u>
Excess (Deficiency) of Revenues Over Expenditures	(96,740)	462,025	558,765
Fund Balance, Beginning of Year	<u>3,162,578</u>	<u>3,162,578</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 3,065,838</u>	<u>\$ 3,624,603</u>	<u>\$ 558,765</u>

**Renn Road Municipal Utility District of
Harris and Fort Bend Counties, Texas**
Budgetary Comparison Schedule – Special Revenue Fund
Year Ended September 30, 2023

	Original Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Sewer service	\$ 1,159,600	\$ 1,500,252	\$ 340,652
Investment income	200	492	292
	<u>1,159,800</u>	<u>1,500,744</u>	<u>340,944</u>
Expenditures			
Service operations:			
Professional fees	26,300	16,820	9,480
Contracted services	117,000	113,224	3,776
Utilities	150,000	115,578	34,422
Repairs and maintenance	700,000	619,568	80,432
Other expenditures	46,500	32,303	14,197
Capital outlay	120,000	603,251	(483,251)
	<u>1,159,800</u>	<u>1,500,744</u>	<u>(340,944)</u>
Excess of Revenues Over Expenditures	-	-	-
Fund Balance, Beginning of Year	<u>60,000</u>	<u>60,000</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 60,000</u></u>	<u><u>\$ 60,000</u></u>	<u><u>\$ 0</u></u>

**Renn Road Municipal Utility District of
Harris and Fort Bend Counties, Texas**
Notes to Required Supplementary Information
September 30, 2023

Budgets and Budgetary Accounting

Annual operating budgets are prepared for the general and special revenue funds by the District's consultants. The budgets reflect resources expected to be received during the year and expenditures expected to be incurred. The Board of Directors is required to adopt the budgets prior to the start of its fiscal year. The budgets are not a spending limitation (a legally restricted appropriation). The original budgets of the general fund and the special revenue fund were not amended during fiscal 2023.

The District prepares its annual operating budgets on a basis consistent with accounting principles generally accepted in the United States of America. The Budgetary Comparison Schedules – General Fund and Special Revenue Fund present the original and revised budget amounts, if revised, compared to the actual amounts of revenues and expenditures for the current year.

Supplementary Information

**Renn Road Municipal Utility District of
Harris and Fort Bend Counties, Texas**
Other Schedules Included Within This Report
September 30, 2023

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

- [X] Notes Required by the Water District Accounting Manual
See "Notes to Financial Statements," Pages 13-25
- [X] Schedule of Services and Rates
- [X] Schedule of General Fund Expenditures
- [X] Schedule of Temporary Investments
- [X] Analysis of Taxes Levied and Receivable
- [X] Schedule of Long-term Debt Service Requirements by Years
- [X] Changes in Long-term Bonded Debt
- [X] Comparative Schedule of Revenues and Expenditures – General Fund and Debt Service Fund –
Five Years
- [X] Board Members, Key Personnel and Consultants

Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas

Schedule of Services and Rates Year Ended September 30, 2023

1. Services provided by the District:

<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 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 1,000 Gallons Over Minimum</u>	<u>Usage Levels</u>
Water:	\$ 22.00	5,000	N	\$ 3.00	5,001 to 12,000
				\$ 3.50	12,001 to 18,000
				\$ 4.00	18,001 to No Limit
Wastewater:	\$ 35.55	0	Y		
Regional water fee:	\$ 4.15	1	N	\$ 4.15	1 to No Limit
Does the District employ winter averaging for wastewater usage?					Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Total charges per 10,000 gallons usage (including fees):				Water \$ 78.50	Wastewater \$ 35.55

b. Water and wastewater retail connections:

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFC*</u>
Unmetered	-	-	x1.0	-
≤ 3/4"	1,442	1,425	x1.0	1,425
1"	47	47	x2.5	118
1 1/2"	7	6	x5.0	30
2"	12	10	x8.0	80
3"	1	1	x15.0	15
4"	-	-	x25.0	-
6"	-	-	x50.0	-
8"	1	1	x80.0	80
10"	-	-	x115.0	-
Total water	1,510	1,490		1,748
Total wastewater	1,488	1,478	x1.0	1,478

