

RICEWOOD MUNICIPAL UTILITY DISTRICT
HARRIS COUNTY, TEXAS
ANNUAL AUDIT REPORT
SEPTEMBER 30, 2021

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January 18, 2022

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Ricewood Municipal
Utility District
Harris County, Texas

I have audited the accompanying financial statements of the governmental activities and each fund of Ricewood Municipal Utility District, as of and for the year ended September 30, 2021, which collectively comprise the District's basic financial statements, as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including assessment of the risk of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each fund of Ricewood Municipal Utility District as of September 30, 2021, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT (Continued)**Other Matters**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on Pages 3 to 7 and Schedule of Revenues, Expenditures and Changes in Fund Balance, Budget and Actual, General Fund, on Page 21 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on Pages 22 to 40 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Except for the portion marked "unaudited," the information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The supplementary information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on it. The accompanying supplementary information includes financial data excerpted from prior year financial statements which were audited by my firm.

A handwritten signature in black ink, appearing to read "M. G. J.", is located in the lower right quadrant of the page.

Management's Discussion and Analysis

Using this Annual Report

Within this section of the Ricewood Municipal Utility District (the "District") annual report, the District's Board of Directors provides narrative discussion and analysis of the financial activities of the District for the fiscal year ended September 30, 2021.

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

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

Financial Analysis of the District as a Whole

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

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

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

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

Summary of Net Position

	<u>2021</u>	<u>2020</u>	<u>Change</u>
Current and other assets	\$ 6,353,296	\$ 6,684,247	\$ (330,951)
Capital assets	6,658,977	6,614,072	44,905
Total assets	<u>13,012,273</u>	<u>13,298,319</u>	<u>(286,046)</u>
Long-term liabilities	6,710,100	7,336,800	(626,700)
Other liabilities	953,551	968,456	(14,905)
Total liabilities	<u>7,663,651</u>	<u>8,305,256</u>	<u>(641,605)</u>
Net position:			
Invested in capital assets, net of related debt	(677,823)	(1,298,742)	620,919
Restricted	2,683,603	3,066,651	(383,048)
Unrestricted	3,342,842	3,225,154	117,688
Total net position	<u>\$ 5,348,622</u>	<u>\$ 4,993,063</u>	<u>\$ 355,559</u>

Summary of Changes in Net Position

	<u>2021</u>	<u>2020</u>	<u>Change</u>
Revenues:			
Property taxes, including related penalty and interest	\$ 1,570,036	\$ 1,545,656	\$ 24,380
Charges for services	1,644,224	1,716,244	(72,020)
Other revenues	293,289	293,355	(66)
Total revenues	<u>3,507,549</u>	<u>3,555,255</u>	<u>(47,706)</u>
Expenses:			
Service operations	2,931,169	2,861,752	69,417
Debt service	220,821	489,576	(268,755)
Total expenses	<u>3,151,990</u>	<u>3,351,328</u>	<u>(199,338)</u>
Change in net position	355,559	203,927	151,632
Net position, beginning of year	<u>4,993,063</u>	<u>4,789,136</u>	<u>203,927</u>
Net position, end of year	<u>\$ 5,348,622</u>	<u>\$ 4,993,063</u>	<u>\$ 355,559</u>

Financial Analysis of the District's Funds

The District's combined fund balances as of the end of the fiscal year ended September 30, 2021 were \$6,017,618, a decrease of \$297,590 from the prior year.

The General Fund balance increased by \$115,553, in accordance with the District's financial plan.

The Debt Service Fund balance decreased by \$53,681, in accordance with the District's financial plan.

The Capital Projects Fund balance decreased by \$359,462, as authorized expenditures and the reimbursement of \$6,924 to the General Fund exceeded interest earnings.

General Fund Budgetary Highlights

The Board of Directors did not amend the budget during the fiscal year. The District's budget is primarily a planning tool. Accordingly, actual results varied from the budgeted amounts. A comparison of actual to budgeted amounts is presented on Page 21 of this report. The budgetary fund balance as of September 30, 2021, was expected to be \$3,354,919 and the actual end of year fund balance was \$3,333,583.

Capital Asset and Debt Administration

Capital Assets

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

	<u>Capital Assets (Net of Accumulated Depreciation)</u>		
	<u>2021</u>	<u>2020</u>	<u>Change</u>
Land	\$ 454,939	\$ 454,939	\$ 0
Detention ponds	309,913	309,913	0
Construction in progress	835,634	1,002,426	(166,792)
Park facilities	300,401	333,335	(32,934)
Water facilities	1,310,022	1,417,769	(107,747)
Sewer facilities	3,448,068	3,095,690	352,378
Totals	<u>\$ 6,658,977</u>	<u>\$ 6,614,072</u>	<u>\$ 44,905</u>

Changes to capital assets during the fiscal year ended September 30, 2021, are summarized as follows:

Additions:

Water system improvements	\$ 15,071
Sewer system improvements	70,361
Improvements at joint facility	<u>277,997</u>
Total additions to capital assets	363,429

Decreases:

Depreciation	<u>(318,524)</u>
Net change to capital assets	<u>\$ 44,905</u>

Debt

Changes in the bonded debt position of the District during the fiscal year ended September 30, 2021, are summarized as follows:

Bonded debt payable, beginning of year	\$ 8,045,000
Bonds paid	<u>(625,000)</u>
Bonded debt payable, end of year	<u>\$ 7,420,000</u>

At September 30, 2021, the District had \$1,940,000 of bonds authorized but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage system within the District.

The District's Series 2014 bonds have an underlying rating of A by Standard & Poor's and the Series 2015A and 2019 bonds have an underlying rating of A2 by Moody's. The Series 2015 bonds are not rated or insured. The Series 2014 and 2019 bonds are insured by Build America Mutual Assurance Corporation and the Series 2015A bonds are insured by Assured Guaranty Municipal Corp. Because of the insurance, the Series 2014, 2015A and 2019 bonds are rated AA by Standard & Poor's. There were no changes in the bond ratings during the fiscal year ended September 30, 2021.

RELEVANT FACTORS AND WATER SUPPLY ISSUES

Property Tax Base

The District's tax base increased approximately \$6,950,000 for the 2020 tax year (approximately 2%) primarily due to the increased valuation on existing property.

Relationship to the City of Houston

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

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

Water Supply Issues

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

In May, 2001, the Texas Legislature created the West Harris County Regional Water Authority (the "Authority") and included the District within the boundaries of the Authority. The Authority was created to provide a regional entity to build the necessary facilities to meet the subsidence District's requirements for conversion from ground water to surface water of all permit holders within its boundaries, including the District. Accordingly, the District is required to pay groundwater reduction plan fees to the Authority, and in turn is entitled to rely upon the Authority's GRP to achieve compliance with the subsidence District's requirements. In accordance with the GRP, the Authority has negotiated a water supply contract with the City of Houston and has issued revenue bonds to finance the surface water supply system. The Authority may establish such fees, charges, or tolls as necessary to accomplish its purposes. As of September 30, 2021, the Authority's ground water pumpage fee was equal to \$3.45 per 1,000 gallons pumped, and is expected to increase in the future. At this date the Authority's surface water usage fee was equal to \$3.85 per 1,000 gallons, and is expected to increase in the future.

