

Rayford Road Municipal Utility District

Information Required by Section 26.18, Texas Tax Code and Section 2051.202, Texas Government Code

Date: August 15, 2023

(1) Name and term of office of each member of the governing body:

<u>Name:</u>	<u>Term of office:</u>
Jon Vallery (Position 5)	5/7/2022 – 5/2/2026
Frank Moore (Position 4)	5/7/2022 – 5/2/2026
Aaron Schoech (Position 3)	5/7/2022 – 5/2/2026
Renee Smith (Position 1)	2/8/2021 – 5/4/2024
Margaret Saxe (Position 2)	9/12/2022 – 5/4/2024

(2) Mailing address, physical address, e-mail address, and telephone number:

2727 Allen Parkway, Suite 1100
Houston, Texas 77019
713-652-6500
board@rayfordroadmud.com

(3) a. Official contact information for each member of the governing body:

Same as Item (2) above.

b. Name of General Manager or Executive Director:

None

c. Name, mailing address and telephone number of person representing District's utility operator:

Municipal Operations & Consulting
Attn: Mike Williams
20141 Schiel Road
Cypress, Texas 77433
281/367-5511

d. Name, mailing address and telephone number of person representing District's tax assessor-collector:

Tammy McRae
Montgomery County Tax Office
400 N. San Jacinto
Conroe, Texas 77301
936/539-7897

(4) District's budget for the preceding two years:

See attached.

(5) Proposed or adopted budget for the current year:

See attached.

(6) Change in amount of District budget from the preceding year to current year, by dollar amount and percentage:

Dollar Amount	Percentage
\$959,000	18.18%

(7) Amount of property tax revenue budgeted for maintenance and operations for the preceding two years and the current year:

See attached budgets.

(8) Amount of property tax revenue budgeted for debt service for the preceding two years and the current year:

The District does not budget for debt service.

(9) Tax rate for maintenance and operations adopted by the taxing unit for the current year and preceding two years:

2023: Not adopted as of date of the report.

2022: \$0.15

2021: \$0.15

(10) The tax rate for debt service adopted by the taxing unit for the current year and preceding two years:

2023: Not adopted as of date of the report.

2022: \$0.295

2021: \$0.344

(11) This information required by Section 26.18 is applicable only to school districts.

(12) Tax rate for maintenance and operations proposed by the taxing unit for the current year:

2023: \$0.15

(13) Tax rate for debt service proposed by the taxing unit for the current year:

2023: \$0.264

(14) This information required by Section 26.18 is applicable only to school districts.

(15) The most recent financial audit of the District.

See attached.

(16) Rate of District's sales and use tax, if any:

None

(17) Notice of tax rate hearing required under Chapter 26, Tax Code or Section 49.236, Water Code:

See attached.

(18) District's meeting schedule and location:

Monthly on second (2nd) Monday of each month at 6:30 p.m. at 25003 Pitkin Road, Suite D600, Spring, Texas 77386

(19) Residents of the District have the right to request the designation of a meeting location within the District under Section 49.062(g), Water Code. A description of this process can be found at <https://www.tceq.texas.gov/downloads/water-districts/forms/form-20863.pdf>

2024 Budget

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT

ADOPTED Budget for FY Ending 05/31/2024

Recap of Revenues and Expenditures

	<u>Adopted</u>	
	2024 Annual	
REVENUES	Budget	
Water and Sewer	2,632,500.00	
Water	1,200,000.00	
Sewer (<i>incl solid waste</i>)	1,350,000.00	
Connect/Disconnect	20,000.00	
Penalty	60,000.00	
Tap Fees / Inspect Fees	2,500.00	
Maintenance Tax	1,500,000.00	
Mont 99 Law Enforcement	200,000.00	
Other Revenue	0.00	
LSGW Pumpage Fees	50,000.00	
SJRA Pumpage Fees	1,700,000.00	
Park Revenue	1,000.00	
Interest on Investments	150,000.00	
TOTAL REVENUES	6,233,500.00	
EXPENDITURES	<u>2024 Annual</u>	
	Budget	
Administration	475,700.00	
Operations	5,679,000.00	
Special Projects	60,000.00	
TOTAL EXPENDITURES	6,214,700.00	
SURPLUS OR (DEFICIT)	18,800.00	

