

**CALDWELL COUNTY
MUNICIPAL UTILITY DISTRICT NO. 2**

**Financial Statements and
Supplementary Information as of and for the
Year Ended September 30, 2024 and
Independent Auditor's Report**

CALDWELL COUNTY MUNICIPAL UTILITY DISTRICT NO. 2

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ANNUAL FILING AFFIDAVIT

ANNUAL FILING AFFIDAVIT

STATE OF TEXAS
COUNTY OF CALDWELL

I, Rene Abrego _____ of the
(Name of Duly Authorized District Representative)

CALDWELL COUNTY MUNICIPAL UTILITY DISTRICT NO. 2
(Name of District)

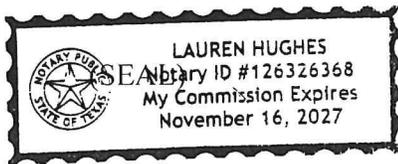
hereby swear, or affirm, that the District above has reviewed and approved at a meeting of the District's Board of Directors on the **28th day of January, 2025**, its annual audit report for the fiscal year ended **September 30, 2024** and that copies of the annual audit report have been filed in the District's office, located at:

4301 Bull Creek Blvd. Suite 150
Austin, Texas 78731
(Address of District's Office)

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

Date: January 28, 2025 By: _____
(Signature of Representative)
Rene Abrego, Secretary
(Typed Name and Title of District Representative)

Sworn to and subscribed to before me this 28th day of January, 2025.



(Signature of Notary)

My Commission Expires On: November 16, 2027.
Notary Public in the State of Texas

INDEPENDENT AUDITOR'S REPORT

McCall Gibson Swedlund Barfoot Ellis PLLC

Certified Public Accountants

*Chris Swedlund
Noel W. Barfoot
Joseph Ellis
Ashlee Martin*

*Mike M. McCall
(retired)
Debbie Gibson
(retired)*

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Caldwell County Municipal Utility District No. 2
Caldwell County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and major fund of Caldwell County Municipal Utility District No. 2 (the "District") as of and for the year ended September 30, 2024, 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 major fund of the District as of September 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Texas Supplementary Information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on it.

Other Information

Management is responsible for the Other Supplementary Information included in the annual report. The Other Supplementary Information does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the Other Supplementary Information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

McCall Gibson Swedlund Barfoot Ellis PLLC

McCall Gibson Swedlund Barfoot Ellis PLLC
Certified Public Accountants
Houston, Texas

January 28, 2025

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

CALDWELL COUNTY MUNICIPAL UTILITY DISTRICT NO. 2
MANAGEMENT’S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024

In accordance with Governmental Accounting Standards Board Statement No. 34 (“GASB 34”), the management of Caldwell County Municipal Utility District No. 2 (the “District”) offers the following discussion and analysis to provide an overview of the District’s financial activities for the year ended September 30, 2024. Since this information is designed to focus on the current year’s activities, resulting changes, and currently known facts, it should be read in conjunction with the District’s basic financial statements that follow.

FINANCIAL HIGHLIGHTS

- *General Fund:* At the end of the current fiscal year, the unassigned fund balance was \$9,871, an increase of \$3,381 from the previous fiscal year. General Fund revenues were \$223,506 in the current fiscal year while expenditures were \$220,125.
- *Governmental Activities:* On a government-wide basis for governmental activities, the District had revenues net of expenses of \$28,751 during the current fiscal year. Net position increased from a deficit balance of \$110,010 at September 30, 2023 to a deficit balance of \$81,259 at September 30, 2024.

OVERVIEW OF THE DISTRICT

The District was created on May 22, 2019 pursuant to Acts of the 86th Legislature, Senate Bill No. 871, and codified by Chapter 8053 of the Texas Special District Local Laws Code and in accordance with Article XVI, Section 59 of the Texas Constitution, with the powers and duties provided by Chapters 49 and 54 of the Texas Water Code.

The District is located on approximately 505 acres of land in Caldwell County near the intersection of State Highway 142 and TX-130 Toll Road, east of the City of Lockhart, Texas.

CALDWELL COUNTY MUNICIPAL UTILITY DISTRICT NO. 2
MANAGEMENT’S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024

USING THIS ANNUAL REPORT

This annual report consists of the following:

1. *Management’s Discussion and Analysis* (this section)
2. *Basic Financial Statements (including Notes to the Financial Statements)*
3. *Required Supplementary Information*
4. *Texas Supplementary Information* (required by the Texas Commission on Environmental Quality (the TSI section))
5. *Other Supplementary Information* (the OSI Section)

For purposes of GASB 34, the District is considered a special purpose government. This allows the District to present the required fund and government-wide statements in a single schedule. The requirement for fund financial statements that are prepared on the modified accrual basis of accounting is met with the “General Fund” column. An adjustment column includes those entries needed to convert to the full accrual basis government-wide statements. Government-wide statements are comprised of the Statement of Net Position and the Statement of Activities.

OVERVIEW OF THE FINANCIAL STATEMENTS

The *Statement of Net Position and Governmental Fund Balance Sheet* includes a column (titled “General Fund”) that represents a balance sheet prepared using the modified accrual basis of accounting. This method measures cash and all other financial assets that can be readily converted to cash. The adjustments column converts those balances to a balance sheet that more closely reflects a private-sector business. Over time, increases or decreases in the District’s net position will indicate financial health.

The *Statement of Activities and Governmental Fund Statement of Revenues, Expenditures and Change in Fund Balance* includes a column (titled “General Fund”) that derives the change in fund balance resulting from current year revenues, expenditures, and other financing sources or uses. These amounts are prepared using the modified accrual basis of accounting. The adjustments column converts those activities to full accrual, a basis that more closely represents the income statement of a private-sector business.

The *Notes to the Financial Statements* provide additional information that is essential to a full understanding of the information presented in the *Statement of Net Position and Governmental Fund Balance Sheet* and the *Statement of Activities and Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance*.

The *Required Supplementary Information* presents a comparison statement between the District’s adopted budget for the General Fund and its actual results.