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

RICEWOOD MUNICIPAL UTILITY DISTRICT2

STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET

SEPTEMBER 30, 2021

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments (Note 3)</u>	<u>Statement of Net Position</u>
ASSETS						
Cash, including interest-bearing accounts, Note 7	\$ 163,886	\$ 69,995	\$ 100	\$ 233,981	\$	\$ 233,981
Certificates of deposit, at cost, Note 7	2,910,000	245,000		3,155,000		3,155,000
Temporary investments, at cost, Note 7	217,279	102,221	2,296,111	2,615,611		2,615,611
Receivables:						
Property taxes	9,259	11,057		20,316		20,316
Accrued penalty and interest on property taxes				0	3,964	3,964
Service accounts	116,822			116,822		116,822
Accrued interest	5,275	189		5,464		5,464
Sales and Use Taxes, Note 11	67,877			67,877		67,877
Construction advance at joint venture			7,789	7,789		7,789
Due from other fund	14,064			14,064	(14,064)	0
Maintenance taxes collected not yet transferred from other fund	18,295			18,295	(18,295)	0
Prepaid security service	61,972			61,972		61,972
Deposits at joint venture, Note 10	64,500			64,500		64,500
Capital assets, net of accumulated depreciation, Note 4:						
Capital assets not being depreciated				0	1,600,486	1,600,486
Depreciable capital assets				0	5,058,491	5,058,491
Total assets	<u>\$3,649,229</u>	<u>\$ 428,462</u>	<u>\$ 2,304,000</u>	<u>\$ 6,381,691</u>	<u>6,630,582</u>	<u>13,012,273</u>
LIABILITIES						
Accounts payable	\$ 198,691	\$ 4,637	\$ 374	\$ 203,702		203,702
Accrued interest payable				0	15,453	15,453
Customer and builder deposits	107,696			107,696		107,696
Due to other fund			14,064	14,064	(14,064)	0
Maintenance taxes collected not yet transferred to other fund		18,295		18,295	(18,295)	0
Long-term liabilities, Note 5:						
Due within one year				0	626,700	626,700
Due in more than one year				0	6,710,100	6,710,100
Total liabilities	<u>306,387</u>	<u>22,932</u>	<u>14,438</u>	<u>343,757</u>	<u>7,319,894</u>	<u>7,663,651</u>
DEFERRED INFLOWS OF RESOURCES						
Property tax revenues	<u>9,259</u>	<u>11,057</u>	<u>0</u>	<u>20,316</u>	<u>(20,316)</u>	<u>0</u>
FUND BALANCES / NET POSITION						
Fund balances:						
 Nonspendable:						
Reserved for reserve at joint venture, Note 10	64,500			64,500	(64,500)	0
Construction advance at joint venture			7,789	7,789	(7,789)	0
 Assigned to:						
Debt service		394,473		394,473	(394,473)	0
Capital projects			2,281,773	2,281,773	(2,281,773)	0
Unassigned	<u>3,269,083</u>			<u>3,269,083</u>	<u>(3,269,083)</u>	<u>0</u>
Total fund balances	<u>3,333,583</u>	<u>394,473</u>	<u>2,289,562</u>	<u>6,017,618</u>	<u>(6,017,618)</u>	<u>0</u>
Total liabilities, deferred inflows, and fund balances	<u>\$3,649,229</u>	<u>\$ 428,462</u>	<u>\$ 2,304,000</u>	<u>\$ 6,381,691</u>		
Net position:						
Invested in capital assets, net of related debt, Note 4					(677,823)	(677,823)
Restricted for debt service					394,041	394,041
Restricted for capital projects					2,289,562	2,289,562
Unrestricted					<u>3,342,842</u>	<u>3,342,842</u>
Total net position					<u>\$ 5,348,622</u>	<u>\$ 5,348,622</u>

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

RICEWOOD MUNICIPAL UTILITY DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments (Note 3)	Statement of Activities
REVENUES						
Property taxes	\$ 742,289	\$ 803,120	\$	\$ 1,545,409	\$ 3,759	\$ 1,549,168
Water service	306,725			306,725		306,725
Sewer service	653,701			653,701		653,701
Surface water fees, Note 9	592,550			592,550		592,550
Penalty and interest	41,262	20,585		61,847	283	62,130
Sales and Use Taxes, Note 11	268,262			268,262		268,262
Interest on deposits and investments	20,573	2,073	2,381	25,027		25,027
Other revenues	49,986			49,986		49,986
Total revenues	<u>2,675,348</u>	<u>825,778</u>	<u>2,381</u>	<u>3,503,507</u>	<u>4,042</u>	<u>3,507,549</u>
EXPENDITURES / EXPENSES						
Service operations:						
Purchased sewer services, Note 10	250,820			250,820		250,820
Professional fees	124,052	7,542	348	131,942		131,942
Contracted services	137,025	37,130	113	174,268		174,268
Utilities	33,631			33,631		33,631
Surface water fees, Note 9	666,405			666,405		666,405
Repairs, maintenance and other operating expenditures	502,203			502,203		502,203
Security service	368,057			368,057		368,057
Garbage disposal	338,679			338,679		338,679
Administrative expenditures	136,876	9,764		146,640		146,640
Depreciation				0	318,524	318,524
Capital outlay / non-capital outlay	8,971		354,458	363,429	(363,429)	0
Debt service:						
Principal retirement		625,000		625,000	(625,000)	0
Interest and fees		200,023		200,023	20,798	220,821
Total expenditures / expenses	<u>2,566,719</u>	<u>879,459</u>	<u>354,919</u>	<u>3,801,097</u>	<u>(649,107)</u>	<u>3,151,990</u>
Excess (deficiency) of revenues over expenditures	<u>108,629</u>	<u>(53,681)</u>	<u>(352,538)</u>	<u>(297,590)</u>	<u>653,149</u>	<u>355,559</u>
OTHER FINANCING SOURCES (USES)						
Reimbursement to (from) other fund, Note 7	6,924	0	(6,924)	0	0	0
Total other financing sources (uses)	<u>6,924</u>	<u>0</u>	<u>(6,924)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balances / net position	115,553	(53,681)	(359,462)	(297,590)	653,149	355,559
Beginning of year	<u>3,218,030</u>	<u>448,154</u>	<u>2,649,024</u>	<u>6,315,208</u>	<u>(1,322,145)</u>	<u>4,993,063</u>
End of year	<u>\$ 3,333,583</u>	<u>\$ 394,473</u>	<u>\$ 2,289,562</u>	<u>\$ 6,017,618</u>	<u>\$ (668,996)</u>	<u>\$ 5,348,622</u>

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

RICEWOOD MUNICIPAL UTILITY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 1: REPORTING ENTITY

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

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

Basic Financial Statements

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Basis of Accounting

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

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

Interfund Activity

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

Receivables

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

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

Capital Assets

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

Plant and equipment	10-45 years
Underground lines	45 years

Long-term Liabilities

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

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures of the fund from which they are paid.