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT
 Adopted Budget for Fiscal Year Ending 05/31/2024
 Breakout of Expenditures

		Adopted 2024 Budget		
EXPENDITURES			EXPENDITURES	
ADMINISTRATION		475,700.00	DISTRICT MANAGEMENT	
Director Fees		7,500.00	Director Fees	
Director W/H & SS		1,000.00	Legal Notices & Publ.	
Director Expenses/Travel		1,000.00	Travel	
Election Expense		25,000.00	Election Expense	
Legal Notices & Publ.		2,500.00	Legal Notices & Publ.	
Membership/Registration		1,000.00	Membership/Registration	
Insurance & Bonds		42,500.00	Insurance & Bonds	
Legal Fees		75,000.00	Legal Fees	
Auditing Fees		16,000.00	Auditing Fees	
Engineering Fees		75,000.00	Engineering Fees	
Financial Advisor Fees		0.00	Financial Advisor Fees	
Bookkeeper Fees		49,200.00	Bookkeeper Fees	
Electronic Records Management		0.00		
Office Expense		150,000.00	Office Expense	
Misc(feasibility exp)		30,000.00	Miscellaneous	
OPERATIONS		5,679,000.00	DISTRICT OPERATIONS	
Operator Fees		250,000.00	Operator Fees	
R&M - Water Distribution		510,000.00	R&M - Water System	
R&M - Sewer Collection		50,000.00	R&M - Sewer System	
R&M - Lift Stations		25,000.00	R&M - I & I	
R&M - General		500,000.00	R&M - General	
R&M - Water Plant		80,000.00	R&M - Water Plant	
R&M - Sewer Plant		40,000.00	R&M - Sewer Plant	
R&M - Storm / Drainage		25,000.00	R&M - Storm / Drainage	
R&M - Wetlands/Parks		150,000.00		
Reconnect/Disconnect		20,000.00	Reconnect/Disconnect	
Sludge Hauling		150,000.00	Sludge Management	
Tap Connection/Inspections		500.00	Tap Connection	
Lab Fees		45,000.00	Lab Fees	
Chemicals		120,000.00	Chemicals	
Utilities		275,000.00	Utilities	
Permit & Assessment Fees		35,000.00	Permit Fees	
Garbage collection		875,000.00	Miscellaneous	
Law Enforcement		1,000,000.00	Miscellaneous	
LSGW Pumpage Fees		26,000.00	R&M - I & I	
SJRA Pumpage Fees		1,500,000.00	Miscellaneous	
Purchased Water		2,500.00	Miscellaneous	
SUBTOTAL		6,154,700.00		
SPECIAL PROJECTS		60,000.00	PROJECTS	
Purchase vehicle & equip		60,000.00	Water Well #1 Rebuild	
Televise/Rehab Sewer Lines		0.00	Engineering - STP	
GST Rehab/LS rehab		0.00		

2023

Budget

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT

Budget for FY Ending 05/31/2023

Recap of Revenues and Expenditures

	<u>2023 Annual</u>	
REVENUES	Budget	
Water and Sewer	2,422,500.00	
Water	1,000,000.00	
Sewer (<i>incl solid waste</i>)	1,350,000.00	
Connect/Disconnect	20,000.00	
Penalty	50,000.00	
Tap Fees / Inspect Fees	2,500.00	
Maintenance Tax	1,400,000.00	
Mont 99 Law Enforcement	150,000.00	
Other Revenue	0.00	
LSGW Pumpage Fees	50,000.00	
SJRA Pumpage Fees	1,250,000.00	
Park Revenue	1,000.00	
Interest on Investments	1,000.00	
	<hr/>	
TOTAL REVENUES	5,274,500.00	
	<u>2022 Annual</u>	
EXPENDITURES	Budget	
Administration	447,900.00	
Operations	4,799,750.00	
Special Projects	60,000.00	
TOTAL EXPENDITURES	5,307,650.00	
SURPLUS OR (DEFICIT)	(33,150.00)	