**CALDWELL COUNTY MUNICIPAL UTILITY DISTRICT NO. 2
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

Summary Statement of Net Position

	Governmental Activities		Change Increase (Decrease)
	2024	2023	
Current and other assets	\$ 120,280	\$ 34,998	\$ 85,282
Capital and non-current assets	25,370	-	25,370
Total Assets	\$ 145,650	\$ 34,998	\$ 110,652
Current liabilities	\$ 110,409	\$ 28,508	\$ 81,901
Long-term liabilities	116,500	116,500	-
Total Liabilities	\$ 226,909	\$ 145,008	\$ 81,901
Unrestricted	(81,259)	(110,010)	28,751
Total Net Position	\$ (81,259)	\$ (110,010)	\$ 28,751

The District's net position increased by \$28,751 to a deficit balance of \$81,259 from the previous year's deficit balance of \$110,010.

**CALDWELL COUNTY MUNICIPAL UTILITY DISTRICT NO. 2
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024**

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

Revenues and Expenses:

Summary Statement of Activities

	Governmental Activities		Change Increase (Decrease)
	2024	2023	
Property taxes, including penalties	\$ 72,419	\$ 13,315	\$ 59,104
Service and connection/inspection fees	127,037	24,561	102,476
Interest and other revenue	24,050	157	23,893
Total Revenues	\$ 223,506	\$ 38,033	\$ 185,473
Professional fees	\$ 92,623	\$ 43,857	\$ 48,766
Recurring operating	100,490	16,072	84,418
Depreciation	1,642	-	1,642
Total Expenses	\$ 194,755	\$ 59,929	\$ 134,826
Change in Net Position	\$ 28,751	\$ (21,896)	\$ 50,647
Beginning Net Position	(110,010)	(88,114)	(21,896)
Ending Net Position	\$ (81,259)	\$ (110,010)	\$ 28,751

Revenues were \$223,506 for the fiscal year ended September 30, 2024 while expenses were \$194,755. Net position increased \$28,751 for the fiscal year ended September 30, 2024.

Property tax revenues in the current fiscal year totaled \$72,419. Property tax revenue is derived from taxes being levied based upon the assessed value of real and personal property within the District. Property taxes levied for the 2023 tax year (September 30, 2024 fiscal year) were based upon a current assessed value of \$7,533,430 and a tax rate of \$0.95 per \$100 of assessed valuation.

The tax rate levied is determined after the District's Board of Directors reviews the General Fund budget requirements of the District. The District's primary revenue sources during fiscal years 2024 were property taxes and service account and connection/inspection fees.

**CALDWELL COUNTY MUNICIPAL UTILITY DISTRICT NO. 2
MANAGEMENT’S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024**

ANALYSIS OF GOVERNMENTAL FUNDS

Governmental Funds by Year

	2024	2023	2022 *
Cash and cash equivalents	\$ 58,314	\$ 33,633	\$ 3,657
Accounts receivable and prepaids	61,966	1,365	-
Total Assets	\$ 120,280	\$ 34,998	\$ 3,657
Liabilities	\$ 110,409	\$ 28,508	\$ 3,271
Total Liabilities	\$ 110,409	\$ 28,508	\$ 3,271
Nonspendable	\$ 43,017	\$ -	\$ -
Unassigned	\$ (33,146)	\$ 6,490	\$ 386
Total Fund Balance	\$ 9,871	\$ 6,490	\$ 386
Total Liabilities and Fund Balance	\$ 120,280	\$ 34,998	\$ 3,657

* - Unaudited

As of September 30, 2024, the District’s governmental fund reflected a fund balance of \$9,871. For the year ended September 30, 2024, General Fund fund balance increased by \$3,381.

BUDGETARY HIGHLIGHTS

The General Fund pays for daily operating expenditures. The Board of Directors adopted a budget on September 7, 2023 for the 2024 fiscal year. The budget included projected revenues of \$222,231 and other financing sources of \$25,000 as compared to expenditures of \$135,754. When comparing actual results to budget, the District had a negative variance of \$108,096. More detailed information about the District’s budgetary comparison is presented in the *Required Supplementary Information*.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The net property tax assessed value for the 2024 tax year (September 30, 2025 fiscal year) is approximately \$26 million. The fiscal year 2025 tax rate is \$0.95 on each \$100 of taxable value, all of which will fund general operating expenses.

The adopted budget for fiscal year 2025 projects an increase of \$248,502 to the operating fund balance.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District’s finances and to demonstrate the District’s accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District in care of McLean & Howard, LLP, 4301 Bull Creek Blvd., Suite 150, Austin, TX 78731.

FINANCIAL STATEMENTS

CALDWELL COUNTY MUNICIPAL UTILITY DISTRICT NO. 2
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUND BALANCE SHEET
SEPTEMBER 30, 2024

	<u>General Fund</u>	<u>Adjustments Note 2</u>	<u>Government - Wide Statement of Net Position</u>
<u>ASSETS</u>			
Cash and cash equivalents:			
Cash	\$ 57,775	\$ -	\$ 57,775
Cash equivalents	539	-	539
Receivables -			
Service accounts, net of allowance for doubtful accounts of \$-0-	18,949	-	18,949
Prepaid costs	43,017	-	43,017
Capital assets, net of accumulated depreciation:			
Water/wastewater/drainage facilities	-	25,370	25,370
TOTAL ASSETS	<u>\$ 120,280</u>	<u>25,370</u>	<u>145,650</u>
<u>LIABILITIES</u>			
Accounts payable	\$ 34,160	\$ -	\$ 34,160
Accrued expenditures	59,649	-	59,649
Deposits	16,600	-	16,600
Long-term liabilities -			
Due to developers	-	116,500	116,500
TOTAL LIABILITIES	<u>\$ 110,409</u>	<u>\$ 116,500</u>	<u>\$ 226,909</u>
<u>FUND BALANCE / NET POSITION</u>			
Fund balance -			
Nonspendable	\$ 43,017	\$ (43,017)	\$ -
Unassigned	(33,146)	33,146	-
TOTAL FUND BALANCE	<u>\$ 9,871</u>	<u>\$ (9,871)</u>	<u>\$ -</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 120,280</u>		
Net position:			
Net investment in capital assets		25,370	25,370
Unrestricted		(106,629)	(106,629)
TOTAL NET POSITION		<u>\$ (81,259)</u>	<u>\$ (81,259)</u>

The accompanying notes are an integral part of this statement.