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

Reconciliation of year end fund balances to net position:

Total fund balances, end of year		\$ 6,017,618
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Total capital assets, net		6,658,977
Some long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:		
Bonds payable	\$ (7,420,000)	
Deferred charge on refunding (to be amortized as interest expense)	5,363	
Issuance discount net of premium (to be amortized as interest expense)	<u>77,837</u>	(7,336,800)
Some receivables that do not provide current financial resources are not reported as receivables in the funds:		
Accrued penalty and interest on property taxes receivable	3,964	
Uncollected property taxes	<u>20,316</u>	24,280
Some liabilities that do not require the use of current financial resources are not reported as liabilities in the funds:		
Accrued interest		<u>(15,453)</u>
Net position, end of year		<u>\$ 5,348,622</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

Total net change in fund balances		\$ (297,590)
<p>The funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:</p>		
Capital outlay	\$ 363,429	
Depreciation	<u>(318,524)</u>	44,905
<p>The issuance of long-term debt (bonds payable) provides current financial resources to the funds, while the repayment of the principal of long-term debt consumes the current financial resources of the funds. Neither transaction, however, has any effect on net position. The effect of these differences in the treatment of long-term debt:</p>		
Principal reduction		625,000
<p>The funds report the effect of bond premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of these items:</p>		
Refunding charges	(3,246)	
Issuance discount, net of premium	<u>(18,601)</u>	(21,847)
<p>Some revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenues in the funds:</p>		
Accrued penalty and interest on property taxes receivable	283	
Uncollected property taxes	<u>3,759</u>	4,042
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds:</p>		
Accrued interest		<u>1,049</u>
Change in net position		<u>\$ 355,559</u>

NOTE 4: CAPITAL ASSETS

At September 30, 2021, "Invested in capital assets, net of related debt" was \$(677,823). This amount was negative primarily because not all expenditures from bond proceeds (such as bond issuance costs) were for the acquisition of capital assets. Within Harris County, the county government assumes the maintenance and other incidents of ownership of most storm sewer facilities constructed by the District. Accordingly, these assets are not recorded in the financial statements of the District. In addition, some expenditures from bond proceeds were for the acquisition of capital assets beneath the capitalization threshold of \$5,000 (see Note 2) and some authorized expenditures were not for capital assets.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Capital asset activity for the fiscal year ended September 30, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 454,939	\$	\$	\$ 454,939
Detention ponds	309,913			309,913
Construction in progress	<u>1,002,426</u>	<u>348,358</u>	<u>515,150</u>	<u>835,634</u>
Total capital assets not being depreciated	<u>1,767,278</u>	<u>348,358</u>	<u>515,150</u>	<u>1,600,486</u>
Depreciable capital assets:				
Park facilities	877,241			877,241
Water system	3,835,176	15,071		3,850,247
Sewer system	<u>6,124,861</u>	<u>515,150</u>		<u>6,640,011</u>
Total depreciable capital assets	<u>10,837,278</u>	<u>530,221</u>	<u>0</u>	<u>11,367,499</u>
Less accumulated depreciation for:				
Park facilities	(543,906)	(32,934)		(576,840)
Water system	(2,417,407)	(122,818)		(2,540,225)
Sewer system	<u>(3,029,171)</u>	<u>(162,772)</u>		<u>(3,191,943)</u>
Total accumulated depreciation	<u>(5,990,484)</u>	<u>(318,524)</u>	<u>0</u>	<u>(6,309,008)</u>
Total depreciable capital assets, net	<u>4,846,794</u>	<u>211,697</u>	<u>0</u>	<u>5,058,491</u>
Total capital assets, net	<u>\$ 6,614,072</u>	<u>\$ 560,055</u>	<u>\$ 515,150</u>	<u>\$ 6,658,977</u>
Changes to capital assets:				
Capital outlay		\$ 363,429	\$	
Assets transferred to depreciable assets		515,150	515,150	
Less depreciation expense for the fiscal year		<u>(318,524)</u>		
Net increases / decreases to capital assets		<u>\$ 560,055</u>	<u>\$ 515,150</u>	

NOTE 5: LONG-TERM LIABILITIES AND CONTINGENT LIABILITIES

Long-term liability activity for the fiscal year ended September 30, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Bonds payable	\$ 8,045,000	\$	\$ 625,000	\$ 7,420,000	\$ 615,000
Less deferred amounts:					
For issuance (discount) premium	(96,438)		(18,601)	(77,837)	14,184
For refunding	<u>(8,609)</u>		<u>(3,246)</u>	<u>(5,363)</u>	<u>(2,484)</u>
Total bonds payable	<u>7,939,953</u>	<u>0</u>	<u>603,153</u>	<u>7,336,800</u>	<u>626,700</u>
Total long-term liabilities	<u>\$ 7,939,953</u>	<u>\$ 0</u>	<u>\$ 603,153</u>	<u>\$ 7,336,800</u>	<u>\$ 626,700</u>

Developer Construction Commitments and Liabilities

At September 30, 2021, there were no developer construction commitments or liabilities.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

As of September 30, 2021, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2022	\$ 615,000	\$ 185,435	\$ 800,435
2023	605,000	166,745	771,745
2024	460,000	150,412	610,412
2025	465,000	139,334	604,334
2026	465,000	127,462	592,462
2027 - 2031	1,935,000	469,873	2,404,873
2032 - 2036	1,975,000	260,081	2,235,081
2037 - 2038	900,000	34,000	934,000
	<u>\$ 7,420,000</u>	<u>\$ 1,533,342</u>	<u>\$ 8,953,342</u>

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

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

The bond issues payable at September 30, 2021, were as follows:

	<u>Refunding Series 2014</u>	<u>Refunding Series 2015</u>	<u>Series 2015A</u>
Amounts outstanding, September 30, 2021	\$585,000	\$1,635,000	\$1,300,000
Interest rates	3.50%	2.59%	2.00% to 3.00%
Maturity dates, serially beginning/ending	September 1, 2022/2023	September 1, 2022/2028	September 1, 2022/2028
Interest payment dates	March 1/September 1	March 1/September 1	March 1/September 1
Callable dates	September 1, 2021*	September 1, 2022*	September 1, 2023*

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	<u>Series 2019</u>
Amounts outstanding, September 30, 2021	\$3,900,000
Interest rates	2.00% to 2.50%
Maturity dates, serially beginning/ending	September 1, 2029/2038
Interest payment dates	March 1/September 1
Callable dates	September 1, 2025*

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

NOTE 6: PROPERTY TAXES

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

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

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

On October 20, 2020, the District levied the following ad valorem taxes for the 2020 tax year on the adjusted taxable valuation of \$402,193,249:

	<u>Rate</u>	<u>Amount</u>
Debt service	\$ 0.2000	\$ 804,386
Maintenance	<u>0.1850</u>	<u>744,057</u>
	<u>\$ 0.3850</u>	<u>\$ 1,548,443</u>

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

2020 tax year total property tax levy	\$ 1,548,443
Appraisal district adjustments to prior year taxes	<u>725</u>
Statement of Activities property tax revenues	<u>\$ 1,549,168</u>

NOTE 7: DEPOSITS AND TEMPORARY INVESTMENTS

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

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

At the balance sheet date the carrying value and market value of the investments in the authorized private sector investment pool was \$2,615,611.