3. Total water consumption (in thousands) during the fiscal year:

Gallons pumped into the system:	114,736
Gallons billed to customers:	113,763
Water accountability ratio (gallons billed/gallons pumped):	99.15%

*"ESFC" means equivalent single-family connections

Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas

Schedule of General Fund Expenditures Year Ended September 30, 2023

Personnel (including benefits)		\$ -
Professional Fees		
Auditing	\$ 20,500	
Legal	76,500	
Engineering	40,241	
Financial advisor	-	
	-	137,241
Purchased Services for Resale		
Bulk water and wastewater service purchases		388,846
Regional Water Fee		388,678
Contracted Services		
Bookkeeping	16,025	
General manager	-	
Appraisal district	-	
Tax collector	-	
Security	132,374	
Other contracted services	89,347	
	89,347	237,746
Utilities		58,238
Repairs and Maintenance		848,675
Administrative Expenditures		
Directors' fees	27,251	
Office supplies	44,608	
Insurance	23,509	
Other administrative expenditures	32,250	
	32,250	127,618
Capital Outlay		
Capitalized assets	23,726	
Expenditures not capitalized	-	
	-	23,726
Tap Connection Expenditures		74,785
Solid Waste Disposal		343,495
Fire Fighting		-
Parks and Recreation		-
Other Expenditures		-
		-
Total expenditures		\$ 2,629,048

Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas

Schedule of Temporary Investments September 30, 2023

	Interest Rate	Maturity Date	Face Amount	Accrued Interest Receivable
General Fund				
Certificates of Deposit				
No. 6550119138	3.25%	10/13/23	\$ 222,260	\$ 6,966
No. 626894	3.92%	11/12/23	225,452	7,797
No. 197905847	3.60%	11/16/23	239,235	7,503
No. 6002400559	5.04%	05/01/24	230,000	4,542
TexPool	5.35%	Demand	2,380,437	-
TexSTAR	5.33%	Demand	216,015	-
			<u>3,513,399</u>	<u>26,808</u>
Debt Service Fund				
TexPool	5.35%	Demand	<u>884,703</u>	<u>0</u>
Capital Projects Fund				
TexPool	5.35%	Demand	<u>1,721,781</u>	<u>0</u>
Totals			<u>\$ 6,119,883</u>	<u>\$ 26,808</u>

Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas

Analysis of Taxes Levied and Receivable Year Ended September 30, 2023

	Maintenance Taxes	Debt Service Taxes
Receivable, Beginning of Year	\$ 17,960	\$ 23,973
Additions and corrections to prior years' taxes	611	767
Adjusted receivable, beginning of year	18,571	24,740
 2022 Original Tax Levy	 938,316	 953,450
Additions and corrections	94,454	95,977
Adjusted tax levy	1,032,770	1,049,427
Total to be accounted for	1,051,341	1,074,167
Tax collections: Current year	(1,016,889)	(1,033,289)
Prior years	(12,576)	(16,657)
Receivable, end of year	\$ 21,876	\$ 24,221

Receivable, by Years

2022	\$ 15,881	\$ 16,138
2021	3,041	3,728
2020	1,351	1,744
2019	769	992
2018	419	754
2017	307	552
2016	13	24
2015	10	19
2014	10	19
2013	10	19
2012	10	20
2011 and prior	55	212
Receivable, end of year	\$ 21,876	\$ 24,221

**Renn Road Municipal Utility District of
Harris and Fort Bend Counties, Texas**
Analysis of Taxes Levied and Receivable (Continued)
Year Ended September 30, 2023