CALDWELL COUNTY MUNICIPAL UTILITY DISTRICT NO. 2
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT
OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED SEPTEMBER 30, 2024

	General Fund	Adjustments Note 2	Government - Wide Statement of Activities
<u>REVENUES:</u>			
Property taxes, including penalties	\$ 72,419	\$ -	\$ 72,419
Service account revenues, including penalties	109,613	-	109,613
Connection/inspection fees	17,424	-	17,424
Pond management fee	23,400	-	23,400
Interest and Other	650	-	650
TOTAL REVENUES	\$ 223,506	\$ -	\$ 223,506
<u>EXPENDITURES / EXPENSES:</u>			
Current:			
Management/operations	\$ 14,035	\$ -	\$ 14,035
Repairs/maintenance	47,476	-	47,476
Connection/inspection fees	25,030	-	25,030
Director fees, including payroll taxes	4,291	-	4,291
Legal fees	30,565	-	30,565
Bookkeeping fees	13,154	-	13,154
Audit fees	8,000	-	8,000
Engineering fees	40,904	-	40,904
Insurance	2,730	-	2,730
Tax appraisal/collection fees	2,164	-	2,164
Website maintenance	460	-	460
Bank fees and Other	4,304	-	4,304
Capital outlay	27,012	(27,012)	-
Depreciation	-	1,642	1,642
TOTAL EXPENDITURES / EXPENSES	\$ 220,125	\$ (25,370)	\$ 194,755
NET CHANGE IN FUND BALANCE	\$ 3,381	\$ (3,381)	\$ -
CHANGE IN NET POSITION		28,751	28,751
<u>FUND BALANCE / NET POSITION:</u>			
Beginning of the year	6,490	(116,500)	(110,010)
End of the year	\$ 9,871	\$ (91,130)	\$ (81,259)

The accompanying notes are an integral part of this statement.

**NOTES TO THE
FINANCIAL STATEMENTS**

CALDWELL COUNTY MUNICIPAL UTILITY DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2024

1. SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of Caldwell County Municipal Utility District No. 2 (the “District”) relating to the fund included in the accompanying financial statements conform to generally accepted accounting principles (“GAAP”) as applied to governmental entities. GAAP for local governments includes those principles prescribed by the Governmental Accounting Standards Board (“GASB”), which constitutes the primary source of GAAP for governmental units. The more significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced.

Reporting Entity - The District was created on May 22, 2019 pursuant to Acts of the 86th Legislature, Senate Bill No. 871, and codified by Chapter 8053 of the Texas Special District Local Laws Code and in accordance with Article XVI, Section 59 of the Texas Constitution, with the powers and duties provided by Chapters 49 and 54 of the Texas Water Code. The reporting entity of the District encompasses those activities and functions over which the District’s elected officials exercise significant oversight or control. The District is governed by a five member Board of Directors (the “Board”) which has been elected by District residents or appointed by the Board. The District is not included in any other governmental “reporting entity” as defined by the GASB since Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters. In addition, there are no component units included in the District’s reporting entity. The Board held its first meeting on July 30, 2019, and the District was confirmed at an election held on November 5, 2019.

Basis of Presentation - Government-Wide and Fund Financial Statements - These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting (the “GASB Codification”).

GASB Codification sets forth standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Position and a Statement of Activities. It requires the classification of net position into three components: Net Investment in Capital Assets; Restricted; and Unrestricted. These classifications are defined as follows:

- Net Investment in Capital Assets – This component of net position consists of capital and intangible assets, including restricted capital assets, net of accumulated depreciation reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

CALDWELL COUNTY MUNICIPAL UTILITY DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2024

1. SIGNIFICANT ACCOUNTING POLICIES (continued) –

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

The basic financial statements are prepared in conformity with GASB Statement No. 34 and include a column for government-wide (based upon the District as a whole) and fund financial statement presentations. GASB Statement No. 34 also requires as supplementary information the Management's Discussion and Analysis, which includes an analytical overview of the District's financial activities. In addition, a budgetary comparison statement is presented that compares the adopted General Fund budget with actual results.

- **Government-Wide Financial Statements:** The District's Statement of Net Position includes both non-current assets and non-current liabilities of the District. In addition, the government-wide Statement of Activities column reflects depreciation expense on the District's capital assets, including infrastructure.

The government-wide focus is more on the sustainability of the District as an entity and the change in aggregate financial position resulting from financial activities of the fiscal period. The focus of the fund financial statements is on the individual funds of the governmental categories. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

- **Fund Financial Statements:** Fund based financial statement columns are provided for governmental funds. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures of either fund category) for the determination of major funds. All of the District's funds are considered major funds.

Governmental Fund Types - The accounts of the District are organized and operated on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a self-balancing set of accounts that comprise its assets, liabilities, fund balances, revenues and expenditures. The various funds are grouped by category and type in the financial statements. The District maintains the following fund type:

- **General Fund** - The General Fund accounts for financial resources in use for general types of operations which are not encompassed within other funds. This fund is established to account for resources devoted to financing the general services that the District provides for its residents. Tax revenues and other sources of revenue used to finance the fundamental operations of the District are included in this fund.

CALDWELL COUNTY MUNICIPAL UTILITY DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2024

1. SIGNIFICANT ACCOUNTING POLICIES (continued) -

Non-current Governmental Assets and Liabilities - GASB Statement No. 34 eliminates the presentation of Account Groups, but provides for these records to be maintained and incorporates the information into the government-wide financial statement column in the Statement of Net Position.

Basis of Accounting

Government-Wide Statements - The government-wide financial statement column is reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Fund Financial Statements - The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using the current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in the fund balances. Governmental funds are accounted for on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (i.e., both measurable and available).

“Measurable” means that the amount of the transaction can be determined and “available” means the amount of the transaction is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Expenditures, if measurable, are generally recognized on the accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include the unmatured principal and interest on general obligation long-term debt which is recognized when due. This exception is in conformity with GAAP.