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

Debt Service Fund

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

Cash	\$ 69,995
Certificates of deposit	245,000
Temporary investments	<u>102,221</u>
	<u>\$ 417,216</u>

Capital Projects Fund

For construction of capital assets:

Cash	\$ 100
Temporary investments	<u>2,296,111</u>
	<u>\$ 2,296,211</u>

During the fiscal year ended September 30, 2021, the District reimbursed the General Fund \$6,924 from the Capital Projects Fund in accordance with the rules of the Texas Commission on Environmental Quality.

NOTE 8: RISK MANAGEMENT

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

At September 30, 2021, the District had physical damage and boiler and machinery coverage of \$4,200,000, comprehensive general liability coverage with a per occurrence limit of \$2,000,000 and \$4,000,000 general aggregate, consultant's crime coverage of \$50,000 and a tax assessor-collector bond of \$10,000.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 9: REGIONAL WATER AUTHORITY

The West Harris County Regional Water Authority (the "Authority") was created by House Bill 1842, Acts of the 77th Legislature, Regular Session 2001. The Authority is a political subdivision of the State of Texas, governed by an elected nine member Board of Directors. The Authority is empowered to, among other powers, "acquire or develop surface water and ground water supplies from sources inside of or outside of the boundaries of the authority and may conserve, store, transport, treat, purify, distribute, sell and deliver water to persons, corporations, municipal corporations, political subdivisions of the state, and others, inside of and outside of the boundaries of the authority." The Authority is also empowered to "establish fees and charges as necessary to enable the authority to fulfill the authority's regulatory obligations." In accordance with this provision, at September 30, 2021, the Authority had established a ground water pumpage fee of \$3.45 per 1,000 gallons of water pumped from each regulated well and surface water usage fees of \$3.85 per 1,000 gallons. The fees payable by the District to the Authority for the fiscal year ended September 30, 2021, were \$666,405. The District billed its customers \$592,550 during the fiscal year to pay for the fees charged by the Authority.

NOTE 10: JOINT VENTURE

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

Each participant is responsible only for its share of the operating costs of the Facilities which are allocated and billed monthly based upon each participant's pro rata share of capacity in the Facilities. In addition, the District has contributed \$64,500 to an operating reserve. During the fiscal year ended September 30, 2021, the District accrued \$250,820 for purchased sewer services and \$277,997 for capital outlay. The District advanced funds for capital improvements, \$7,789 was unexpended at that date.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

The following summary financial data of the Facilities' General Fund is presented for the Facilities' fiscal year ended August 31, 2021:

	<u>Facilities Total</u>	<u>District's Share</u>
Total assets	\$ 315,333	
Total liabilities	<u>(165,333)</u>	
Total fund equity	150,000	\$ 64,500
Operating reserves	<u>(150,000)</u>	<u>(64,500)</u>
Undesignated fund balance	<u>\$ 0</u>	<u>\$ 0</u>
Total revenues	\$ 1,550,719	\$ 645,062
Total expenditures	<u>(1,550,719)</u>	<u>(645,062)</u>
Excess revenues (expenditures)	<u>\$ 0</u>	<u>\$ 0</u>

NOTE 11: STRATEGIC PARTNERSHIP AGREEMENT

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

The City imposed a Sales and Use Tax within the boundaries of the Partial District at the time of the limited-purpose annexation of the Partial District. The Agreement provides that the City shall pay to the District one half of all Sales and Use Tax revenues generated within the boundaries of the Partial District and received by the City from the Comptroller of Public Accounts of the State of Texas. The District accrued Sales and Use Tax revenues of \$268,262 from the City for the fiscal year ended September 30, 2021, of which \$67,877 was receivable at that date.

RICEWOOD MUNICIPAL UTILITY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE, BUDGET AND ACTUAL, GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 722,498	\$ 722,498	\$ 742,289	\$ 19,791
Water service	397,363	397,363	306,725	(90,638)
Sewer service	658,100	658,100	653,701	(4,399)
Surface water fees	643,400	643,400	592,550	(50,850)
Penalty	29,700	29,700	41,262	11,562
Sales and Use Taxes	106,756	106,756	268,262	161,506
Interest on deposits and investments	36,825	36,825	20,573	(16,252)
Other revenues	40,600	40,600	49,986	9,386
TOTAL REVENUES	<u>2,635,242</u>	<u>2,635,242</u>	<u>2,675,348</u>	<u>40,106</u>
EXPENDITURES				
Service operations:				
Purchased services	254,057	254,057	250,820	(3,237)
Professional fees	139,200	139,200	124,052	(15,148)
Contracted services	118,599	118,599	137,025	18,426
Utilities	31,000	31,000	33,631	2,631
Surface water fees	643,400	643,400	666,405	23,005
Repairs, maintenance and other operating expenditures	445,068	445,068	502,203	57,135
Security service	373,341	373,341	368,057	(5,284)
Garbage disposal	342,338	342,338	338,679	(3,659)
Administrative expenditures	126,350	126,350	136,876	10,526
Capital outlay	25,000	25,000	8,971	(16,029)
TOTAL EXPENDITURES	<u>2,498,353</u>	<u>2,498,353</u>	<u>2,566,719</u>	<u>68,366</u>
EXCESS REVENUES (EXPENDITURES)	<u>136,889</u>	<u>136,889</u>	<u>108,629</u>	<u>(28,260)</u>
OTHER FINANCING SOURCES				
Reimbursement from other fund	0	0	6,924	6,924
TOTAL OTHER FINANCIAL SOURCES (USES)	<u>0</u>	<u>0</u>	<u>6,924</u>	<u>6,924</u>
EXCESS SOURCES (USES)	136,889	136,889	115,553	(21,336)
FUND BALANCE, BEGINNING OF YEAR	<u>3,218,030</u>	<u>3,218,030</u>	<u>3,218,030</u>	<u>0</u>
FUND BALANCE, END OF YEAR	<u>\$ 3,354,919</u>	<u>\$ 3,354,919</u>	<u>\$ 3,333,583</u>	<u>\$ (21,336)</u>

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

See accompanying independent auditor's report.