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Property Valuations				
Land	\$ 77,237,732	\$ 61,972,544	\$ 51,442,076	\$ 48,363,306
Improvements	293,310,510	216,245,977	198,080,601	186,158,739
Personal property	8,592,771	3,672,601	3,370,253	3,227,454
Exemptions	<u>(45,989,635)</u>	<u>(13,950,275)</u>	<u>(14,873,257)</u>	<u>(15,504,806)</u>
Total property valuations	<u>\$ 333,151,378</u>	<u>\$ 267,940,847</u>	<u>\$ 238,019,673</u>	<u>\$ 222,244,693</u>
Tax Rates per \$100 Valuation				
Debt service tax rates	\$ 0.3150	\$ 0.3800	\$ 0.4000	\$ 0.4000
Maintenance tax rates*	<u>0.3100</u>	<u>0.3100</u>	<u>0.3100</u>	<u>0.3100</u>
Total tax rates per \$100 valuation	<u>\$ 0.6250</u>	<u>\$ 0.6900</u>	<u>\$ 0.7100</u>	<u>\$ 0.7100</u>
Tax Levy	<u>\$ 2,082,197</u>	<u>\$ 1,848,792</u>	<u>\$ 1,689,940</u>	<u>\$ 1,577,938</u>
Percent of Taxes Collected to Taxes Levied**				
	<u>98%</u>	<u>99%</u>	<u>99%</u>	<u>99%</u>

*Maximum tax rate approved by voters: \$0.50 on May 6, 2017

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

**Renn Road Municipal Utility District of
Harris and Fort Bend Counties, Texas**
Schedule of Long-term Debt Service Requirements by Years
September 30, 2023

Due During Fiscal Years Ending September 30	Refunding Series 2013		
	Principal Due March 1	Interest Due March 1, September 1	Total
2024	\$ 825,000	\$ 51,500	\$ 876,500
2025	<u>875,000</u>	<u>17,500</u>	<u>892,500</u>
Totals	<u>\$ 1,700,000</u>	<u>\$ 69,000</u>	<u>\$ 1,769,000</u>

**Renn Road Municipal Utility District of
Harris and Fort Bend Counties, Texas**

**Schedule of Long-term Debt Service Requirements by Years (Continued)
September 30, 2023**

Due During Fiscal Years Ending September 30	Series 2016		
	Principal Due September 1	Interest Due March 1, September 1	Total
2024	\$ -	\$ 38,800	\$ 38,800
2025	-	38,800	38,800
2026	800,000	38,800	838,800
2027	800,000	20,000	820,000
Totals	<u>\$ 1,600,000</u>	<u>\$ 136,400</u>	<u>\$ 1,736,400</u>

**Renn Road Municipal Utility District of
Harris and Fort Bend Counties, Texas**

**Schedule of Long-term Debt Service Requirements by Years (Continued)
September 30, 2023**

Due During Fiscal Years Ending September 30	Series 2020		
	Principal Due September 1	Interest Due March 1, September 1	Total
2024	\$ -	\$ 50,190	\$ 50,190
2025	-	50,190	50,190
2026	-	50,190	50,190
2027	-	50,190	50,190
2028	635,000	50,190	685,190
2029	660,000	41,300	701,300
2030	690,000	28,100	718,100
2031	715,000	14,300	729,300
Totals	\$ 2,700,000	\$ 334,650	\$ 3,034,650

**Renn Road Municipal Utility District of
Harris and Fort Bend Counties, Texas**

**Schedule of Long-term Debt Service Requirements by Years (Continued)
September 30, 2023**

Due During Fiscal Years Ending September 30	Series 2021		Total
	Principal Due September 1	Interest Due March 1, September 1	
2024	\$ -	\$ 37,688	\$ 37,688
2025	-	37,688	37,688
2026	-	37,688	37,688
2027	-	37,688	37,688
2028	500,000	37,687	537,687
2029	500,000	32,687	532,687
2030	525,000	26,437	551,437
2031	550,000	18,562	568,562
2032	550,000	9,625	559,625
Totals	\$ 2,625,000	\$ 275,750	\$ 2,900,750