Property tax revenues are recognized when they become available. In this case, available means when due, or past due and receivable within the current period and collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. Such time thereafter shall not exceed 60 days. Tax collections expected to be received subsequent to the 60-day availability period are reported as deferred inflows of resources. All other revenues of the District are recorded on the accrual basis in all funds.

The District may report unearned revenues on its combined balance sheet. Unearned revenues arise when a potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. In subsequent periods, when revenue recognition criteria are met, the balance for unearned revenues is removed from the combined balance sheet and revenue is recognized.

CALDWELL COUNTY MUNICIPAL UTILITY DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2024

1. SIGNIFICANT ACCOUNTING POLICIES (continued) -

Budgets and Budgetary Accounting – A budget was adopted on September 7, 2023, for the General Fund on a basis consistent with generally accepted accounting principles. The District's Board utilizes the budget as a management tool for planning and cost control purposes. The budget was not amended during the current fiscal year. The Budgetary Comparison Schedule – General Fund presents the original and revised budget amounts, if revised, compared to the actual amounts of revenues and expenditures for the current fiscal year.

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

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

Cash and Cash Equivalent Investments - Includes cash on deposit as well as investments with maturities of three months or less. The investments, consisting of obligations in the State Comptroller’s Investment Pool, are recorded at amortized cost.

Ad Valorem Property Taxes - Property taxes, penalties, and interest are reported as revenue in the fiscal year in which they become available to finance expenditures of the District. Allowances for uncollectible property taxes within the General Fund and Debt Service Fund are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

Accounts Receivable - The District provides for uncollectible accounts receivable using the allowance method of accounting for bad debts. Under this method of accounting, a provision for uncollectible accounts is charged to earnings. The allowance account is increased or decreased based on past collection history and management’s evaluation of accounts receivable. All amounts considered uncollectible are charged against the allowance account, and recoveries of previously charged off accounts are added to the allowance. The District had no an allowance for uncollectible accounts at September 30, 2024.

Fund Equity - The District complies with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Those fund balance classifications are described below.

CALDWELL COUNTY MUNICIPAL UTILITY DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2024

1. SIGNIFICANT ACCOUNTING POLICIES (continued) -

- Nonspendable - Amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact.
- Restricted - Amounts that can be spent only for specific purposes because of constraints imposed by external providers, or imposed by constitutional provisions or enabling legislation. The District had no such amounts.
- Committed - Amounts that can only be used for specific purposes pursuant to approval by formal action by the Board. The District had no such amounts.
- Assigned - For the General Fund, amounts that are appropriated by the Board that are to be used for specific purposes. For all other governmental funds, any remaining positive amounts not previously classified as nonspendable, restricted or committed. The District had no such amounts.
- Unassigned - Amounts that are available for any purpose; these amounts can be reported only in the District's General Fund.

The detail of the fund balances is included in the Governmental Fund Balance Sheet on page FS-1.

Fund balance of the District may be committed for a specific purpose by formal action of the Board, the District's highest level of decision-making authority. Commitments may be established, modified, or rescinded only through a resolution approved by the Board. The Board may also assign fund balance for a specific purpose.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

CALDWELL COUNTY MUNICIPAL UTILITY DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2024

2. RECONCILIATION OF THE GOVERNMENTAL FUND

Adjustments to convert the Governmental Fund Balance Sheet to the Statement of Net Position are as follows:

Fund Balance - General Fund	\$	9,871
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds:		
Capital assets	\$	27,012
Less: Accumulated depreciation		(1,642)
		25,370
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental fund - Developer advances		(116,500)
		(81,259)
Net Position - Governmental Activities	\$	(81,259)

Adjustments to convert the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities are as follows:

Net Change in Fund Balance - General Fund	\$	3,381
Amounts reported for governmental activities in the Statement of Activities are different because -		
Governmental funds report - Capital outlay in year paid		27,012
Governmental funds do not report - Depreciation		(1,642)
		28,751
Change in Net Position - Governmental Activities	\$	28,751

CALDWELL COUNTY MUNICIPAL UTILITY DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2024

3. CASH AND CASH EQUIVALENT INVESTMENTS

The investment policies of the District are governed by Section 2256 of the Texas Government Code (the “Public Funds Investment Act”) and an adopted District investment policy that includes depository contract provisions and custodial contract provisions. Major provisions of the District’s investment policy, which complies with the Public Funds Investment Act, include: depositories must be Federal Deposit Insurance Corporation (“FDIC”) insured Texas banking institutions; depositories must fully insure or collateralize all demand and time deposits; and securities collateralizing time deposits are held by independent third party trustees.

Cash - At September 30, 2024, the carrying amount of the District's cash was \$57,775 and the bank balance was \$58,982. The bank balance was covered by federal depository insurance.

Cash Equivalents and Investments -

Interest rate risk. In accordance with its investment policy, the District manages its exposure to declines in fair values through investment diversification and limiting investments as follows:

- Money market mutual funds are required to have weighted average maturities of 90 days or fewer; and
- Other mutual fund investments are required to have weighted average maturities of less than two years.

Credit risk. The District’s investment policy requires the application of the prudent-person rule: investments are made as a prudent person would be expected to act, with discretion and intelligence, and considering the probable safety of their capital as well as the probable income to be derived. The District’s investment policy requires that District funds be invested in:

- Obligations of the United States Government and/or its agencies and instrumentalities;
- Money market mutual funds with investment objectives of maintaining a stable net asset value of \$1 per share;
- Mutual funds rated in one of the three highest categories by a nationally recognized rating agency;
- Securities issued by a State or local government or any instrumentality or agency thereof, in the United States, and rated in one of the three highest categories by a nationally recognized rating agency; or
- Public funds investment pools rated AAA or AAAM by a nationally recognized rating agency.

CALDWELL COUNTY MUNICIPAL UTILITY DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2024

3. CASH AND CASH EQUIVALENT INVESTMENTS (continued) –

Cash Equivalents and Investments (continued) -

At September 30, 2024, the District held the following investments:

Investment	Fair Value at 9/30/2024	Governmental Fund		Investment Rating	
		General	Unrestricted	Rating	Rating Agency
TexPool	\$ 539	\$ 539		AAAm	Standard & Poors
	<u>\$ 539</u>	<u>\$ 539</u>			

The District invests in TexPool, an external investment pool that is not SEC-registered. The State Comptroller of Public Accounts of the State of Texas has oversight of the pool. Federated Hermes, Inc. manages the daily operations of the pool under a contract with the Comptroller. TexPool measures all of its portfolio assets at amortized cost. As a result, the District also measures its investments in TexPool at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from TexPool.