RICEWOOD MUNICIPAL UTILITY DISTRICT
SCHEDULE OF TEXAS SUPPLEMENTARY INFORMATION
REQUIRED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
SEPTEMBER 30, 2021

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

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

RICEWOOD MUNICIPAL UTILITY DISTRICT

SCHEDULE OF SERVICES AND RATES

SEPTEMBER 30, 2021

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

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

2. Retail Service Providers

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

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1000 Gallons Over Minimum</u>	<u>Usage Levels</u>
WATER:	\$11.50	5,000	N	\$0.75 1.25	5,001 to 12,000 Over 12,000
WASTEWATER:	\$33.12		Y		

SURCHARGE: \$3.85 per 1,000 gallons of water used -- WHCRWA pumpage fees.

District employs winter averaging for wastewater usage: Yes No

Total charges per 10,000 gallons usage: Water: \$15.25 Wastewater: \$33.12 Surcharge: \$38.50

RICEWOOD MUNICIPAL UTILITY DISTRICT
SCHEDULE OF SERVICES AND RATES (Continued)
SEPTEMBER 30, 2021

b. Water and Wastewater Retail Connections (unaudited):

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC* Factor</u>	<u>Active ESFCs</u>
Unmetered	0	0	1.0	0
< or = 3/4"	1,582	1,568	1.0	1,568
1"	35	34	2.5	85
1-1/2"	15	14	5.0	70
2"	44	42	8.0	336
3"	2	2	15.0	30
4"	2	2	25.0	50
6"	0	0	50.0	0
8"	0	0	80.0	0
10"	0	0	115.0	0
Total Water	<u>1,680</u>	<u>1,662</u>		<u>2,139</u>
Total Wastewater	<u>1,634</u>	<u>1,619</u>	1.0	<u>1,619</u>

*Single family equivalents

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

Gallons pumped into system (unaudited): 180,802
 Gallons billed to customers (unaudited): 158,529

Water Accountability Ratio
 (Gallons billed/ gallons pumped): 88%

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

Does the District have Debt Service standby fees? Yes No

If yes, date of the most recent Commission Order: _____

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

If yes, date of the most recent Commission Order: _____

RICEWOOD MUNICIPAL UTILITY DISTRICT

EXPENDITURES

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals (Memorandum Only)</u>
CURRENT				
Purchased sewer services	\$ 250,820	\$ 0	\$ 0	\$ 250,820
Professional fees:				
Auditing	10,950			10,950
Legal	75,173	7,542	348	83,063
Engineering	37,929			37,929
	<u>124,052</u>	<u>7,542</u>	<u>348</u>	<u>131,942</u>
Contracted services:				
Bookkeeping	29,578		113	29,691
Operation and billing	107,447			107,447
Tax assessor-collector		25,916		25,916
Central appraisal district		11,214		11,214
	<u>137,025</u>	<u>37,130</u>	<u>113</u>	<u>174,268</u>
Utilities	<u>33,631</u>	<u>0</u>	<u>0</u>	<u>33,631</u>
Surface water fees:				
Ground water pumpage fees	61,509			61,509
Purchased surface water	604,896			604,896
	<u>666,405</u>	<u>0</u>	<u>0</u>	<u>666,405</u>
Repairs, maintenance and other operating expenditures:				
Repairs and maintenance	435,346			435,346
Chemicals	2,748			2,748
Laboratory costs	13,538			13,538
Inspection costs	37,388			37,388
Reconnection costs	7,145			7,145
TCEQ assessment	4,715			4,715
Other	1,323			1,323
	<u>502,203</u>	<u>0</u>	<u>0</u>	<u>502,203</u>
Security service	<u>368,057</u>	<u>0</u>	<u>0</u>	<u>368,057</u>
Garbage disposal	<u>338,679</u>	<u>0</u>	<u>0</u>	<u>338,679</u>

See accompanying independent auditor's report.

RICEWOOD MUNICIPAL UTILITY DISTRICT
EXPENDITURES (Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals (Memorandum Only)</u>
CURRENT				
Administrative expenditures:				
Director's fees	\$ 27,000	\$	\$	\$ 27,000
Office supplies and postage	25,284			25,284
Insurance	13,920	100		14,020
Permit fees	4,074			4,074
Other	66,598	9,664		76,262
	<u>136,876</u>	<u>9,764</u>	<u>0</u>	<u>146,640</u>
CAPITAL OUTLAY				
Authorized expenditures	<u>8,971</u>	<u>0</u>	<u>354,458</u>	<u>363,429</u>
DEBT SERVICE				
Principal retirement	<u>0</u>	<u>625,000</u>	<u>0</u>	<u>625,000</u>
Interest and fees:				
Interest		198,023		198,023
Paying agent fees		2,000		2,000
	<u>0</u>	<u>200,023</u>	<u>0</u>	<u>200,023</u>
TOTAL EXPENDITURES	<u>\$ 2,566,719</u>	<u>\$ 879,459</u>	<u>\$ 354,919</u>	<u>\$ 3,801,097</u>

See accompanying independent auditor's report.

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

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	General Fund	Debt Service Fund	Capital Projects Fund	Totals (Memorandum Only)
SOURCES OF DEPOSITS AND TEMPORARY INVESTMENTS				
Cash receipts from revenues excluding maintenance taxes	\$ 1,941,290	\$ 825,884	\$ 2,381	\$ 2,769,555
Maintenance tax receipts		742,289		742,289
Transfer of maintenance taxes	733,899			733,899
Reimbursement from other fund			29,103	29,103
Overpayments from taxpayers		6,058		6,058
TOTAL DEPOSITS AND TEMPORARY INVESTMENTS PROVIDED	2,675,189	1,574,231	31,484	4,280,904
APPLICATIONS OF DEPOSITS AND TEMPORARY INVESTMENTS				
Cash disbursements for:				
Current expenditures	2,572,306	54,160	461	2,626,927
Capital outlay	8,971		252,936	261,907
Debt service		825,023		825,023
Other fund	14,064			14,064
Transfer of maintenance taxes		733,899		733,899
Reimbursement to other fund	29,103			29,103
Decrease in customer and builder deposits	5,000			5,000
Refund of taxpayer overpayments		6,100		6,100
TOTAL DEPOSITS AND TEMPORARY INVESTMENTS APPLIED	2,629,444	1,619,182	253,397	4,502,023
INCREASE (DECREASE) IN DEPOSITS AND TEMPORARY INVESTMENTS	45,745	(44,951)	(221,913)	(221,119)
DEPOSITS AND TEMPORARY INVESTMENTS BALANCES, BEGINNING OF YEAR	3,245,420	462,167	2,518,124	6,225,711
DEPOSITS AND TEMPORARY INVESTMENTS BALANCES, END OF YEAR	\$ 3,291,165	\$ 417,216	\$ 2,296,211	\$ 6,004,592

See accompanying independent auditor's report.