**Renn Road Municipal Utility District of
Harris and Fort Bend Counties, Texas**

**Schedule of Long-term Debt Service Requirements by Years (Continued)
September 30, 2023**

Due During Fiscal Years Ending September 30	Annual Requirements For All Series		
	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2024	\$ 825,000	\$ 178,178	\$ 1,003,178
2025	875,000	144,178	1,019,178
2026	800,000	126,678	926,678
2027	800,000	107,878	907,878
2028	1,135,000	87,877	1,222,877
2029	1,160,000	73,987	1,233,987
2030	1,215,000	54,537	1,269,537
2031	1,265,000	32,862	1,297,862
2032	550,000	9,625	559,625
Totals	\$ 8,625,000	\$ 815,800	\$ 9,440,800

**Renn Road Municipal Utility District of
Harris and Fort Bend Counties, Texas**
Changes in Long-term Bonded Debt
Year Ended September 30, 2023

	Bond Issues				Totals
	Refunding Series 2013	Series 2016	Series 2020	Series 2021	
Interest rates	4.00%	2.00% to 2.50%	1.40% to 2.00%	1.00% to 1.75%	
Dates interest payable	March 1/ September 1	March 1/ September 1	March 1/ September 1	March 1/ September 1	
Maturity dates	March 1, 2024/2025	September 1, 2026/2027	September 1, 2028/2031	September 1, 2028/2032	
Bonds outstanding, beginning of current year	\$ 2,480,000	\$ 1,600,000	\$ 2,700,000	\$ 2,625,000	\$ 9,405,000
Retirements, principal	<u>780,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>780,000</u>
Bonds outstanding, end of current year	<u>\$ 1,700,000</u>	<u>\$ 1,600,000</u>	<u>\$ 2,700,000</u>	<u>\$ 2,625,000</u>	<u>\$ 8,625,000</u>
Interest paid during current year	<u>\$ 82,625</u>	<u>\$ 38,800</u>	<u>\$ 50,190</u>	<u>\$ 37,688</u>	<u>\$ 209,303</u>

Paying agent's name and address:

Series 2013 - The Bank of New York Mellon Trust Company, N.A., Dallas, Texas

Series 2016 - The Bank of New York Mellon Trust Company, N.A., Dallas, Texas

Series 2020 - The Bank of New York Mellon Trust Company, N.A., Dallas, Texas

Series 2021 - The Bank of New York Mellon Trust Company, N.A., Dallas, Texas

Bond authority:

	Tax Bonds	Other Bonds	Refunding Bonds
Amount authorized by voters	\$ 50,625,000	0	\$ 8,000,000
Amount issued	\$ 20,950,000	0	\$ 1,730,294
Remaining to be issued	<u>\$ 29,675,000</u>	<u>0</u>	<u>\$ 6,269,706</u>

Debt service fund cash and temporary investment balances as of September 30, 2023:

\$ 911,774

Average annual debt service payment (principal and interest) for remaining term of all debt:

\$ 1,048,978

**Renn Road Municipal Utility District of
Harris and Fort Bend Counties, Texas**
Comparative Schedule of Revenues and Expenditures – General Fund
Five Years Ended September 30,

