

**MEYER RANCH MUNICIPAL UTILITY
DISTRICT OF COMAL COUNTY**

COMAL COUNTY, TEXAS

FINANCIAL REPORT

September 30, 2023



ANNUAL FILING AFFIDAVIT

STATE OF TEXAS COUNTY OF Comal

I, Tommy Tucker of the
(Name of Duly Authorized District Representative)

Meyer Ranch Municipal Utility District of Comal County
(Name of District)

hereby swear, or affirm, that the district named above has reviewed and approved at a meeting of the Board of the Directors of the District on the 11th day of January 2024 its annual audit report for the fiscal year or period ended 2023 and those copies of the annual audit report have been filed in the district office, located at:

McLean & Howard, LLP 4301 Bull Creek Rd. Ste. 150 Austin, TX 78781
(Address of District)

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

Date: 1/11/2024 By: [Signature]
(Signature of District Representative)

Tommy Tucker, President
(Typed Name & Title of above District Representative)

Sworn to and Subscribed to before me by this 11th day of January
(SEAL)

[Signature]
(Signature of Notary)

My Commission Expires On: 11/16/2027
Notary Public in the State of Texas.

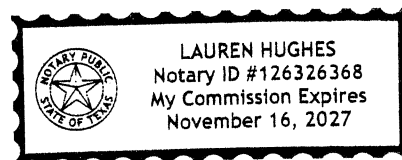


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McGRATH & CO., PLLC

Certified Public Accountants

2900 North Loop West, Suite 880

Houston, Texas 77092

Independent Auditor's Report

Board of Directors
Meyer Ranch Municipal Utility District of Comal County
Comal County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Meyer Ranch Municipal Utility District of Comal County (the "District"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Meyer Ranch Municipal Utility District of Comal County, 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. 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
Meyer Ranch Municipal Utility District of Comal County
Comal County, 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
Meyer Ranch Municipal Utility District of Comal County
Comal County, 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 schedules 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. 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 schedules 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
January 11, 2024

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Management's Discussion and Analysis

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***Meyer Ranch Municipal Utility District of Comal County
Management's Discussion and Analysis
September 30, 2023***

Using this Annual Report

Within this section of the financial report of Meyer Ranch Municipal Utility District of Comal County (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 September 30, 2023. 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.

***Meyer Ranch Municipal Utility District of Comal County
Management's Discussion and Analysis
September 30, 2023***

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 September 30, 2023, was negative \$26,712,822. The District's net position is negative because the District incurs debt to construct road facilities which it conveys to Comal County and water facilities which it conveys to Canyon Lake Water Service Company. A comparative summary of the District's overall financial position, as of September 30, 2023 and 2022, is as follows:

	2023	2022
Current and other assets	\$ 2,036,191	\$ 1,468,827
Capital assets	28,458,958	23,383,624
Total assets	<u>30,495,149</u>	<u>24,852,451</u>
Current liabilities	629,939	378,293
Long-term liabilities	56,578,032	45,930,035
Total liabilities	<u>57,207,971</u>	<u>46,308,328</u>
Net position		
Net investment in capital assets	(3,677,675)	(3,150,046)
Restricted	916,112	676,648
Unrestricted	(23,951,259)	(18,982,479)
Total net position	<u>\$ (26,712,822)</u>	<u>\$ (21,455,877)</u>

***Meyer Ranch Municipal Utility District of Comal County
Management's Discussion and Analysis
September 30, 2023***

The total net position of the District decreased during the current fiscal year by \$5,256,945. A comparative summary of the District's *Statement of Activities* for the past two years is as follows:

	2023	2022
Revenues		
Property taxes	\$ 1,525,990	\$ 873,470
Sewer service	666,215	517,076
Other	165,164	144,289
Total revenues	<u>2,357,369</u>	<u>1,534,835</u>
Expenses		
Current service operations	1,150,295	760,152
Debt interest and fees	566,356	300,004
Developer interest		546,867
Debt issuance costs		523,564
Depreciation/amortization	600,014	473,895
Total expenses	<u>2,316,665</u>	<u>2,604,482</u>
Change in net position before other item	40,704	(1,069,647)
Other Item		
Transfers of road and water facilities	<u>(5,297,649)</u>	<u>(7,211,615)</u>
Change in net position	(5,256,945)	(8,281,262)
Net position, beginning of year	<u>(21,455,877)</u>	<u>(13,174,615)</u>
Net position, end of year	<u><u>\$ (26,712,822)</u></u>	<u><u>\$ (21,455,877)</u></u>

Financial Analysis of the District's Funds

The District's combined fund balances, as of September 30, 2023, were \$1,787,823, which consists of \$891,750 in the General Fund, \$977,900 in the Debt Service Fund, negative \$81,827 in the Capital Projects Fund.

General Fund

A comparative summary of the General Fund's financial position as of September 30, 2023 and 2022 is as follows:

	2023	2022
Total assets	<u>\$ 1,127,393</u>	<u>\$ 737,804</u>
Total liabilities	\$ 230,426	\$ 203,597
Total deferred inflows	5,217	1,394
Total fund balance	891,750	532,813
Total liabilities, deferred inflows and fund balance	<u><u>\$ 1,127,393</u></u>	<u><u>\$ 737,804</u></u>

***Meyer Ranch Municipal Utility District of Comal County
Management's Discussion and Analysis
September 30, 2023***

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

	2023	2022
Total revenues	\$ 1,411,010	\$ 1,188,048
Total expenditures	(1,052,073)	(755,300)
Revenues over expenditures	<u>\$ 358,937</u>	<u>\$ 432,748</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 sewer services to customers within the District and tap connection fees charged to homebuilders in the 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 the District decreased its maintenance tax levy, property tax revenues increased because assessed values in the District increased from the prior year.
- Sewer revenues are dependent upon the number of connections in the District, which fluctuates based on the number of occupied homes in the District, and on water usage by residents.
- Tap connection fees fluctuate with homebuilding activity within the District.