RICEWOOD MUNICIPAL UTILITY DISTRICT

SCHEDULE OF CERTIFICATES OF DEPOSIT AND TEMPORARY INVESTMENTS

SEPTEMBER 30, 2021

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Year End Balance</u>	<u>Accrued Interest Receivable</u>
GENERAL FUND				
Certificates of Deposit				
No. 0332	0.44%	8/20/22	\$ 245,000	\$ 121
No. 2051	0.50%	6/24/22	245,000	329
No. 2188	0.45%	3/05/22	240,000	619
No. 491	0.55%	2/12/22	245,000	849
No. 3703	0.24%	7/22/22	245,000	113
No. 9847	0.35%	4/09/22	245,000	409
No. 0151	0.25%	3/30/22	240,000	302
No. 0936	0.55%	11/17/21	240,000	1,146
No. 0569	0.20%	1/18/22	240,000	251
No. 7882	0.35%	12/22/21	240,000	656
No. 6548	0.50%	5/21/22	240,000	434
No. 3030	0.30%	9/03/22	<u>245,000</u>	<u>46</u>
			<u>\$ 2,910,000</u>	<u>\$ 5,275</u>
Texas CLASS				
No. TX-01-0576-0001	Market	On demand	<u>\$ 217,279</u>	<u>\$ 0</u>
DEBT SERVICE FUND				
Certificates of Deposit				
No. 9262	0.44%	7/28/22	<u>\$ 245,000</u>	<u>\$ 189</u>
Texas CLASS				
No. TX-01-0576-0002	Market	On demand	<u>\$ 102,221</u>	<u>\$ 0</u>
CAPITAL PROJECTS FUND				
Texas CLASS				
No. TX-01-0576-0003	Market	On demand	\$ 109,696	\$ 0
No. TX-01-0576-0004	Market	On demand	<u>2,186,415</u>	<u>0</u>
			<u>\$ 2,296,111</u>	<u>\$ 0</u>
Total – All Funds			<u>\$ 5,770,611</u>	<u>\$ 5,464</u>

See accompanying independent auditor's report.

RICEWOOD MUNICIPAL UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Maintenance Taxes</u>	<u>Debt Service Taxes</u>
RECEIVABLE, BEGINNING OF YEAR	\$ 7,124	\$ 9,433
Additions and corrections to prior year taxes	<u>367</u>	<u>358</u>
Adjusted receivable, beginning of year	7,491	9,791
2020 ADJUSTED TAX ROLL	<u>744,057</u>	<u>804,386</u>
Total to be accounted for	751,548	814,177
Tax collections: Current tax year	(739,329)	(799,275)
Prior tax years	<u>(2,960)</u>	<u>(3,845)</u>
RECEIVABLE, END OF YEAR	<u>\$ 9,259</u>	<u>\$ 11,057</u>
RECEIVABLE, BY TAX YEAR		
2016	\$ 248	\$ 401
2017	1,174	1,520
2018	1,412	1,828
2019	1,697	2,197
2020	<u>4,728</u>	<u>5,111</u>
RECEIVABLE, END OF YEAR	<u>\$ 9,259</u>	<u>\$ 11,057</u>

See accompanying independent auditor's report.

RICEWOOD MUNICIPAL UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE (Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2021

ADJUSTED PROPERTY VALUATIONS AS OF JANUARY 1 OF TAX YEAR	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Land	\$ 103,557,548	\$ 97,709,117	\$ 89,481,675	\$ 84,665,544
Improvements	342,212,763	337,248,150	324,847,663	325,874,953
Personal property	15,547,766	14,545,708	15,643,220	14,970,002
Less exemptions	<u>(59,124,828)</u>	<u>(54,262,671)</u>	<u>(52,658,784)</u>	<u>(56,610,602)</u>
 TOTAL PROPERTY VALUATIONS	 <u>\$ 402,193,249</u>	 <u>\$ 395,240,304</u>	 <u>\$ 377,313,774</u>	 <u>\$ 368,899,897</u>
 TAX RATES PER \$100 VALUATION				
Debt service tax rates	\$ 0.20000	\$ 0.22000	\$ 0.22000	\$ 0.23000
Maintenance tax rates*	<u>0.18500</u>	<u>0.17000</u>	<u>0.17000</u>	<u>0.17000</u>
 TOTAL TAX RATES PER \$100 VALUATION	 <u>\$ 0.38500</u>	 <u>\$ 0.39000</u>	 <u>\$ 0.39000</u>	 <u>\$ 0.40000</u>
 TAX ROLLS	 <u>\$ 1,548,443</u>	 <u>\$ 1,541,437</u>	 <u>\$ 1,472,341</u>	 <u>\$ 1,476,508</u>
 PERCENT OF TAXES COLLECTED TO TAXES LEVIED	 <u>99.3 %</u>	 <u>99.7 %</u>	 <u>99.7 %</u>	 <u>99.8 %</u>

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

See accompanying independent auditor's report.

RICEWOOD MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS
SEPTEMBER 30, 2021

Series 2014			
<u>Due During Fiscal Years Ending September 30</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2022	\$ 420,000	\$ 20,475	\$ 440,475
2023	<u>165,000</u>	<u>5,775</u>	<u>170,775</u>
TOTALS	<u>\$ 585,000</u>	<u>\$ 26,250</u>	<u>\$ 611,250</u>

Series 2015			
<u>Due During Fiscal Years Ending September 30</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2022	\$ 15,000	\$ 42,347	\$ 57,347
2023	260,000	41,958	301,958
2024	280,000	35,224	315,224
2025	275,000	27,972	302,972
2026	275,000	20,849	295,849
2027	270,000	13,727	283,727
2028	<u>260,000</u>	<u>6,734</u>	<u>266,734</u>
TOTALS	<u>\$ 1,635,000</u>	<u>\$ 188,811</u>	<u>\$ 1,823,811</u>

See accompanying independent auditor's report.

RICEWOOD MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)
SEPTEMBER 30, 2021

<u>Due During Fiscal Years Ending September 30</u>	<u>Series 2015A</u>		
	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2022	\$ 180,000	\$ 32,150	\$ 212,150
2023	180,000	28,550	208,550
2024	180,000	24,725	204,725
2025	190,000	20,900	210,900
2026	190,000	16,150	206,150
2027	190,000	11,400	201,400
2028	190,000	5,700	195,700
TOTALS	<u>\$ 1,300,000</u>	<u>\$ 139,575</u>	<u>\$ 1,439,575</u>

See accompanying independent auditor's report.