	Amounts				
	2023	2022	2021	2020	2019
General Fund					
Revenues					
Property taxes	\$ 1,029,465	\$ 825,466	\$ 736,244	\$ 686,360	\$ 515,232
Water service	545,532	571,236	495,101	473,993	469,206
Sewer service	624,518	641,442	571,980	555,975	529,550
Regional water fee	459,057	419,022	353,959	333,579	283,350
Penalty and interest	39,552	40,554	28,421	31,476	33,221
Tap connection and inspection fees	251,608	130,579	109,506	137,451	7,877
Investment income	141,243	17,439	4,349	27,151	40,543
Other income	98	30	45	556	9,980
Total revenues	<u>3,091,073</u>	<u>2,645,768</u>	<u>2,299,605</u>	<u>2,246,541</u>	<u>1,888,959</u>
Expenditures					
Service operations:					
Purchased services	388,846	346,731	323,122	328,237	310,523
Regional water fee	388,678	451,011	411,998	388,862	337,771
Professional fees	137,241	180,728	166,765	155,374	169,660
Contracted services	581,241	495,047	469,310	452,327	410,073
Utilities	58,238	62,935	54,438	44,003	34,815
Repairs and maintenance	848,675	542,603	523,715	438,214	402,185
Other expenditures	127,618	114,176	94,447	102,277	117,648
Tap connections	74,785	52,040	33,500	38,514	-
Capital outlay	23,726	91,768	-	-	-
Total expenditures	<u>2,629,048</u>	<u>2,337,039</u>	<u>2,077,295</u>	<u>1,947,808</u>	<u>1,782,675</u>
Excess of Revenues Over Expenditures	462,025	308,729	222,310	298,733	106,284
Other Financing Sources					
Interfund transfers in	-	30,155	-	-	-
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	462,025	338,884	222,310	298,733	106,284
Fund Balance, Beginning of Year	<u>3,162,578</u>	<u>2,823,694</u>	<u>2,601,384</u>	<u>2,302,651</u>	<u>2,196,367</u>
Fund Balance, End of Year	<u>\$ 3,624,603</u>	<u>\$ 3,162,578</u>	<u>\$ 2,823,694</u>	<u>\$ 2,601,384</u>	<u>\$ 2,302,651</u>
Total Active Retail Water Connections	<u>1,490</u>	<u>1,488</u>	<u>1,476</u>	<u>1,401</u>	<u>1,346</u>
Total Active Retail Wastewater Connections	<u>1,478</u>	<u>1,476</u>	<u>1,466</u>	<u>1,391</u>	<u>1,337</u>

Percent of Fund Total Revenues

2023	2022	2021	2020	2019
33.3 %	31.2 %	32.0 %	30.6 %	27.3 %
17.7	21.6	21.5	21.1	24.8
20.2	24.3	24.9	24.8	28.0
14.9	15.8	15.4	14.8	15.0
1.3	1.5	1.2	1.4	1.8
8.1	4.9	4.8	6.1	0.4
4.5	0.7	0.2	1.2	2.2
0.0	0.0	0.0	0.0	0.5
<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
12.6	13.1	14.0	14.6	16.4
12.6	17.0	17.9	17.3	17.9
4.4	6.8	7.2	6.9	9.0
18.8	18.7	20.4	20.1	21.7
1.9	2.4	2.4	2.0	1.9
27.5	20.5	22.8	19.5	21.3
4.1	4.3	4.1	4.6	6.2
2.4	2.0	1.5	1.7	-
0.8	3.5	-	-	-
<u>85.1</u>	<u>88.3</u>	<u>90.3</u>	<u>86.7</u>	<u>94.4</u>
<u>14.9 %</u>	<u>11.7 %</u>	<u>9.7 %</u>	<u>13.3 %</u>	<u>5.6 %</u>

**Renn Road Municipal Utility District of
Harris and Fort Bend Counties, Texas**
Comparative Schedule of Revenues and Expenditures – Debt Service Fund
Five Years Ended September 30,