2022

Budget

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT

Budget for FY Ending 05/31/2022

Recap of Revenues and Expenditures

	<u>Approved</u>
	2022 Annual
	<u>Budget</u>
REVENUES	
Water and Sewer	2,537,500.00
Water	1,100,000.00
Sewer (<i>incl solid waste</i>)	1,350,000.00
Connect/Disconnect	20,000.00
Penalty	65,000.00
Tap Fees / Inspect Fees	2,500.00
Maintenance Tax	1,200,000.00
Mont 99 Law Enforcement	75,000.00
Other Revenue	0.00
LSGW Pumpage Fees	50,000.00
SJRA Pumpage Fees	1,500,000.00
Park Revenue	1,000.00
Interest on Investments	5,000.00
TOTAL REVENUES	5,368,500.00
	<u>2022 Annual</u>
	<u>Budget</u>
EXPENDITURES	
Administration	397,650.00
Operations	4,903,750.00
Special Projects	65,000.00
TOTAL EXPENDITURES	5,366,400.00
SURPLUS OR (DEFICIT)	2,100.00

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT

Budget for Fiscal Year Ending 05/31/2022

Breakout of Expenditures

	Approved 2022 Budget
EXPENDITURES	
ADMINISTRATION	397,650.00
Director Fees	7,500.00
Director W/H & SS	750.00
Director Expenses/Travel	1,000.00
Election Expense	0.00
Legal Notices & Publ.	1,000.00
Membership/Registration	1,000.00
Insurance & Bonds	35,000.00
Legal Fees	75,000.00
Auditing Fees	15,000.00
Engineering Fees	65,000.00
Financial Advisor Fees	0.00
Bookkeeper Fees	41,400.00
Electronic Records Management	0.00
Office Expense	125,000.00
Misc(feasibility exp)	30,000.00
	4,903,750.00
OPERATIONS	
Operator Fees	250,000.00
R&M - Water Distribution	450,000.00
R&M - Sewer Collection	15,000.00
R&M - Lift Stations	20,000.00
R&M - General	300,000.00
R&M - Water Plant	45,000.00
R&M - Sewer Plant	50,000.00
R&M - Storm / Drainage	5,000.00
R&M - Wetlands/Parks	150,000.00
Reconnect/Disconnect	20,000.00
Sludge Hauling	125,000.00
Tap Connection/Inspections	1,250.00
Lab Fees	45,000.00
Chemicals	80,000.00
Utilities	220,000.00
Permit & Assessment Fees	50,000.00
Garbage collection	775,000.00
Law Enforcement	800,000.00
LSGW Pumpage Fees	0.00
SJRA Pumpage Fees	1,500,000.00
Purchased Water	2,500.00
SUBTOTAL	5,301,400.00
SPECIAL PROJECTS	65,000.00
Purchase vehicle & equip	65,000.00
Televised/Rehab Sewer Lines	0.00
SJRA Surface Water Conv	0.00

Most Recent Audit

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT

MONTGOMERY COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

MAY 31, 2022

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT

MONTGOMERY COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

MAY 31, 2022

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Rayford Road Municipal Utility District
Montgomery County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Rayford Road Municipal Utility District (the "District") as of and for the year ended May 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of May 31, 2022, 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.

Board of Directors
Rayford Road Municipal Utility District

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 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - 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.

Board of Directors
Rayford Road Municipal Utility District

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 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 supplementary information, excluding that portion marked "Unaudited" on which we express no opinion or provide an assurance, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

McCall Gibson Swedlund Barfoot PLLC

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

October 10, 2022

**RAYFORD ROAD MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2022**

Management's discussion and analysis of Rayford Road Municipal Utility District's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended May 31, 2022. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The basic financial statements include: (1) combined fund financial statements and government-wide financial statements and (2) notes to the financial statements. The combined fund financial statements and government-wide financial statements combine both: (1) the Statement of Net Position and Governmental Funds Balance Sheet and (2) the Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. This report also includes required and other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District's annual report includes two financial statements combining the government-wide financial statements and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the District's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The Statement of Net Position includes all of the District's assets, liabilities, and deferred inflows and outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