RICEWOOD MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)
SEPTEMBER 30, 2021

<u>Due During Fiscal Years Ending September 30</u>	<u>Series 2019</u>		
	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2022	\$	\$ 90,463	\$ 90,463
2023		90,462	90,462
2024		90,463	90,463
2025		90,462	90,462
2026		90,463	90,463
2027		90,462	90,462
2028		90,463	90,463
2029	330,000	90,462	420,462
2030	340,000	83,863	423,863
2031	355,000	77,062	432,062
2032	365,000	69,518	434,518
2033	380,000	61,307	441,307
2034	395,000	52,756	447,756
2035	410,000	43,375	453,375
2036	425,000	33,125	458,125
2037	440,000	22,500	462,500
2038	460,000	11,500	471,500
TOTALS	<u>\$ 3,900,000</u>	<u>\$ 1,178,706</u>	<u>\$ 5,078,706</u>

See accompanying independent auditor's report.

RICEWOOD MUNICIPAL UTILITY DISTRICT

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

SEPTEMBER 30, 2021

<u>Due During Fiscal Years Ending September 30</u>	<u>Annual Requirements for All Series</u>		
	<u>Total Principal Due</u>	<u>Total Interest Due</u>	<u>Total</u>
2022	\$ 615,000	\$ 185,435	\$ 800,435
2023	605,000	166,745	771,745
2024	460,000	150,412	610,412
2025	465,000	139,334	604,334
2026	465,000	127,462	592,462
2027	460,000	115,589	575,589
2028	450,000	102,897	552,897
2029	330,000	90,462	420,462
2030	340,000	83,863	423,863
2031	355,000	77,062	432,062
2032	365,000	69,518	434,518
2033	380,000	61,307	441,307
2034	395,000	52,756	447,756
2035	410,000	43,375	453,375
2036	425,000	33,125	458,125
2037	440,000	22,500	462,500
2038	460,000	11,500	471,500
TOTALS	<u>\$ 7,420,000</u>	<u>\$ 1,533,342</u>	<u>\$ 8,953,342</u>

See accompanying independent auditor's report.

RICEWOOD MUNICIPAL UTILITY DISTRICT
ANALYSIS OF CHANGES IN LONG-TERM BONDED DEBT
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>(1)</u>	<u>(2)</u>
Bond Series:	2014	2015
Interest Rate:	3.50%	2.59%
Dates Interest Payable:	March 1/ September 1	March 1/ September 1
Maturity Dates:	September 1, 2022/2023	September 1, 2022/2028
Bonds Outstanding at Beginning of Current Year	\$ 1,015,000	\$ 1,650,000
Less Retirements	<u>(430,000)</u>	<u>(15,000)</u>
Bonds Outstanding at End of Current Year	<u>\$ 585,000</u>	<u>\$ 1,635,000</u>
Current Year Interest Paid	<u>\$ 29,075</u>	<u>\$ 42,735</u>

Bond Descriptions and Original Amount of Issue

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

Paying Agent/Registrar

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

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

Net Debt Service Fund deposits and investments balances as of September 30, 2021: \$394,473
Average annual debt service payment for remaining term of all debt: 526,667

See accompanying independent auditor's report.

RICEWOOD MUNICIPAL UTILITY DISTRICT
ANALYSIS OF CHANGES IN LONG-TERM BONDED DEBT (Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>(3)</u>	<u>(4)</u>	<u>Totals</u>
Bond Series:	2015A	2019	
Interest Rate:	2.00% to 3.00%	2.00% to 2.50%	
Dates Interest Payable:	March 1/ September 1	March 1/ September 1	
Maturity Dates:	September 1, 2022/2028	September 1, 2029/2038	
Bonds Outstanding at Beginning of Current Year	\$ 1,480,000	\$ 3,900,000	\$ 8,045,000
Less Retirements	<u>(180,000)</u>	<u> </u>	<u>(625,000)</u>
Bonds Outstanding at End of Current Year	<u>\$ 1,300,000</u>	<u>\$ 3,900,000</u>	<u>\$ 7,420,000</u>
Current Year Interest Paid	<u>\$ 35,750</u>	<u>\$ 90,463</u>	<u>\$ 198,023</u>

Bond Descriptions and Original Amount of Issue

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

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

Paying Agent/Registrar

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

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

	AMOUNT					PERCENT OF TOTAL REVENUES				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
REVENUES										
Property taxes	\$ 742,289	\$ 666,444	\$ 639,363	\$ 626,468	\$ 554,891	27.8 %	25.1 %	24.9 %	26.1 %	22.6 %
Water service	306,725	321,667	311,308	304,874	366,163	11.5	12.2	12.1	12.7	14.9
Sewer service	653,701	650,494	648,250	641,428	632,630	24.4	24.6	25.2	26.7	25.9
Surface water fees	592,550	658,732	550,990	486,687	632,343	22.1	24.9	21.4	20.3	25.8
Penalty	41,262	26,662	49,897	50,760	51,704	1.5	1.0	1.9	2.1	2.1
Tap connection and inspection fees	0	14,231	68,162	18,320	0	0.0	0.5	2.6	0.8	0.0
Sales and Use Taxes	268,262	206,586	191,768	199,981	164,878	10.0	7.8	7.4	8.3	6.7
Interest on deposits and investments	20,573	58,116	69,162	37,082	16,071	0.8	2.2	2.7	1.5	0.7
Other revenues	49,986	44,458	45,207	36,725	32,706	1.9	1.7	1.8	1.5	1.3
TOTAL REVENUES	<u>2,675,348</u>	<u>2,647,390</u>	<u>2,574,107</u>	<u>2,402,325</u>	<u>2,451,386</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
EXPENDITURES										
Current:										
Purchased sewer services	250,820	224,384	280,754	225,260	242,148	9.4	8.5	10.9	9.4	9.9
Professional fees	124,052	131,165	117,431	129,444	99,156	4.6	5.0	4.6	5.4	4.0
Contracted services	137,025	97,025	101,194	93,673	89,102	5.1	3.7	3.9	3.9	3.6
Utilities	33,631	30,276	28,910	35,611	39,374	1.3	1.1	1.1	1.5	1.6
Surface water fees	666,405	739,110	603,184	534,883	634,082	24.8	27.9	23.5	22.2	26.0
Repairs, maintenance and other operating expenditures	502,203	423,622	442,181	405,204	386,644	18.8	16.0	17.2	16.9	15.8
Security service	368,057	355,703	298,948	237,219	201,456	13.8	13.4	11.6	9.9	8.2
Garbage disposal	338,679	335,625	335,625	330,551	324,773	12.7	12.7	13.0	13.8	13.2
Administrative expenditures	136,876	138,797	115,809	93,844	76,591	5.1	5.2	4.5	3.9	3.1
Capital outlay	8,971	65,146	104,759	61,195	30,046	0.3	2.5	4.1	2.5	1.2
TOTAL EXPENDITURES	<u>2,566,719</u>	<u>2,540,853</u>	<u>2,428,795</u>	<u>2,146,884</u>	<u>2,123,372</u>	<u>95.9</u>	<u>96.0</u>	<u>94.4</u>	<u>89.4</u>	<u>86.6</u>
EXCESS REVENUES (EXPENDITURES)	<u>\$ 108,629</u>	<u>\$ 106,537</u>	<u>\$ 145,312</u>	<u>\$ 255,441</u>	<u>\$ 328,014</u>	<u>4.1 %</u>	<u>4.0 %</u>	<u>5.6 %</u>	<u>10.6 %</u>	<u>13.4 %</u>
TOTAL ACTIVE RETAIL WATER CONNECTIONS	<u>1,662</u>	<u>1,667</u>	<u>1,665</u>	<u>1,666</u>	<u>1,666</u>					
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	<u>1,619</u>	<u>1,623</u>	<u>1,619</u>	<u>1,634</u>	<u>1,621</u>					

See accompanying independent auditor's report.