Debt Service Fund

A comparative summary of the Debt Service Fund's financial position as of September 30, 2023 and 2022 is as follows:

	2023	2022
Total assets	<u>\$ 990,625</u>	<u>\$ 726,344</u>
Total liabilities	\$ 2,887	\$ 352
Total deferred inflows	9,838	913
Total fund balance	977,900	725,079
Total liabilities, deferred inflows and fund balance	<u>\$ 990,625</u>	<u>\$ 726,344</u>

***Meyer Ranch Municipal Utility District of Comal County
Management's Discussion and Analysis
September 30, 2023***

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

	2023	2022
Total revenues	\$ 932,606	\$ 345,901
Total expenditures	(679,785)	(355,943)
Revenues over/(under) expenditures	252,821	(10,042)
Other changes in fund balance		289,175
Net change in fund balance	\$ 252,821	\$ 279,133

The District's financial resources in the Debt Service Fund in both the current year and prior year are from property tax revenues. During the previous fiscal year, financial resources also included capitalized interest from the sale of bonds. The difference between these financial resources and debt service requirements resulted in an increase 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.

Capital Projects Fund

A comparative summary of the Capital Projects Fund's financial position as of September 30, 2023 and 2022 is as follows:

	2023	2022
Total assets	\$ 5,683	\$ 33,819
Total liabilities	\$ 87,510	\$ 29,140
Total fund balance	(81,827)	4,679
Total liabilities and fund balance	\$ 5,683	\$ 33,819

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

	2023	2022
Total revenues	\$ 1,004	\$ 65
Total expenditures	(87,510)	(6,779,601)
Revenues under expenditures	(86,506)	(6,779,536)
Other changes in fund balance		6,780,825
Net change in fund balance	\$ (86,506)	\$ 1,289

The District did not have any significant capital asset activity in the current year. The District's capital asset activity in the prior year was financed with proceeds from the issuance of its Series 2022 Unlimited Tax Bonds.

***Meyer Ranch Municipal Utility District of Comal County
Management's Discussion and Analysis
September 30, 2023***

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 \$279,569 greater than budgeted. The *Budgetary Comparison Schedule* on page 36 of this report provides variance information per financial statement line item.

Capital Assets

The District has entered into financing agreements with its developers for the financing of the construction of capital assets within the District. Developers will be reimbursed from proceeds of future bond issues or other lawfully available funds. These developer funded capital assets are recorded on the District's financial statements upon completion of construction.

Capital assets held by the District at September 30, 2023 and 2022 are summarized as follows:

	2023	2022
Capital assets not being depreciated		
Land and improvements	\$ 3,370,710	\$ 3,370,710
Capital assets being depreciated		
Infrastructure	27,000,675	21,325,327
Less accumulated depreciation	(1,912,427)	(1,312,413)
Depreciable capital assets, net	25,088,248	20,012,914
Capital assets, net	\$ 28,458,958	\$ 23,383,624

Capital asset additions during the current year include construction of Meyer Ranch, Units 10, 11 and 12 sewer and drainage facilities.

Additionally, Comal County assumes responsibility (after a one-year maintenance period) for road facilities constructed within the boundaries of the County. The District also conveys water projects upon completion and inspection to Canyon Lake Water Service Company ("CLWSC") and CLWSC uses these facilities to provide water service to customers in the District. Accordingly, these facilities are not considered assets of the District. The estimated value of these assets is recorded as transfers of road and water facilities upon completion of construction. This estimated cost is trued-up when the developer is reimbursed. For the year ended September 30, 2023, capital assets in the amount of \$5,297,649 have been recorded as "Transfers of road and water facilities" in the government-wide statements.

***Meyer Ranch Municipal Utility District of Comal County
Management's Discussion and Analysis
September 30, 2023***

Long-Term Debt and Related Liabilities

As of September 30, 2023, the District owes approximately \$40,078,032 to developers for completed projects and operating advances. The initial cost of the completed project and related liability is estimated based on actual construction costs plus 10-15% for engineering and other fees and is recorded on the District's financial statements upon completion of construction. As discussed in Note 6, the District has an additional commitment in the amount of \$12,645,892 for projects under construction by the developers. As noted, the District will owe its developer for these projects upon completion of construction. The District intends to reimburse the developer from proceeds of future bond issues or other lawfully available funds. The estimated cost of amounts owed to the developer is accrued when the developer is reimbursed.

At September 30, 2023 and 2022, the District had total bonded debt outstanding as shown below:

Series	2023	2022
2019 Road	\$ 2,635,000	\$ 2,690,000
2020 Road	3,305,000	3,375,000
2021 Road	3,815,000	3,815,000
2022 Road	7,070,000	7,070,000
	<u>\$ 16,825,000</u>	<u>\$ 16,950,000</u>

At September 30, 2023, the District had \$207,675,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District; \$66,695,000 for road improvements and \$437,062,500 for refunding purposes.

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 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:

	2023 Actual	2024 Budget
Total revenues	\$ 1,411,010	\$ 1,420,031
Total expenditures	<u>(1,052,073)</u>	<u>(1,257,687)</u>
Revenues over expenditures	358,937	162,344
Beginning fund balance	532,813	891,750
Ending fund balance	<u>\$ 891,750</u>	<u>\$ 1,054,094</u>

Property Taxes

The District's property tax base increased approximately \$99,242,000 for the 2023 tax year from \$160,095,254 to \$259,337,539. This increase was primarily due to new construction in the District. For the 2023 tax year, the District has levied a maintenance tax rate of \$0.25 per \$100 of assessed

***Meyer Ranch Municipal Utility District of Comal County
Management's Discussion and Analysis
September 30, 2023***

value and a debt service tax rate of \$0.70 per \$100 of assessed value, for a total combined tax rate of \$0.95 per \$100 of assessed value. Tax rates for the 2022 tax year were \$0.40 per \$100 for maintenance and operations and \$0.55 per \$100 for debt service for a combined total of \$0.95 per \$100 of assessed value.