Concentration of credit risk. In accordance with the District’s investment policy, investments in individual securities are to be limited to ensure that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio. As of September 30, 2024, the District did not own any investments in individual securities.

Custodial credit risk-deposits. Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The government’s investment policy requires that the District’s deposits be fully insured by FDIC insurance or collateralized with obligations of the United States or its agencies and instrumentalities. As of September 30, 2024, the District’s bank deposits were fully covered by FDIC insurance.

4. PROPERTY TAXES

Property taxes attach as an enforceable lien on January 1. Taxes are levied on or about October 1, are due on November 1, and are past due the following February 1. The Caldwell County Appraisal District establishes appraisal values in accordance with requirements of the Texas Legislature. The District levies taxes based upon the appraised values. The Caldwell County Tax Assessor Collector bills and collects the District's property taxes. The Board of Directors set current tax rates on September 7, 2023.

The property tax rates, established in accordance with state law, were based on 100% of the net assessed valuation of real property within the District on the 2023 tax roll. The tax rate, based on total taxable assessed valuation of \$7,533,430 was \$0.95 on each \$100 valuation and was allocated solely to the General Fund. The maximum allowable maintenance tax of \$1.00 was established by the voters at an election held on November 5, 2019.

Property taxes were fully collected at September 30, 2024.

The District is prohibited from writing off real property taxes without specific authority from the Texas Legislature.

CALDWELL COUNTY MUNICIPAL UTILITY DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2024

5. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance 9/30/2023	Additions	Deletions	Balance 9/30/2024
Capital assets being depreciated:				
Water/wastewater/drainage system	\$ -	\$ 27,012	\$ -	\$ 27,012
Total capital assets being depreciated	-	27,012	-	27,012
Less accumulated depreciation for:				
Water/wastewater/drainage system	-	(1,642)	-	(1,642)
Total accumulated depreciation	-	(1,642)	-	(1,642)
Total capital assets, net	\$ -	\$ 25,370	\$ -	\$ 25,370

6. COMMITMENTS AND CONTINGENCIES

The developers of the land within the District have incurred costs for construction of facilities, as well as costs pertaining to the creation and operation of the District. Claims for reimbursement of construction costs and operational advances will be evaluated upon receipt of adequate supporting documentation and proof of contractual obligation. Such costs may be reimbursable to the developers by the District from proceeds of future District bond issues or from operations, subject to approval by the Texas Commission on Environmental Quality. On November 5, 2019, a bond election held within the District approved authorization to issue \$225,000,000 of bonds to fund costs for water, wastewater and drainage system facilities and \$145,000,000 of road improvements. As of September 30, 2024, the District has not issued any unlimited tax bonds to reimburse the developer for District facility construction or road improvements. At September 30, 2024, the District has \$116,500 outstanding in developer advances which were used to fund operating activities of the District.

7. RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District has obtained coverage from the Texas Municipal League Intergovernmental Risk Pool (“TML Pool”) to effectively manage its risk. All risk management activities are accounted for in the General Fund. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered.

The TML Pool was established by various political subdivisions in Texas to provide self-insurance for its members and to obtain lower costs for insurance. TML Pool members pay annual contributions to obtain the insurance. Annual contribution rates are determined by the TML Pool Board. Rates are estimated to include all claims expected to occur during the policy including claims incurred but not reported. The TML Pool has established claims reserves for each of the types of insurance offered. Although the TML Pool is a self-insured risk pool, members are not contingently liable for claims filed above the amount of the fixed annual contributions. If losses incurred are significantly higher than actuarially estimated, the TML Pool adjusts the contribution rate for subsequent years. Members may receive returns of contributions if actual results are more favorable than estimated.

CALDWELL COUNTY MUNICIPAL UTILITY DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2024

8. RETAIL WATER AND WASTEWATER SUPPLY CONTRACTS

Effective January 27, 2022, the District, a developer (Ranch Road Hartland, LLC) and Maxwell Special Utility District (“Maxwell SUD”) entered into a Non-Standard Retail Water Service Agreement (the “Water Service Agreement”). Pursuant to the Water Service Agreement, the District and the developer will design, finance and construct all infrastructure and facilities required to serve the Hartland Ranch Subdivision within the District. Upon construction completion, the water facilities will be conveyed to Maxwell SUD who agrees to accept ownership and operation of the District’s water facilities and, thereafter, Maxwell SUD will provide retail water service to residents within the Hartland Ranch Subdivision. Residents of the Hartland Ranch Subdivision will be served by a cluster septic system constructed by the developer and conveyed to the District for ownership and operation. The District will be the retail provider of wastewater service to residents within the Hartland Ranch Subdivision. The term of the Water Service Agreement is 20 years.

Effective August 24, 2022, the District, a developer (Phau-Lockhart 450, LLC) and Maxwell SUD entered into a Non-Standard Retail Water and Wastewater Service Agreement (the “Water and Wastewater Service Agreement”). Pursuant to the Water and Wastewater Service Agreement, the District and the developer will design, finance and construct all infrastructure and facilities required to serve the Juniper Springs Subdivision within the District. Upon construction completion, the water and wastewater facilities will be conveyed to Maxwell SUD who agrees to accept ownership and operation of the District’s water and wastewater facilities and, thereafter, Maxwell SUD will provide retail water and wastewater service to residents within the Juniper Springs Subdivision. The term of the Water and Wastewater Service Agreement is 40 years.

9. SUBSEQUENT EVENT

On November 20, 2024, the District issued \$3,150,000 of Series 2024A Unlimited Tax Bonds and \$2,305,000 of Series 2024B Unlimited Tax Road Bonds with interest rates ranging from 4.25% to 6.75% and principal maturities through September 2049. Proceeds of the bonds were used to reimburse the developer within the District for certain utility infrastructure and road facilities and to fund future interest payments on the bonds and pay bond issuance costs.