The Statement of Activities reports how the District's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has three governmental fund types. The General Fund accounts for resources not accounted for in another fund, customer service revenues, costs and general expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

**RAYFORD ROAD MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2022**

FUND FINANCIAL STATEMENTS (Continued)

Governmental funds are reported in each of the financial statements. The focus in the fund statements provides a distinctive view of the District's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of the District and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The adjustments columns, the reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities explain the differences between the two presentations and assist in understanding the differences between these two perspectives.

NOTES TO THE FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

OTHER INFORMATION

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information ("RSI") and other supplementary information required by the Water District Financial Management Guide. The budgetary comparison schedule is included as RSI for the General Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities by \$15,782,712 as of May 31, 2022.

A portion of the District's net position reflects its net investment in capital assets (water, wastewater and drainage facilities, less any debt used to acquire those assets that is still outstanding). The District uses these assets to provide water and wastewater services.

The following is a comparative analysis of government-wide changes in net position:

**RAYFORD ROAD MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2022**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2022	2021	Change Positive (Negative)
Current and Other Assets	\$ 16,866,828	\$ 5,849,553	\$ 11,017,275
Capital Assets (Net of Accumulated Depreciation)	<u>21,913,807</u>	<u>22,390,057</u>	<u>(476,250)</u>
Total Assets	<u>\$ 38,780,635</u>	<u>\$ 28,239,610</u>	<u>\$ 10,541,025</u>
Deferred Outflows of Resources	\$ 54,887	\$ 62,560	\$ (7,673)
Bonds Payable	\$ 22,078,210	\$ 12,094,476	\$ (9,983,734)
Other Liabilities	<u>974,600</u>	<u>916,462</u>	<u>(58,138)</u>
Total Liabilities	<u>\$ 23,052,810</u>	<u>\$ 13,010,938</u>	<u>\$ (10,041,872)</u>
Net Position:			
Net Investment in Capital Assets	\$ 10,969,794	\$ 10,358,141	\$ 611,653
Restricted	1,709,447	1,448,940	260,507
Unrestricted	<u>3,103,471</u>	<u>3,484,151</u>	<u>(380,680)</u>
Total Net Position	<u>\$ 15,782,712</u>	<u>\$ 15,291,232</u>	<u>\$ 491,480</u>

The following table provides a summary of the District's operations for the years ending May 31, 2022, and May 31, 2021. The District's net position increased by \$491,480, accounting for a 3.2% increase in net position.

	Summary of Changes in the Statement of Activities		
	2022	2021	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 3,818,515	\$ 3,708,395	\$ 110,120
Charges for Services	3,468,987	3,673,915	(204,928)
Other Revenues	<u>87,045</u>	<u>83,904</u>	<u>3,141</u>
Total Revenues	\$ 7,374,547	\$ 7,466,214	\$ (91,667)
Expenses for Services	<u>6,883,067</u>	<u>5,923,681</u>	<u>(959,386)</u>
Change in Net Position	\$ 491,480	\$ 1,542,533	\$ (1,051,053)
Net Position, Beginning of Year	<u>15,291,232</u>	<u>13,748,699</u>	<u>1,542,533</u>
Net Position, End of Year	<u>\$ 15,782,712</u>	<u>\$ 15,291,232</u>	<u>\$ 491,480</u>

**RAYFORD ROAD MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2022**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of May 31, 2022, were \$15,851,835, an increase of \$10,950,804 from the prior year.

The General Fund fund balance decreased by \$373,453, primarily due to operating expenditures and capital outlay exceeding tax and service revenues.

The Debt Service Fund fund balance increased by \$244,947, primarily due to the structure of the District's outstanding debt.