Basic Financial Statements

Meyer Ranch Municipal Utility District of Comal County
Statement of Net Position and Governmental Funds Balance Sheet
September 30, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	\$ 162,309	\$ -	\$ -	\$ 162,309	\$ -	\$ 162,309
Investments	663,803	992,416	5,683	1,661,902		1,661,902
Taxes receivable	5,217	9,838		15,055		15,055
Receivables	196,856			196,856		196,856
Internal balances	99,139	(11,629)	(87,510)			
Prepaid items	69			69		69
Capital assets not being depreciated					3,370,710	3,370,710
Capital assets, net					25,088,248	25,088,248
Total Assets	<u>\$ 1,127,393</u>	<u>\$ 990,625</u>	<u>\$ (81,827)</u>	<u>\$ 2,036,191</u>	<u>28,458,958</u>	<u>30,495,149</u>
Liabilities						
Accounts payable	\$ 151,523	\$ -	\$ -	\$ 151,523		151,523
Other payables	78,903	2,887		81,790		81,790
Accrued interest payable					71,626	71,626
Due to developer					40,078,032	40,078,032
Long-term debt						
Due within one year					325,000	325,000
Due after one year					16,500,000	16,500,000
Total Liabilities	<u>230,426</u>	<u>2,887</u>	<u></u>	<u>233,313</u>	<u>56,974,658</u>	<u>57,207,971</u>
Deferred Inflows of Resources						
Deferred property taxes	<u>5,217</u>	<u>9,838</u>	<u></u>	<u>15,055</u>	<u>(15,055)</u>	
Fund Balances/Net Position						
Fund Balances						
Nonspendable	69			69	(69)	
Restricted		977,900	(81,827)	896,073	(896,073)	
Unassigned	891,681			891,681	(891,681)	
Total Fund Balances	<u>891,750</u>	<u>977,900</u>	<u>(81,827)</u>	<u>1,787,823</u>	<u>(1,787,823)</u>	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,127,393</u>	<u>\$ 990,625</u>	<u>\$ (81,827)</u>	<u>\$ 2,036,191</u>		
Net Position						
Net investment in capital assets					(3,677,675)	(3,677,675)
Restricted for debt service					916,112	916,112
Unrestricted					(23,951,259)	(23,951,259)
Total Net Position					<u>\$ (26,712,822)</u>	<u>\$ (26,712,822)</u>
See notes to basic financial statements.						

Meyer Ranch Municipal Utility District of Comal County
Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances
For the Year Ended September 30, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Sewer service	\$ 666,215	\$ -	\$ -	\$ 666,215	\$ -	\$ 666,215
Penalties and interest - service	7,150			7,150		7,150
Property taxes	640,932	874,762		1,515,694	10,296	1,525,990
Penalties and interest - taxes	1,993	2,480		4,473	2,453	6,926
Tap connection and inspection	52,200			52,200		52,200
Miscellaneous	12,600		750	13,350		13,350
Investment earnings	29,920	55,364	254	85,538		85,538
Total Revenues	1,411,010	932,606	1,004	2,344,620	12,749	2,357,369
Expenditures/Expenses						
Current service operations						
Purchased services	12,035			12,035		12,035
Professional fees	91,316		87,510	178,826		178,826
Contracted services	376,028	10,712		386,740		386,740
Repairs and maintenance	471,338			471,338		471,338
Administrative	70,151			70,151		70,151
Other	31,205			31,205		31,205
Debt service						
Principal		125,000		125,000	(125,000)	
Interest and fees		544,073		544,073	22,283	566,356
Depreciation					600,014	600,014
Total Expenditures/Expenses	1,052,073	679,785	87,510	1,819,368	497,297	2,316,665
Revenues Over/(Under) Expenditures/Expenses	358,937	252,821	(86,506)	525,252	525,252	40,704
Other Item						
Transfers of road and water facilities					(5,297,649)	(5,297,649)
Net Change in Fund Balances	358,937	252,821	(86,506)	525,252	(525,252)	
Change in Net Position					(5,256,945)	(5,256,945)
Fund Balance/Net Position						
Beginning of the year	532,813	725,079	4,679	1,262,571	(22,718,448)	(21,455,877)
End of the year	\$ 891,750	\$ 977,900	\$ (81,827)	\$ 1,787,823	\$ (28,500,645)	\$ (26,712,822)

See notes to basic financial statements.

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Meyer Ranch Municipal Utility District of Comal County
Notes to Financial Statements
September 30, 2023

Note 1 – Summary of Significant Accounting Policies

The accounting policies of Meyer Ranch Municipal Utility District of Comal County (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 Commission on Environmental Quality dated October 11, 2016, and operates in accordance with the Texas Water Code, Chapters 49 and 54. The Board of Directors held its first meeting on February 3, 2017, and the first bonds were issued on December 17, 2019.

The District’s primary activities include construction of water, sewer, drainage and road facilities. As further discussed in Note 9, the District transfers the road facilities to Comal County and water facilities to Canyon Lake Water Service Company for operation and maintenance upon completion of construction. 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 three 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 sewer system and all other financial transactions not reported in other funds. The principal sources of revenue are property taxes 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, drainage and road facilities.

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.

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, 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 1 – Summary of Significant Accounting Policies (continued)

Measurement Focus and Basis of Accounting (continued)

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.

Prepaid Items

Certain payments made by the District reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

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 September 30, 2023, an allowance for uncollectible 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.

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.

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Assets (continued)

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

<u>Assets</u>	<u>Useful Life</u>
Infrastructure	45 years

The District's storm water retention 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 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.

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.

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 prepaid items.

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Balances – Governmental Funds (continued)

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 balances consist of unspent bond proceeds in the Capital Projects Fund and 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.

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; the useful lives and impairment of capital assets; the value of amounts due to developer; the value of capital assets transferred to Comal County and Canyon Lake Water Service Company and the value of capital assets for which the developer has not been fully reimbursed. 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.

Meyer Ranch Municipal Utility District of Comal County
Notes to Financial Statements
September 30, 2023

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	\$ 1,787,823
--	--------------

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.

Historical cost	\$ 30,371,385	
Less accumulated depreciation	<u>(1,912,427)</u>	
Change due to capital assets		28,458,958

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	(16,825,000)	
Interest payable on bonds	<u>(71,626)</u>	
Change due to long-term debt		(16,896,626)

Amounts due to the District's developer for prefunded construction and operating advances are recorded as a liability in the <i>Statement of Net Position</i> .	(40,078,032)
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Property taxes 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.	15,055
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Total net position - governmental activities	<u><u>\$ (26,712,822)</u></u>
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Meyer Ranch Municipal Utility District of Comal County
Notes to Financial Statements
September 30, 2023

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	\$ 525,252
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Governmental funds do not report revenues that are not available to pay current obligations. In contrast, such revenues are reported in the <i>Statement of Activities</i> when earned. The difference is for property taxes and penalties and interest.	12,749
--	--------

In the <i>Statement of Activities</i> , the cost of capital assets is charged to depreciation expense over the estimated useful life of the asset.	(600,014)
--	-----------

Road improvements and water utilities constructed by the District's developer are not capital assets to the District and are recorded as an expense in the <i>Statement of Activities</i> .	(5,297,649)
---	-------------

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

Principal payments	\$ 125,000	
Interest expense accrual	<u>(22,283)</u>	
		102,717

Change in net position of governmental activities	<u><u>\$ (5,256,945)</u></u>
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Note 3 – Deposits and Investments

Deposit Custodial Credit Risk

Custodial credit risk as it applies to deposits (i.e. cash) 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.