**REQUIRED SUPPLEMENTARY
INFORMATION**

CALDWELL COUNTY MUNICIPAL UTILITY DISTRICT NO. 2
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2024

	<u>Actual</u>	<u>Original and Final Budget</u>	<u>Variance Positive (Negative)</u>
REVENUES:			
Property taxes, including penalties	\$ 72,419	\$ 78,131	\$ (5,712)
Service account revenues, including penalties	109,613	46,725	62,888
Connection/inspection fees	17,424	97,375	(79,951)
Pond management fee	23,400	-	23,400
Interest and Other	650	-	650
TOTAL REVENUES	<u>\$ 223,506</u>	<u>\$ 222,231</u>	<u>\$ 1,275</u>
EXPENDITURES:			
Current:			
Management/operations	\$ 14,035	\$ 14,042	\$ 7
Repairs/maintenance	47,476	26,400	(21,076)
Connection/inspection fees	25,030	-	(25,030)
Director fees, including payroll taxes	4,291	6,661	2,370
Legal fees	30,565	30,000	(565)
Bookkeeping fees	13,154	14,650	1,496
Audit fees	8,000	8,000	-
Engineering fees	40,904	24,000	(16,904)
Financial advisor fees	-	3,000	3,000
Insurance	2,730	2,000	(730)
Tax appraisal/collection fees	2,164	2,000	(164)
Website maintenance	460	900	440
Bank fees and Other	4,304	4,101	(203)
Capital Outlay	27,012	-	(27,012)
TOTAL EXPENDITURES	<u>\$ 220,125</u>	<u>\$ 135,754</u>	<u>\$ (84,371)</u>
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 3,381</u>	<u>\$ 86,477</u>	<u>\$ (83,096)</u>
OTHER FINANCING SOURCES -			
Developer advances	\$ -	\$ 25,000	\$ (25,000)
TOTAL OTHER FINANCING SOURCES	<u>\$ -</u>	<u>\$ 25,000</u>	<u>\$ (25,000)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 3,381</u>	<u><u>\$ 111,477</u></u>	<u><u>\$ (108,096)</u></u>
FUND BALANCE:			
Beginning of the year	<u>6,490</u>		
End of the year	<u><u>\$ 9,871</u></u>		

**TEXAS SUPPLEMENTARY
INFORMATION**

CALDWELL COUNTY MUNICIPAL UTILITY DISTRICT NO. 2
TSI-1. SERVICES AND RATES
SEPTEMBER 30, 2024

1. Services Provided by the District during the Fiscal Year:

- | | | |
|---|---|--|
| <input 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 type="checkbox"/> Security |
| <input type="checkbox"/> Solid Waste/Garbage | <input type="checkbox"/> Flood Control | <input type="checkbox"/> Roads |
| <input type="checkbox"/> Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect) | | |
| <input type="checkbox"/> Other (specify): _____ | | |

2. Retail Service Providers

a. Retail Rates Based on 5/8" Meter (or equivalent):

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1000 Gallons Over Minimum	Usage Levels
WATER:	(1)	(1)	(1)	(1)	(1)
WASTEWATER:	\$ 75.00		Y		
SURCHARGE:					

District employs winter averaging for wastewater usage? Yes No

Total charges per 10,000 gallons usage: Water (1) Wastewater \$ 75.00

b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC's
Unmetered			1.0	
< 3/4"			1.0	
1"			2.5	
1 1/2"			5.0	
2"			8.0	
3"			15.0	
4"			25.0	
6"			50.0	
8"			80.0	
10"			115.0	
Total Water	(1)	(1)		(1)
Total Wastewater	161	161	1.0	161

⁽¹⁾ Maxwell Special Utility District provides retail water service to all District residents and provides retail wastewater service to residents of the Juniper Springs Subdivision. The District provides retail wastewater service, by way of a cluster septic system, to residents of the Hartland Ranch Subdivision.

CALDWELL COUNTY MUNICIPAL UTILITY DISTRICT NO. 2
TSI-1. SERVICES AND RATES (continued)
SEPTEMBER 30, 2024

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

Gallons pumped into system: _____ (1)

Gallons billed to customers: _____ (1)

<u>Water Accountability Ratio</u> (Gallons billed / Gallons Pumped) N/A
--

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

Does the District assess standby fees? Yes No

Does the District have Operation and
Maintenance standby fees? Yes No

5. Location of District

County(ies) in which district is located: _____ Caldwell County, Texas _____

Is the District located entirely within one county? Yes No

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

City(ies) in which district is located: _____ N/A _____

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

Entirely Partly Not at all

ETJ's in which district is located: _____ City of Lockhart, TX _____

Are Board members appointed by an office outside the district?

Yes No

If Yes, by whom? _____

(1) Maxwell Special Utility District provides retail water service to all District residents and provides retail wastewater service to residents of the Juniper Springs Subdivision. The District provides retail wastewater service, by way of a cluster septic system, to residents of the Hartland Ranch Subdivision.

CALDWELL COUNTY MUNICIPAL UTILITY DISTRICT NO. 2
TSI-2. GENERAL FUND EXPENDITURES
SEPTEMBER 30, 2024

Personnel Expenditures (including benefits)	\$	-
Professional Fees:		
Auditing		8,000
Legal		30,565
Engineering		40,904
Financial Advisor		-
Purchased Services For Resale:		
Bulk Water and Wastewater Purchases		-
Contracted Services:		
Bookkeeping		13,154
General Manager		14,035
Appraisal District/Tax Collector		2,164
Other Contracted Services		25,030
Utilities		-
Repairs and Maintenance		47,476
Chemicals		-
Administrative Expenditures:		
Directors' Fees		4,291
Office Supplies		-
Website Maintenance		460
Insurance		2,730
Bank Fees		4,304
Other Administrative Expenditures		-
Capital Outlay:		
Capitalized Assets		27,012
Expenditures not Capitalized		-
Bad Debt		-
Parks and Recreation		-
Other Expenditures		-
TOTAL EXPENDITURES	\$	220,125

Number of persons employed by the District:

Full-Time

Part-Time

CALDWELL COUNTY MUNICIPAL UTILITY DISTRICT NO. 2
TSI-3. TEMPORARY INVESTMENTS
SEPTEMBER 30, 2024

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
General Fund:					
TexPool	XXX0002	Varies	Daily	\$ 539	\$ -
Total				<u>\$ 539</u>	<u>\$ -</u>

CALDWELL COUNTY MUNICIPAL UTILITY DISTRICT NO. 2
TSI-4. TAXES LEVIED AND RECEIVABLE
SEPTEMBER 30, 2024

	<u>Maintenance Taxes</u>	<u>Debt Service Taxes</u>	
Taxes Receivable, Beginning of Year	\$ -	\$ -	
2023 Original Tax Levy, less abatements	72,224	-	
Adjustments	-	-	
Total to be accounted for	<u>\$ 72,224</u>	<u>\$ -</u>	
Tax collections:			
Current year	\$ 72,224	\$ -	
Prior years	-	-	
Rollbacks	-	-	
Total collections	<u>\$ 72,224</u>	<u>\$ -</u>	
Taxes Receivable, End of Year	<u>\$ -</u>	<u>\$ -</u>	
Taxes Receivable, By Years			
2022 and before	\$ -	\$ -	
2023	-	-	
Taxes Receivable, End of Year	<u>\$ -</u>	<u>\$ -</u>	
Property Valuations:	<u>2023</u> (a)	<u>2022</u> (a)	<u>2021</u> (1)
Land and improvements	<u>\$ 7,533,430</u>	<u>\$ 1,401,540</u>	<u>\$ -</u>
Total Property Valuations	<u>\$ 7,533,430</u>	<u>\$ 1,401,540</u>	<u>\$ -</u>
Tax Rates per \$100 Valuation:			
Debt Service tax rates	\$ -	\$ -	\$ -
Maintenance tax rates	<u>0.95</u>	<u>0.95</u>	-
Total Tax Rates per \$100 Valuation:	<u>\$ 0.95</u>	<u>\$ 0.95</u>	<u>\$ -</u>
Adjusted Tax Levy	<u>\$ 72,224</u>	<u>\$ 13,315</u>	<u>-</u>
Percent of Taxes Collected to Taxes Levied *	<u>100.0%</u>	<u>100.0%</u>	<u>N/A</u>
Maximum Tax Rate Approved by Voters:	<u>1.00</u>	<u>11/5/2019</u>	

*Calculated as taxes collected in current and previous years divided by tax levy.

(1) District did not levy a tax in 2021.

(a) Valuations are provided by the appropriate Appraisal District. Due to various factors including tax protests and disputes, such valuations change over time; therefore, they may vary slightly from those disclosed in the District's bond offering documents or the District's annual bond disclosure filings.

**CALDWELL COUNTY MUNICIPAL UTILITY DISTRICT NO. 2
TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS - BY YEARS
SEPTEMBER 30, 2024**

The District had no outstanding debt at September 30, 2024.

CALDWELL COUNTY MUNICIPAL UTILITY DISTRICT NO. 2
TSI-6. CHANGES IN LONG-TERM BONDED DEBT
SEPTEMBER 30, 2024

	Bond Issue	Total
Interest Rate		
Dates Interest Payable		
Maturity Dates		
Bonds Outstanding at Beginning of Current Fiscal Year	\$ -	\$ -
Bonds Sold During the Current Fiscal Year	-	-
Retirements During the Current Fiscal Year:		
Principal	-	-
Refunded	-	-
Bonds Outstanding at End of Current Fiscal Year	\$ -	\$ -
Interest Paid During the Current Fiscal Year	\$ -	\$ -

Paying Agent's Name and Address:

	Unlimited Tax Bonds*	Road Bonds*
Bond Authority:		
Amount Authorized by Voters	\$ 225,000,000	\$ 145,000,000
Amount Issued	-	-
Remaining To Be Issued	\$ 225,000,000	\$ 145,000,000

* Includes all bonds secured with tax revenues. Bonds in this category may also be secured with other revenues in combination with taxes.

Debt Service Fund Cash and Temporary Investments balances as of September 30, 2024: \$ -

Average Annual Debt Service Payment (Principal and Interest) for the remaining term of all debt: \$ -

CALDWELL COUNTY MUNICIPAL UTILITY DISTRICT NO. 2
TSI-7. COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS
SEPTEMBER 30, 2024

	Amounts					Percent of Fund Total Revenues				
	2024	2023	2022*	2021 *	2020 *	2024	2023	2022*	2021 *	2020 *
GENERAL FUND REVENUES AND OTHER FINANCING SOURCES:										
Property taxes, including penalties	\$ 72,419	\$ 13,315	\$ -	\$ -	\$ -	32.4%	20.2%	-	N/A	-
Service account revenues, including penalties	109,613	3,265	-	-	-	49.0%	4.9%	-	N/A	-
Connection/inspection fees	17,424	21,296	-	-	-	7.8%	32.3%	-	N/A	-
Pond management fee	23,400	-	-	-	-	10.5%	-	-	N/A	-
Interest and Other	650	157	-	-	8	0.3%	0.2%	-	N/A	-
Developer advances	-	28,000	62,500	-	26,000	-	42.4%	100.0%	N/A	100.0%
TOTAL GENERAL FUND REVENUES AND OTHER FINANCING SOURCES	\$ 223,506	\$ 66,033	\$ 62,500	\$ -	\$ 26,008	100.0%	100.0%	100.0%	N/A	100.0%
GENERAL FUND EXPENDITURES:										
Management/operations	\$ 14,035	\$ 1,933	\$ -	\$ -	\$ -	6.3%	2.9%	-	N/A	-
Repairs/maintenance	47,476	2,960	-	-	-	21.2%	4.5%	-	N/A	-
Connection/inspection fees	25,030	3,225	-	-	-	11.2%	4.9%	-	N/A	-
Director fees, including payroll taxes	4,291	2,422	2,907	-	1,918	1.9%	3.7%	4.7%	N/A	7.4%
Legal fees	30,565	19,583	30,582	4,845	7,442	13.7%	29.7%	48.9%	N/A	28.6%
Bookkeeping fees	13,154	4,050	4,750	3,000	4,050	5.9%	6.1%	7.6%	N/A	15.6%
Audit fees	8,000	-	-	-	-	3.6%	-	-	N/A	-
Engineering fees	40,904	20,224	2,401	-	1,450	18.3%	30.6%	3.8%	N/A	5.6%
Insurance	2,730	1,388	1,388	-	2,949	1.2%	2.1%	2.2%	N/A	11.3%
Tax appraisal/collection fees	2,164	378	-	-	-	1.0%	0.6%	-	N/A	-
Website maintenance	460	460	50	-	-	0.2%	0.7%	0.1%	N/A	-
Bank fees and Other	4,304	3,306	2,774	-	673	1.9%	5.0%	3.8%	N/A	2.6%
Capital outlay	27,012	-	-	-	-	12.1%	-	0.7%	N/A	-
TOTAL GENERAL FUND EXPENDITURES	\$ 220,125	\$ 59,929	\$ 44,852	\$ 7,845	\$ 18,482	98.5%	90.8%	71.8%	N/A	71.1%
EXCESS (DEFICIENCY) OF GENERAL FUND REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	\$ 3,381	\$ 6,104	\$ 17,648	\$ (7,845)	\$ 7,526	1.5%	9.2%	28.2%	N/A	28.9%
TOTAL ACTIVE RETAIL WATER CONNECTIONS	<u>(1)</u>	<u>(1)</u>	<u>(1)</u>	<u>(1)</u>	<u>(1)</u>					
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	<u>161</u>	<u>88</u>	<u>-</u>	<u>-</u>	<u>-</u>					