The Capital Projects Fund was created during the current fiscal year with the proceeds from the Series 2021 bonds and had a fund balance of \$11,079,310 at year end.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors did not amend the budget during the current fiscal year. Actual revenues were \$684,425 less than budgeted revenues. Actual expenditures were \$308,872 less than budgeted expenditures. This resulted in a negative budget variance of \$375,553. See the budget to actual comparison on page 31 for further information.

CAPITAL ASSETS

Capital assets as of May 31, 2022, amount to \$21,913,807 (net of accumulated depreciation). These capital assets include land, buildings and equipment as well as the water, wastewater and drainage systems.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2022	2021	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 494,962	\$ 494,962	\$
Construction in Progress	522,889		522,889
Capital Assets, Net of Accumulated Depreciation:			
Buildings and Improvements	25,799	27,114	(1,315)
Equipment	11,968	22,820	(10,852)
Water System	6,162,886	6,481,617	(318,731)
Wastewater System	7,282,887	7,645,063	(362,176)
Drainage System	7,334,154	7,637,064	(302,910)
Impact Fees	78,262	81,417	(3,155)
Total Net Capital Assets	<u>\$ 21,913,807</u>	<u>\$ 22,390,057</u>	<u>\$ (476,250)</u>

**RAYFORD ROAD MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2022**

LONG-TERM DEBT ACTIVITY

As of May 31, 2022, the District had total bond debt payable of \$21,710,000. The changes in the debt position of the District during the fiscal year ended May 31, 2022, are summarized as follows:

Bond Debt Payable, June 1, 2021	\$ 11,820,000
Add: Bond Sale - Series 2021	12,000,000
Less: Bond Principal Paid	<u>2,110,000</u>
Bond Debt Payable, May 31, 2022	<u>\$ 21,710,000</u>

The District's bonds carry an underlying rating of "A" by Standard and Poor's. The District's Series 2011A and Series 2019 Refunding bonds carry an insured rating of "AA" by virtue of bond insurance issued by Assured Guaranty Municipal. The District's Series 2014 Refunding and Series 2021 bonds carry on insured rating of "AA" by virtue of bond insurance issued by Build America Mutual Assurance Company. The District's Series 2015 Refunding bonds are not rated. Credit enhanced ratings provided through bond insurance policies are subject to change based on the ratings of the bond insurance company. The above ratings reflect any rating changes during the year ended May 31, 2022.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Rayford Road Municipal Utility District, c/o Smith, Murdaugh, Little & Bonham, LLP, 2727 Allen Parkway, Suite 1100, Houston, TX 77019.

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
MAY 31, 2022

	General Fund	Debt Service Fund
ASSETS		
Cash	\$ 827,168	\$ 56,731
Investments	14,034,139	1,544,593
Cash with Tax Assessor/Collector		20,556
Receivables:		
Property Taxes	23,033	60,176
Penalty and Interest on Delinquent Taxes		
Service Accounts	248,214	
Accrued Interest		377
Other	8,851	
Due from Other Funds	41,602	118,750
Prepaid Costs	16,993	
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	\$ 15,200,000	\$ 1,801,183
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Refunding Bonds	\$ -0-	\$ -0-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 15,200,000	\$ 1,801,183

The accompanying notes to financial statements are an integral part of this report.

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$	\$ 883,899	\$	\$ 883,899
	15,578,732		15,578,732
	20,556		20,556
	83,209		83,209
		25,997	25,997
	248,214		248,214
	377		377
	8,851		8,851
11,079,310	11,239,662	(11,239,662)	
	16,993		16,993
		494,962	494,962
		522,889	522,889
		20,895,956	20,895,956
<u>\$ 11,079,310</u>	<u>\$ 28,080,493</u>	<u>\$ 10,700,142</u>	<u>\$ 38,780,635</u>
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 54,887</u>	<u>\$ 54,887</u>
<u>\$ 11,079,310</u>	<u>\$ 28,080,493</u>	<u>\$ 10,755,029</u>	<u>\$ 38,835,522</u>

The accompanying notes to financial statements are an integral part of this report.