Meyer Ranch Municipal Utility District of Comal County
Notes to Financial Statements
September 30, 2023

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 September 30, 2023, the District's investments consist of the following:

Type	Fund	Carrying Value	Rating	Weighted Average Maturity
TexPool	General	\$ 663,803	AAAm	28 days
	Debt Service	992,416		
	Capital Projects	5,683		
		<u>\$ 1,661,902</u>		

TexPool

The District participates in TexPool, the Texas Local Government Investment Pool. The State Comptroller of Public Accounts exercises oversight responsibility of TexPool, which includes (1) the ability to significantly influence operations, (2) designation of management and (3) accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure.

Meyer Ranch Municipal Utility District of Comal County
Notes to Financial Statements
September 30, 2023

Note 3 – Deposits and Investments (continued)

TexPool (continued)

As permitted by GAAP, TexPool uses amortized cost (which excludes unrealized gains and losses) rather than market value to compute share price and seeks to maintain a constant dollar value per share. Accordingly, the fair value of the District's position in TexPool is the same as the value of TexPool shares. Investments in TexPool may be withdrawn on a same day basis, as long as the transaction is executed by 3:30 p.m.

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 September 30, 2023, consist of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amounts</u>	<u>Purpose</u>
General Fund	Debt Service Fund	\$ 11,629	Maintenance tax collections and Debt Service Fund expenditures due to the General Fund
General Fund	Capital Projects Fund	87,510	Bond application fees paid by the General Fund

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

Meyer Ranch Municipal Utility District of Comal County
Notes to Financial Statements
September 30, 2023

Note 5 – Capital Assets

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

	Beginning Balances	Additions/ Adjustments	Ending Balances
Capital assets not being depreciated			
Land and improvements	\$ 3,370,710	\$ -	\$ 3,370,710
Capital assets being depreciated			
Infrastructure	21,325,327	5,675,348	27,000,675
Less accumulated depreciation	(1,312,413)	(600,014)	(1,912,427)
Subtotal depreciable capital assets, net	20,012,914	5,075,334	25,088,248
Capital assets, net	\$ 23,383,624	\$ 5,075,334	\$ 28,458,958

Depreciation expense for the current year was \$600,014.

Note 6 – Due to Developer

The District has entered into financing agreements with its developers for the financing of the construction of water, sewer, drainage facilities and road improvements. Under the agreements, the developer will advance funds for the construction of facilities to serve the District. The developer will be reimbursed from proceeds of future bond issues or other lawfully available funds, subject to approval by TCEQ, as applicable. The District does not record the capital asset and related liability on the government-wide statements until construction of the facilities is complete. The initial cost is estimated based on construction costs plus 10-15% for engineering and other fees. Estimates are trued up when the developer is reimbursed.

The District's developers have also advanced funds to the District for operating expenses.

Changes in the estimated amounts due to developers during the year are as follows:

Due to developer, beginning of year	\$ 29,105,035
Developer funded construction and adjustments	10,972,997
Due to developer, end of year	<u>\$ 40,078,032</u>

Meyer Ranch Municipal Utility District of Comal County
Notes to Financial Statements
September 30, 2023

Note 6 – Due to Developer (continued)

In addition, the District will owe the developers approximately \$12,645,892, which is included in the following schedule of contractual commitments. The exact amount is not known until approved by the TCEQ and verified by the District's auditor. As previously noted, these projects will be reported in the government-wide financial statements upon completion of construction.

	Contract Amount	Percentage Complete
Meyer Ranch, Unit 13 - utilities and paving	\$ 7,491,721	4%
Meyer Ranch WWTP Expansion	5,154,171	0%
	<u>\$ 12,645,892</u>	

Note 7 – Long-Term Debt

Long-term debt is comprised of the following:

Bonds payable	<u>\$ 16,825,000</u>
Due within one year	<u>\$ 325,000</u>

The District's bonds payable at September 30, 2023, consists of unlimited tax bonds as follows:

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/ Ending	Interest Payment Dates	Call Dates
2019 Road	\$ 2,635,000	\$ 2,745,000	2.00% - 3.25%	August 15, 2022/2049	February 15, August 15	August 15, 2025
2020 Road	3,305,000	3,375,000	2.00% - 4.00%	August 15, 2023/2050	February 15, August 15	August 15, 2026
2021 Road	3,815,000	3,815,000	2.00% - 3.00%	August 15, 2024/2051	February 15, August 15	August 15, 2026
2022 Road	7,070,000	7,070,000	3.00% - 6.00%	August 15, 2024/2052	February 15, August 15	August 15, 2027
	<u>\$ 16,825,000</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.

Meyer Ranch Municipal Utility District of Comal County
Notes to Financial Statements
September 30, 2023

Note 7 – Long-Term Debt (continued)

At September 30, 2023, the District had authorized but unissued bonds in the amount of \$207,675,000 for water, sewer and drainage facilities; \$66,695,000 for road facilities; and \$437,062,500 for refunding purposes.