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

	<u>AMOUNT</u>					<u>PERCENT OF TOTAL REVENUES</u>				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
REVENUES										
Property taxes	\$ 803,120	\$ 862,440	\$ 827,585	\$ 847,184	\$ 902,249	97.2 %	96.7 %	96.6 %	97.5 %	98.7 %
Penalty and interest	20,585	13,269	11,563	11,482	8,960	2.5	1.5	1.3	1.3	1.0
Accrued interest on bonds received at date of sale	0	4,523	0	0	0	0.0	0.5	0.0	0.0	0.0
Interest on deposits and investments and other	2,073	11,332	18,037	10,409	2,421	0.3	1.3	2.1	1.2	0.3
TOTAL REVENUES	<u>825,778</u>	<u>891,564</u>	<u>857,185</u>	<u>869,075</u>	<u>913,630</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
EXPENDITURES										
Current:										
Professional fees	7,542	5,396	2,754	4,927	2,255	0.9	0.6	0.3	0.6	0.2
Contracted services	37,130	41,200	33,037	32,877	32,605	4.5	4.6	3.9	3.8	3.6
Other expenditures	9,764	6,836	8,208	7,407	7,140	1.2	0.8	1.0	0.9	0.8
Debt service:										
Principal retirement	625,000	630,000	695,000	715,000	730,000	75.7	70.7	81.0	82.2	79.9
Interest and fees	200,023	189,316	135,428	149,787	164,446	24.2	21.2	15.8	17.2	18.0
TOTAL EXPENDITURES	<u>879,459</u>	<u>872,748</u>	<u>874,427</u>	<u>909,998</u>	<u>936,446</u>	<u>106.5</u>	<u>97.9</u>	<u>102.0</u>	<u>104.7</u>	<u>102.5</u>
EXCESS REVENUES (EXPENDITURES)	<u>\$ (53,681)</u>	<u>\$ 18,816</u>	<u>\$ (17,242)</u>	<u>\$ (40,923)</u>	<u>\$ (22,816)</u>	<u>(6.5) %</u>	<u>2.1 %</u>	<u>(2.0) %</u>	<u>(4.7) %</u>	<u>(2.5) %</u>

RICEWOOD MUNICIPAL UTILITY DISTRICTBOARD MEMBERS, KEY PERSONNEL AND CONSULTANTSSEPTEMBER 30, 2021

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

District Business Telephone No.: 713-623-4531

Submission date of the most recent District Registration Form: June 15, 2020

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

BOARD MEMBERS

<u>Name and Address</u>	<u>Term of Office (Elected/ Appointed)</u>	<u>Fees of Office Paid</u>	<u>Expense Reimb.</u>	<u>Title at Year End</u>
Jacque Freeman c/o Schwartz, Page & Harding, L.L.P. 1300 Post Oak Blvd., Suite 2400 Houston, Texas 77056	Elected 5/05/18- 5/07/22	\$ 7,200	\$ 0	President
Stephen Marcum c/o Schwartz, Page & Harding, L.L.P. 1300 Post Oak Blvd., Suite 2400 Houston, Texas 77056	Elected 5/05/18- 5/07/22	3,750	11	Vice President
Carrie C. Prudhomme c/o Schwartz, Page & Harding, L.L.P. 1300 Post Oak Blvd., Suite 2400 Houston, Texas 77056	Elected 5/05/18- 5/07/22	7,050	27	Secretary
Elaine Mundy c/o Schwartz, Page & Harding, L.L.P. 1300 Post Oak Blvd., Suite 2400 Houston, Texas 77056	Elected 5/02/20- 5/04/24	7,200	229	Assistant Secretary
Shelli Flores c/o Schwartz, Page & Harding, L.L.P. 1300 Post Oak Blvd., Suite 2400 Houston, Texas 77056	Elected 5/02/20- 5/04/24	1,800	0	Director

See accompanying independent auditor's report.

RICEWOOD MUNICIPAL UTILITY DISTRICT

BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS (Continued)

SEPTEMBER 30, 2021

CONSULTANTS

<u>Name and Address</u>	<u>Date Hired</u>	<u>Fees and Expense Reimbursements</u>	<u>Title at Year End</u>
Schwartz, Page & Harding, L.L.P. 1300 Post Oak Blvd., Suite 2400 Houston, Texas 77056	4/13/78	\$ 73,185	Attorney
Ted A. Cox, P.C. 3855 Mangum Road, Suite 100 Houston, Texas 77092	8/20/96	7,542	Delinquent Tax Attorney
Municipal Accounts & Consulting, L.P. 1281 Brittmoore Road Houston, Texas 77043	Prior to 10/01/82	33,806	Bookkeeper
Mark Burton, Ghia Lewis 1281 Brittmoore Road Houston, Texas 77043	7/27/04	0	Investment Officer
Inframark, LLC 2002 Grand Parkway North, Suite 100 Katy, Texas 77449	9/09/82	551,166	Operator
Park Rangers, LLC 11803 Grant Road, Suite 108 Cypress, Texas 77429	9/14/12	56,255	Landscape Maintenance
Vogler & Spencer Engineering, Inc. 777 North Eldridge Parkway, Suite 500 Houston, Texas 77079	3/09/83	43,299	Engineer
Equi-Tax, Inc. P.O. Box 73109 Houston, Texas 77232	1/21/82	33,702	Tax Assessor- Collector
Harris County Appraisal District P.O. Box 900275 Houston, Texas 77292	Legislative Action	11,214	Central Appraisal District
Masterson Advisors, LLC 3 Greenway Plaza, Suite 1100 Houston, Texas 77046	5/15/18	0	Financial Advisor
Mark C. Eyring, CPA, PLLC 12702 Century Drive, Suite C2 Stafford, Texas 77477	Prior to 1992	10,950 500 Other	Independent Auditor

See accompanying independent auditor's report.