(1) Maxwell Special Utility District provides retail water service to all District residents and provides retail wastewater service to residents of the Juniper Springs Subdivision. The District provides retail wastewater service, by way of a cluster septic system, to residents of the Hartland Ranch Subdivision.

* - Unaudited

**CALDWELL COUNTY MUNICIPAL UTILITY DISTRICT NO. 2
TSI-8. BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER 30, 2024**

Complete District Mailing Address:	<u>4301 Bull Creek Blvd., Suite 150</u> <u>Austin, TX 78731</u>
District Business Telephone Number:	<u>(512) 328 - 2008</u>
Submission Date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	<u>May 21, 2024</u>
Limits on Fees of Office that a Director may receive during a fiscal year: (Set by Board Resolution TWC Section 49.060)	<u>\$7,200</u>

Name	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimbursements	9/30/2024	9/30/2024	Title at Year End
<i>Board Members:</i>						
JOHN CASEY ROY	(Elected) 5/7/2022 - 5/2/2026	\$	442	\$	-	President
NATHANIEL KLUGMAN	(Appointed) 5/4/2024 - 5/6/2028	\$	813	\$	-	Vice-President
RENE ABREGO	(Elected) 5/7/2022 - 5/2/2026	\$	1,034	\$	-	Secretary
STEVE WILSON	(Elected) 5/7/2022 - 5/2/2026	\$	813	\$	-	Assistant Secretary
TYLER WILSON	(Appointed) 5/4/2024 - 5/6/2028	\$	884	\$	-	Assistant Secretary
<i>Consultants:</i>						
McLean & Howard LLP	7/30/2019	\$	31,482	\$	-	Attorney
Municipal Operations and Consulting LLC	5/4/2023	\$	98,722	\$	-	Operator
Jones-Heroy & Associates, Inc.	7/30/2019	\$	69,740	\$	-	Engineer
Specialized Public Finance, Inc.	7/30/2019	\$	-	\$	-	Financial Advisor
Bott & Douthitt, PLLC	7/30/2019	\$	12,204	\$	-	District Accountant
McCall Gibson Swedlund Barfoot Ellis PLLC	9/7/2023	\$	8,000	\$	-	Auditor
Caldwell County Tax Assessor-Collector	8/24/2022	\$	520	\$	-	Tax Collector

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

**OTHER SUPPLEMENTARY
INFORMATION**

CALDWELL COUNTY MUNICIPAL UTILITY DISTRICT NO. 2
OSI-1. PRINCIPAL TAXPAYERS
SEPTEMBER 30, 2024

Taxpayer	Type of Property	Tax Roll Year		
		2024	2023	2022
Ranch Road Hartland LLC	N/A	\$ 1,282,490	\$ 4,979,220	\$ 1,327,290
Continental Homes of Texas LP	N/A	6,251,910	2,450,270	-
Phau - Lockhart 450 LLC	N/A	-	103,940	74,250
Homeowner	N/A	441,620	-	-
Homeowner	N/A	433,570	-	-
Homeowner	N/A	433,570	-	-
Homeowner	N/A	433,570	-	-
Homeowner	N/A	433,560	-	-
Homeowner	N/A	422,720	-	-
Homeowner	N/A	422,360	-	-
Homeowner	N/A	419,650	-	-
Total		\$ 10,975,020	\$ 7,533,430	\$ 1,401,540
Percent of Assessed Valuation		41.5%	100.0%	100.0%

CALDWELL COUNTY MUNICIPAL UTILITY DISTRICT NO. 2
OSI-2. ASSESSED VALUE BY CLASSIFICATION
SEPTEMBER 30, 2024

Type of Property	Tax Roll Year					
	2024		2023		2022	
	Amount	%	Amount	%	Amount	%
Single Family Residential	\$ 12,006,624	45.4%	\$ -	-	\$ -	-
Vacant Platted Lots/Tracts	65,830	0.2%	5,016,340	66.5%	-	-
Qualified Open-Space Land	6,137,920	23.2%	5,406,240	71.8%	2,407,940	171.8%
Improvements on Qualified Open-Space	4,130	0.1%	4,130	0.1%	4,130	0.3%
Rural Land	1,250,570	4.7%	2,198,140	29.2%	1,342,930	95.8%
Residential Inventory	13,678,690	51.7%	940,800	12.5%	-	-
Totally Exempt Property	-	-	-	-	-	-
Adjustments & Exemptions	(6,702,091)	-25.3%	(6,032,220)	-80.1%	(2,353,460)	-167.9%
Total	<u>\$ 26,441,673</u>	<u>100.0%</u>	<u>\$ 7,533,430</u>	<u>100.0%</u>	<u>\$ 1,401,540</u>	<u>100.0%</u>