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

Bonds payable, beginning of year	\$ 16,950,000
Bonds retired	<u>(125,000)</u>
Bonds payable, end of year	<u><u>\$ 16,825,000</u></u>

Meyer Ranch Municipal Utility District of Comal County
Notes to Financial Statements
September 30, 2023

Note 7 – Long-Term Debt (continued)

As of September 30, 2023, annual debt service requirements on bonds outstanding are as follows:

Year	Principal	Interest	Totals
2024	\$ 325,000	\$ 560,552	\$ 885,552
2025	340,000	548,892	888,892
2026	350,000	537,372	887,372
2027	365,000	525,302	890,302
2028	380,000	512,895	892,895
2029	400,000	503,354	903,354
2030	420,000	492,916	912,916
2031	435,000	481,777	916,777
2032	450,000	470,019	920,019
2033	470,000	457,423	927,423
2034	495,000	443,473	938,473
2035	510,000	428,774	938,774
2036	535,000	413,361	948,361
2037	555,000	396,818	951,818
2038	585,000	378,594	963,594
2039	605,000	358,850	963,850
2040	630,000	338,413	968,413
2041	655,000	317,126	972,126
2042	685,000	294,781	979,781
2043	720,000	271,006	991,006
2044	750,000	246,007	996,007
2045	785,000	219,938	1,004,938
2046	815,000	192,650	1,007,650
2047	855,000	164,088	1,019,088
2048	890,000	134,088	1,024,088
2049	925,000	102,851	1,027,851
2050	800,000	70,338	870,338
2051	640,000	41,750	681,750
2052	455,000	18,200	473,200
	<u>\$ 16,825,000</u>	<u>\$ 9,921,608</u>	<u>\$ 26,746,608</u>

Note 8 – Property Taxes

On November 7, 2017, the voters of the District authorized the District's Board of Directors to levy taxes annually for use in financing general operations limited to \$1.00 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.

Meyer Ranch Municipal Utility District of Comal County
Notes to Financial Statements
September 30, 2023

Note 8 – Property Taxes (continued)

All property values and exempt status, if any, are determined by the Comal 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 2023 fiscal year was financed through the 2022 tax levy, pursuant to which the District levied property taxes of \$0.95 per \$100 of assessed value, of which \$0.40 was allocated to maintenance and operations and \$0.55 was allocated to debt service. The resulting tax levy was \$1,521,241 on the adjusted taxable value of \$160,095,254.

Property taxes receivable, at September 30, 2023, consisted of the following:

Current year taxes receivable	\$ 13,071
Prior years taxes receivable	(470)
Total property taxes receivable	<u>12,601</u>
Penalty and interest receivable	<u>2,454</u>
Property taxes receivable	<u><u>\$ 15,055</u></u>

Note 9 – Transfers of Road and Water Facilities

Comal County assumes responsibility for the maintenance of public roads constructed within the county limits. Accordingly, road facilities are considered capital assets of Comal County, not the District. The District also constructs water facilities that are not used by the District to provide services and are, therefore, not considered assets of the District. The estimated cost of these road projects and water facilities is recorded as transfers upon completion of construction. This estimated cost is trued up when the developer is subsequently reimbursed. For the year ended September 30, 2023, the District recorded "Transfers of road and water facilities" in the amount of \$5,297,649 for road and water facilities constructed by a developer within the District. See Note 10 for more detail on the conveyance of water facilities.

Note 10 – Utility Agreement with Canyon Lake Water Service Company

On October 4, 2016, the District entered into an agreement, as subsequently amended, with Canyon Lake Water Service Company ("CLWSC"). Pursuant to the terms of this agreement, the District is required to construct water facilities to serve customers within the service area. CLWSC is responsible for the operation and maintenance of the water system and is entitled to all revenues derived from the operation of the water system. Accordingly, water facilities constructed by the District are not considered capital assets of the District and, as components of the water system are completed, the District records the cost of the facilities as transfers on the *Statement of Activities*.

Meyer Ranch Municipal Utility District of Comal County
Notes to Financial Statements
September 30, 2023

Note 11 – Water Facilities Lease Purchase Agreement

On August 20, 2019, the District entered into an agreement with CLWSC for the conveyance of water facilities. The District agrees to lease water facilities to CLWSC until the date that any bonds issued by the District to finance the facilities are no longer outstanding, the dissolution of the District, or the District conveys the facilities to CLWSC. At this point, these facilities will be considered owned by CLWSC. During this lease period, CLWSC will maintain and operate the water facilities for the District.

Note 12 – 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.

Note 13 – Subsequent Event

On October 17, 2023, the District issued its \$17,500,000 Series 2023 Unlimited Tax Bonds at a net effective rate of 4.7696495%. Proceeds from the bonds were used to reimburse the District's developers for operating advances and infrastructure improvements in the District.

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Required Supplementary Information

***Meyer Ranch Municipal Utility District of Comal County
Required Supplementary Information - Budgetary Comparison Schedule - General Fund
For the Year Ended September 30, 2023***

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Sewer service	\$ 546,228	\$ 666,215	\$ 119,987
Penalties and interest - service	9,000	7,150	(1,850)
Property taxes	614,809	640,932	26,123
Penalties and interest - taxes		1,993	1,993
Tap connection and inspection	43,200	52,200	9,000
Miscellaneous	6,480	12,600	6,120
Investment earnings	3,600	29,920	26,320
Total Revenues	<u>1,223,317</u>	<u>1,411,010</u>	<u>187,693</u>
Expenditures			
Current service operations			
Purchased services	24,000	12,035	11,965
Professional fees	106,500	91,316	15,184
Contracted services	377,479	376,028	1,451
Repairs and maintenance	554,200	471,338	82,862
Administrative	76,970	70,151	6,819
Other	4,800	31,205	(26,405)
Total Expenditures	<u>1,143,949</u>	<u>1,052,073</u>	<u>91,876</u>
Revenues Over Expenditures	79,368	358,937	279,569
Fund Balance			
Beginning of the year	532,813	532,813	
End of the year	<u>\$ 612,181</u>	<u>\$ 891,750</u>	<u>\$ 279,569</u>

Meyer Ranch Municipal Utility District of Comal County
Notes to Required Supplementary Information
September 30, 2023

Budgets and Budgetary Accounting

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

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Texas Supplementary Information

Meyer Ranch Municipal Utility District of Comal County
TSI-1. Services and Rates
September 30, 2023

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

- ☐ Retail Water ☐ Wholesale Water ☐ Solid Waste/ Garbage ☒ Drainage
☒ Retail Wastewater ☐ Wholesale Wastewater ☐ Flood Control ☐ Irrigation
☐ Parks / Recreation ☐ Fire Protection ☐ Roads ☐ Security
☐ Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)
☐ 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
Wastewater:	\$ 69.00	2,000	N	\$ 6.00	2,001 to no limit

District employs winter averaging for wastewater usage? ☒ Yes ☐ No

Total charges per 10,000 gallons usage:

Wastewater \$ 117.00

b. Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC'S
Unmetered			x 1.0	
less than 3/4"			x 1.0	
1"			x 2.5	
Total Wastewater	679	679	x 1.0	679

See accompanying auditor's report.