	Amounts				
	2023	2022	2021	2020	2019
Debt Service Fund					
Revenues					
Property taxes	\$ 1,049,946	\$ 1,012,943	\$ 950,781	\$ 888,237	\$ 927,634
Penalty and interest	25,105	28,681	17,895	18,515	19,483
Investment income	44,311	6,138	664	9,583	13,886
Total revenues	<u>1,119,362</u>	<u>1,047,762</u>	<u>969,340</u>	<u>916,335</u>	<u>961,003</u>
Expenditures					
Current:					
Professional fees	8,436	4,770	6,791	5,593	2,964
Contracted services	40,632	38,192	32,434	31,814	29,945
Other expenditures	9,073	7,789	13,424	7,675	4,065
Debt service:					
Principal retirement	780,000	745,000	690,000	640,000	635,000
Interest and fees	212,052	234,052	237,890	205,963	228,113
Total expenditures	<u>1,050,193</u>	<u>1,029,803</u>	<u>980,539</u>	<u>891,045</u>	<u>900,087</u>
Excess (Deficiency) of Revenues Over Expenditures	69,169	17,959	(11,199)	25,290	60,916
Fund Balance, Beginning of Year	<u>837,342</u>	<u>819,383</u>	<u>830,582</u>	<u>805,292</u>	<u>744,376</u>
Fund Balance, End of Year	<u>\$ 906,511</u>	<u>\$ 837,342</u>	<u>\$ 819,383</u>	<u>\$ 830,582</u>	<u>\$ 805,292</u>

Percent of Fund Total Revenues

2023	2022	2021	2020	2019
93.8 %	96.7 %	98.1 %	96.9 %	96.5 %
2.2	2.7	1.8	2.0	2.0
4.0	0.6	0.1	1.1	1.5
<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
0.8	0.5	0.7	0.6	0.3
3.6	3.7	3.4	3.5	3.1
0.8	0.7	1.4	0.8	0.4
69.7	71.1	71.2	69.8	66.1
<u>18.9</u>	<u>22.3</u>	<u>24.5</u>	<u>22.5</u>	<u>23.7</u>
<u>93.8</u>	<u>98.3</u>	<u>101.2</u>	<u>97.2</u>	<u>93.6</u>
<u><u>6.2 %</u></u>	<u><u>1.7 %</u></u>	<u><u>(1.2) %</u></u>	<u><u>2.8 %</u></u>	<u><u>6.4 %</u></u>

**Renn Road Municipal Utility District of
Harris and Fort Bend Counties, Texas
Board Members, Key Personnel and Consultants
Year Ended September 30, 2023**

Complete District mailing address:	Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas c/o Allen Boone Humphries Robinson LLP 3200 Southwest Freeway, Suite 2600 Houston, Texas 77027
District business telephone number:	713.860.6400
Submission date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	June 3, 2022
Limit on fees of office that a director may receive during a fiscal year:	\$ 7,200

Board Members	Term of Office Elected & Expires	Fees*	Expense Reimbursements	Title at Year-end
Kathleen Farris	Elected 05/22- 05/26	\$ 4,618	\$ 2,379	President
Bertha Fair	Elected 05/20- 05/24	7,200	2,961	Vice President
Russell G. Cook	Elected 05/20- 05/24	4,247	1,303	Secretary
Victoria D. Estick	Elected 05/22- 05/26	5,668	2,878	Assistant Vice President
Mario Peralta	Elected 05/20- 05/24	5,518	1,552	Assistant Secretary

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

**Renn Road Municipal Utility District of
Harris and Fort Bend Counties, Texas**
Board Members, Key Personnel and Consultants (Continued)
Year Ended September 30, 2023

Consultants	Date Hired	Fees and Expense Reimbursements	Title
Allen Boone Humphries Robinson LLP	08/22/03	\$ 80,308	General Counsel
Bob Leared Interests	06/06/79	31,301	Tax Assessor/ Collector
Fort Bend Central Appraisal District	Legislative Action	5,111	Appraiser
FORVIS, LLP	10/01/85	25,100	Auditor
Harris Central Appraisal District	Legislative Action	10,543	Appraiser
Inframark, LLC	01/17/80	1,590,161	Operator
Myrtle Cruz, Inc.	09/26/79	25,931	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	03/05/96	8,436	Delinquent Tax Attorney
Rathmann & Associates, L.P.	04/05/02	0	Financial Advisor
Vogler & Spencer Engineering, Inc.	12/28/78	135,441	Engineer
Investment Officer			
Mary Jarmon	10/01/04	N/A	Bookkeeper