Meyer Ranch Municipal Utility District of Comal County
TSI-1. Services and Rates
September 30, 2023

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

Gallons pumped into system:	<u>N/A</u>	Water Accountability Ratio:
Gallons billed to customers:	<u>N/A</u>	(Gallons billed / Gallons pumped)
		<u>N/A</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: Comal County, Texas

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: _____

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

If Yes, by whom? _____

See accompanying auditor's report.

Meyer Ranch Municipal Utility District of Comal County
TSI-2. General Fund Expenditures
For the Year Ended September 30, 2023

Purchased services	<u>\$ 12,035</u>
Professional fees	
Legal	29,634
Audit	15,000
Financial advisor	1,263
Engineering	45,419
	<u>91,316</u>
Contracted services	
Bookkeeping	22,800
Operator	93,199
Tax collector fees	6,527
Garbage collection	138,167
Sewer billing services	60,343
Sludge removal	54,992
	<u>376,028</u>
Repairs and maintenance	<u>471,338</u>
Administrative	
Directors fees	6,939
Insurance	1,549
Other	61,663
	<u>70,151</u>
Other	<u>31,205</u>
Total expenditures	<u><u>\$ 1,052,073</u></u>

See accompanying auditor's report.

Meyer Ranch Municipal Utility District of Comal County
TSI-3. Investments
September 30, 2023

<u>Fund</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>
General			
TexPool	Variable	N/A	<u>\$ 663,803</u>
Debt Service			
TexPool	Variable	N/A	29,133
TexPool	Variable	N/A	922,952
TexPool	Variable	N/A	40,331
			<u>992,416</u>
Capital Projects			
TexPool	Variable	N/A	2,034
TexPool	Variable	N/A	1,537
TexPool	Variable	N/A	762
TexPool	Variable	N/A	1,350
			<u>5,683</u>
Total - All Funds			<u><u>\$ 1,661,902</u></u>

See accompanying auditor's report.

Meyer Ranch Municipal Utility District of Comal County
TSI-4. Taxes Levied and Receivable
September 30, 2023

	Maintenance Taxes	Debt Service Taxes	Totals	
Taxes Receivable, Beginning of Year	\$ 1,394	\$ 913	\$ 2,307	
Adjustments to Prior Year Tax Levy	4,232	515	4,747	
Adjusted Receivable	5,626	1,428	7,054	
2022 Original Tax Levy	658,605	905,581	1,564,186	
Adjustments	(18,082)	(24,863)	(42,945)	
Adjusted Tax Levy	640,523	880,718	1,521,241	
Total to be accounted for	646,149	882,146	1,528,295	
Tax collections:				
Current year	635,018	873,150	1,508,168	
Prior years	5,914	1,612	7,526	
Total Collections	640,932	874,762	1,515,694	
Taxes Receivable, End of Year	\$ 5,217	\$ 7,384	\$ 12,601	
Taxes Receivable, By Years				
2022	\$ 5,503	\$ 7,568	\$ 13,071	
2021	(234)	(153)	(387)	
2020	(52)	(31)	(83)	
Taxes Receivable, End of Year	\$ 5,217	\$ 7,384	\$ 12,601	
	2022	2021	2020	2019
Property Valuations:				
Land	\$ 78,619,368	\$ 42,141,509	\$ 22,655,320	\$ 23,623,350
Improvements	106,009,194	58,326,340	23,186,180	71,900
Personal Property	902,410	822,288	808,500	
Exemptions	(25,435,718)	(10,479,250)	(7,324,724)	(4,950,544)
Total Property Valuations	\$ 160,095,254	\$ 90,810,887	\$ 39,325,276	\$ 18,744,706
Tax Rates per \$100 Valuation:				
Maintenance tax rates *	\$ 0.40	\$ 0.575	\$ 0.60	\$ 0.95
Debt service tax rates	0.55	0.375	0.35	
Total Tax Rates per \$100 Valuation	\$ 0.95	\$ 0.950	\$ 0.95	\$ 0.95
Adjusted Tax Levy:	\$ 1,521,241	\$ 862,703	\$ 373,590	\$ 178,075
Percentage of Taxes Collected to Taxes Levied **	99.14%	100.04%	100.02%	100.00%

* Maximum Maintenance Tax Rate Approved by Voters: \$1.00 on November 7, 2017

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

See accompanying auditor's report.

Meyer Ranch Municipal Utility District of Comal County
TSI-5. Long-Term Debt Service Requirements
Series 2019 Road--by Years
September 30, 2023

Due During Fiscal Years Ending	Principal Due August 15	Interest Due February 15, August 15	Total
2024	\$ 60,000	\$ 79,856	\$ 139,856
2025	60,000	78,596	138,596
2026	65,000	77,276	142,276
2027	65,000	75,781	140,781
2028	70,000	74,221	144,221
2029	75,000	72,471	147,471
2030	75,000	70,521	145,521
2031	80,000	68,496	148,496
2032	80,000	66,256	146,256
2033	85,000	63,856	148,856
2034	90,000	61,306	151,306
2035	90,000	58,606	148,606
2036	95,000	55,906	150,906
2037	100,000	52,938	152,938
2038	105,000	49,813	154,813
2039	105,000	46,531	151,531
2040	110,000	43,250	153,250
2041	115,000	39,813	154,813
2042	120,000	36,075	156,075
2043	125,000	32,175	157,175
2044	130,000	28,113	158,113
2045	135,000	23,888	158,888
2046	140,000	19,500	159,500
2047	145,000	14,950	159,950
2048	155,000	10,238	165,238
2049	160,000	5,201	165,201
	<u>\$ 2,635,000</u>	<u>\$ 1,305,633</u>	<u>\$ 3,940,633</u>

See accompanying auditor's report.

Meyer Ranch Municipal Utility District of Comal County
TSI-5. Long-Term Debt Service Requirements
Series 2020 Road--by Years
September 30, 2023

Due During Fiscal Years Ending	Principal Due August 15	Interest Due February 15, August 15	Total
2024	\$ 70,000	\$ 98,377	\$ 168,377
2025	75,000	96,277	171,277
2026	75,000	94,777	169,777
2027	80,000	93,202	173,202
2028	80,000	91,442	171,442
2029	85,000	89,602	174,602
2030	90,000	87,563	177,563
2031	95,000	85,313	180,313
2032	95,000	82,938	177,938
2033	100,000	80,444	180,444
2034	105,000	77,444	182,444
2035	110,000	74,294	184,294
2036	115,000	70,994	185,994
2037	115,000	67,544	182,544
2038	120,000	64,094	184,094
2039	125,000	60,344	185,344
2040	130,000	56,438	186,438
2041	135,000	52,375	187,375
2042	140,000	48,156	188,156
2043	150,000	43,781	193,781
2044	155,000	39,094	194,094
2045	160,000	34,250	194,250
2046	165,000	29,250	194,250
2047	175,000	23,888	198,888
2048	180,000	18,200	198,200
2049	185,000	12,350	197,350
2050	195,000	6,338	201,338
	<u>\$ 3,305,000</u>	<u>\$ 1,678,769</u>	<u>\$ 4,983,769</u>

See accompanying auditor's report.

Meyer Ranch Municipal Utility District of Comal County
TSI-5. Long-Term Debt Service Requirements
Series 2021 Road--by Years
September 30, 2023

Due During Fiscal Years Ending	Principal Due August 15	Interest Due February 15, August 15	Total
2024	\$ 85,000	\$ 102,694	\$ 187,694
2025	90,000	100,994	190,994
2026	90,000	99,194	189,194
2027	95,000	97,394	192,394
2028	95,000	95,494	190,494
2029	100,000	93,594	193,594
2030	105,000	91,344	196,344
2031	105,000	88,981	193,981
2032	110,000	86,487	196,487
2033	115,000	83,737	198,737
2034	120,000	80,862	200,862
2035	120,000	77,862	197,862
2036	125,000	74,862	199,862
2037	130,000	71,737	201,737
2038	135,000	68,488	203,488
2039	140,000	64,775	204,775
2040	145,000	60,925	205,925
2041	145,000	56,938	201,938
2042	150,000	52,950	202,950
2043	155,000	48,450	203,450
2044	160,000	43,800	203,800
2045	170,000	39,000	209,000
2046	175,000	33,900	208,900
2047	180,000	28,650	208,650
2048	185,000	23,250	208,250
2049	190,000	17,700	207,700
2050	195,000	12,000	207,000
2051	205,000	6,150	211,150
	<u>\$ 3,815,000</u>	<u>\$ 1,802,212</u>	<u>\$ 5,617,212</u>

See accompanying auditor's report.

Meyer Ranch Municipal Utility District of Comal County
TSI-5. Long-Term Debt Service Requirements
Series 2022 Road--by Years
September 30, 2023

Due During Fiscal Years Ending	Principal Due August 15	Interest Due February 15, August 15	Total
2024	\$ 110,000	\$ 279,625	\$ 389,625
2025	115,000	273,025	388,025
2026	120,000	266,125	386,125
2027	125,000	258,925	383,925
2028	135,000	251,738	386,738
2029	140,000	247,687	387,687
2030	150,000	243,488	393,488
2031	155,000	238,987	393,987
2032	165,000	234,338	399,338
2033	170,000	229,386	399,386
2034	180,000	223,861	403,861
2035	190,000	218,012	408,012
2036	200,000	211,599	411,599
2037	210,000	204,599	414,599
2038	225,000	196,199	421,199
2039	235,000	187,200	422,200
2040	245,000	177,800	422,800
2041	260,000	168,000	428,000
2042	275,000	157,600	432,600
2043	290,000	146,600	436,600
2044	305,000	135,000	440,000
2045	320,000	122,800	442,800
2046	335,000	110,000	445,000
2047	355,000	96,600	451,600
2048	370,000	82,400	452,400
2049	390,000	67,600	457,600
2050	410,000	52,000	462,000
2051	435,000	35,600	470,600
2052	455,000	18,200	473,200
	<u>\$ 7,070,000</u>	<u>\$ 5,134,994</u>	<u>\$ 12,204,994</u>

See accompanying auditor's report.

Meyer Ranch Municipal Utility District of Comal County
TSI-5. Long-Term Debt Service Requirements
All Bonded Debt Series--by Years
September 30, 2023

Due During Fiscal Years Ending	Principal Due August 15	Interest Due February 15, August 15	Total
2024	\$ 325,000	\$ 560,552	\$ 885,552
2025	340,000	548,892	888,892
2026	350,000	537,372	887,372
2027	365,000	525,302	890,302
2028	380,000	512,895	892,895
2029	400,000	503,354	903,354
2030	420,000	492,916	912,916
2031	435,000	481,777	916,777
2032	450,000	470,019	920,019
2033	470,000	457,423	927,423
2034	495,000	443,473	938,473
2035	510,000	428,774	938,774
2036	535,000	413,361	948,361
2037	555,000	396,818	951,818
2038	585,000	378,594	963,594
2039	605,000	358,850	963,850
2040	630,000	338,413	968,413
2041	655,000	317,126	972,126
2042	685,000	294,781	979,781
2043	720,000	271,006	991,006
2044	750,000	246,007	996,007
2045	785,000	219,938	1,004,938
2046	815,000	192,650	1,007,650
2047	855,000	164,088	1,019,088
2048	890,000	134,088	1,024,088
2049	925,000	102,851	1,027,851
2050	800,000	70,338	870,338
2051	640,000	41,750	681,750
2052	455,000	18,200	473,200
	<u>\$ 16,825,000</u>	<u>\$ 9,921,608</u>	<u>\$ 26,746,608</u>

See accompanying auditor's report.

Meyer Ranch Municipal Utility District of Comal County
TSI-6. Change in Long-Term Bonded Debt
September 30, 2023

	Bond Issue		
	Series 2019	Series 2020	Series 2021
	Road	Road	Road
Interest rate	2.00% - 3.25%	2.00% - 4.00%	2.00% - 3.00%
Dates interest payable	2/15 ; 8/15	2/15 ; 8/15	2/15 ; 8/15
Maturity dates	8/15/22 - 8/15/49	8/15/23 - 8/15/50	8/15/24 - 8/15/51
Beginning bonds outstanding	\$ 2,690,000	\$ 3,375,000	\$ 3,815,000
Bonds retired	(55,000)	(70,000)	
Ending bonds outstanding	<u>\$ 2,635,000</u>	<u>\$ 3,305,000</u>	<u>\$ 3,815,000</u>
Interest paid during fiscal year	<u>\$ 80,956</u>	<u>\$ 101,177</u>	<u>\$ 102,694</u>
Paying agent's name and city			
All Series	BOKF, N.A., Dallas, Texas		
Bond Authority:	Water, Sewer and		
	Drainage Bonds	Road Bonds	Refunding Bonds
Amount Authorized by Voters	\$ 207,675,000	\$ 83,700,000	\$ 437,062,500
Amount Issued		(17,005,000)	
Remaining To Be Issued	<u>\$ 207,675,000</u>	<u>\$ 66,695,000</u>	<u>\$ 437,062,500</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 investment balances as of September 30, 2023: \$ 992,416

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 922,297

See accompanying auditor's report.

Bond Issue	
Series 2022	
Road	Totals
3.00% - 6.00%	
2/15 ; 8/15	
8/15/24 - 8/15/52	
\$ 7,070,000	\$ 16,950,000
	(125,000)
\$ 7,070,000	\$ 16,825,000
\$ 257,876	\$ 542,703

Meyer Ranch Municipal Utility District of Comal County
TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund
For the Last Five Fiscal Years

	Amounts				
	2023	2022	2021	2020	2019
Revenues					
Sewer service	\$ 666,215	\$ 517,076	\$ 305,972	\$ 161,514	\$ 21,691
Penalties and interest - service	7,150	9,806	3,311	630	1,066
Property taxes	640,932	532,434	238,639	177,552	1,063
Penalties and interest - taxes	1,993	1,415	872	627	
Tap connection and inspection	52,200	108,600	121,200	67,200	64,200
Miscellaneous	12,600	15,615	16,791	9,630	5,309
Investment earnings	29,920	3,102	24	19	
Total Revenues	<u>1,411,010</u>	<u>1,188,048</u>	<u>686,809</u>	<u>417,172</u>	<u>93,329</u>
Expenditures					
Current service operations					
Purchased services	12,035	11,929	9,122		
Professional fees	91,316	91,230	89,865	169,560	35,593
Contracted services	376,028	326,814	278,496	572,745	57,521
Repairs and maintenance	471,338	246,160	308,249	158,949	3,831
Lease			145,950	227,850	
Administrative	70,151	57,675	35,648	11,309	5,929
Other	31,205	21,492	1,207	567	60,457
Capital outlay				277,347	
Total Expenditures	<u>1,052,073</u>	<u>755,300</u>	<u>868,537</u>	<u>1,418,327</u>	<u>163,331</u>
Revenues Over/(Under) Expenditures	<u>\$ 358,937</u>	<u>\$ 432,748</u>	<u>\$ (181,728)</u>	<u>\$ (1,001,155)</u>	<u>\$ (70,002)</u>

*Percentage is negligible

See accompanying auditor's report.

Percent of Fund Total Revenues				
2023	2022	2021	2020	2019
47%	44%	45%	39%	23%
1%	1%	*	*	1%
45%	45%	35%	43%	1%
*	*	*	*	
4%	9%	18%	16%	69%
1%	1%	2%	2%	6%
2%	*	*	*	
100%	100%	100%	100%	100%
1%	1%	1%		
6%	8%	13%	41%	38%
27%	28%	41%	137%	62%
33%	21%	45%	38%	4%
		21%	55%	
5%	5%	5%	3%	6%
2%	2%	*	*	65%
			66%	
74%	65%	126%	340%	175%
26%	35%	(26%)	(240%)	(75%)

Meyer Ranch Municipal Utility District of Comal County
TSI-7b. Comparative Schedule of Revenues and Expenditures - Debt Service Fund
For the Last Four Fiscal Years

	Amounts			
	2023	2022	2021	2020
Revenues				
Property taxes	\$ 874,762	\$ 340,215	\$ 138,902	\$ -
Penalties and interest - taxes	2,480	906	439	
Miscellaneous		537	14	
Investment earnings	55,364	4,243	123	216
Total Revenues	932,606	345,901	139,478	216
Expenditures				
Tax collection services	10,712	4,852	2,498	
Debt service				
Principal	125,000	55,000		
Interest and fees	544,073	296,091	149,682	54,313
Total Expenditures	679,785	355,943	152,180	54,313
Revenues Over/(Under) Expenditures	\$ 252,821	\$ (10,042)	\$ (12,702)	\$ (54,097)
Total Active Retail Wastewater Connections	679	602	416	231

*Percentage is negligible

See accompanying auditor's report.

Percent of Fund Total Revenues			
2023	2022	2021	2020
95%	99%	100%	
*	*	*	
	*	*	
6%	1%	*	100%
101%	100%	100%	100%
1%	1%	2%	
13%	16%		
58%	86%	107%	25145%
72%	103%	109%	25145%
29%	(3%)	(9%)	(25,045%)

***Meyer Ranch Municipal Utility District of Comal County
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended September 30, 2023***

Complete District Mailing Address: 901 South MoPac Expressway Building II Suite 225, Austin, TX 78746
District Business Telephone Number: (512) 328-2008
Submission Date of the most recent District Registration Form
(TWC Sections 36.054 and 49.054): June 2, 2022
Limit on Fees of Office that a Director may receive during a fiscal year: \$ 7,200
(Set by Board Resolution -- TWC Section 49.060)

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimburse- ments	Title at Year End
Board Members				
Tommy Tucker	5/20 - 5/24	\$ 1,642	\$ -	President
Talley Williams	5/20 - 5/24	1,342		Vice President
Madison Inselmann	5/20 - 5/24	1,492		Secretary
Daniel A. Day	5/22 - 5/26	1,571		Assistant Secretary
Michael Slack	5/22 - 5/26	821	71	Assistant Secretary
Consultants				
McLean & Howard, LLP	7/2017	<u>Amounts Paid</u>		Attorney
<i>General legal fees</i>		\$ 40,504		
Municipal Operations, Inc.	5/2019	411,801		Operator
Canyon Lake Water Service Co.	5/2019	18,508		Billing Consultant
Bott & Douthitt, PLLC	2/2017	23,003		Bookkeeper
Comal County Tax Assesor	11/2017	29,930		Tax Collector
Comal Appraisal District	Legislation	15,308		Property Valuation
Malone-Wheeler, Inc.	9/2021	57,884		Engineer
McGrath & Co., PLLC	9/2019	15,000		Auditor
Specialized Public Finance, Inc.	7/2017	3,000		Financial Advisor

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

See accompanying auditor's report.