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
MAY 31, 2022

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	\$ 534,130	\$ 7,318
Accrued Interest Payable		
Due to Developers	46,955	
Due to Other Funds	11,198,060	41,602
Security Deposits	317,384	
Long-Term Liabilities:		
Bonds Payable Within One Year		
Bonds Payable After One Year		
TOTAL LIABILITIES	\$ 12,096,529	\$ 48,920
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	\$ 23,033	\$ 60,176
FUND BALANCES		
Nonspendable:		
Prepaid Costs	\$ 16,993	\$
Restricted for Authorized Construction		
Restricted for Debt Service		1,692,087
Assigned to 2023 Budget Deficit	33,150	
Unassigned	3,030,295	
TOTAL FUND BALANCES	\$ 3,080,438	\$ 1,692,087
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 15,200,000	\$ 1,801,183
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

The accompanying notes to financial statements are an integral part of this report.

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$	\$ 541,448	\$	\$ 541,448
	46,955	68,813	68,813
	11,239,662	(11,239,662)	46,955
	317,384		317,384
		2,165,000	2,165,000
		19,913,210	19,913,210
<u>\$ -0-</u>	<u>\$ 12,145,449</u>	<u>\$ 10,907,361</u>	<u>\$ 23,052,810</u>
<u>\$ -0-</u>	<u>\$ 83,209</u>	<u>\$ (83,209)</u>	<u>\$ -0-</u>
\$	\$ 16,993	\$ (16,993)	\$
11,079,310	11,079,310	(11,079,310)	
	1,692,087	(1,692,087)	
	33,150	(33,150)	
	3,030,295	(3,030,295)	
<u>\$ 11,079,310</u>	<u>\$ 15,851,835</u>	<u>\$ (15,851,835)</u>	<u>\$ - 0 -</u>
<u>\$ 11,079,310</u>	<u>\$ 28,080,493</u>		
		\$ 10,969,794	\$ 10,969,794
		1,709,447	1,709,447
		3,103,471	3,103,471
		<u>\$ 15,782,712</u>	<u>\$ 15,782,712</u>

The accompanying notes to financial statements are an integral part of this report.

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
MAY 31, 2022

Total Fund Balances - Governmental Funds \$ 15,851,835

Amounts reported for governmental activities in the Statement of Net Position are different because:

Interest paid in advance as part of a refunding bond sale is recorded as a deferred outflow in the governmental activities and systematically charged to interest expense over the remaining life of the new debt or the old debt, whichever is shorter. 54,887

Capital assets used in governmental activities are not a financial resource and, therefore, are not reported as assets in governmental funds. 21,913,807

Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2021 and prior tax levies became part of recognized revenue in the governmental activities of the District. 109,206

Certain liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:

Accrued Interest Payable	\$ (68,813)	
Bonds Payable	<u>(22,078,210)</u>	<u>(22,147,023)</u>

Total Net Position - Governmental Activities \$ 15,782,712

The accompanying notes to financial statements are an integral part of this report.

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RAYFORD ROAD MUNICIPAL UTILITY DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MAY 31, 2022

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	\$ 1,159,151	\$ 2,660,136
Water Service	913,606	
Wastewater Service	1,277,896	
Groundwater Conservation District Fees	30,634	
Surface Water Revenues	1,175,640	
Penalty and Interest	46,066	23,619
Tap Connection and Inspection Fees	2,955	
Investment Revenues	12,888	3,347
Miscellaneous Revenues	65,239	5,172
	<u>\$ 4,684,075</u>	<u>\$ 2,692,274</u>
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 111,107	\$ 6,472
Contracted Services	272,636	32,575
Security Services	725,248	
Solid Waste Disposal	791,301	
Utilities	243,004	
Surface Water Fees/Pumpage Fees	1,060,494	
Repairs and Maintenance	846,037	
Parks and Recreation	159,360	
Depreciation		
Other	502,833	14,456
Capital Outlay	345,508	
Debt Service:		
Bond Issuance Costs		
Bond Principal		2,110,000
Bond Interest		402,574
	<u>\$ 5,057,528</u>	<u>\$ 2,566,077</u>
EXCESS (DEFICIENCY) OF REVENUES OVER		
EXPENDITURES/EXPENSES	<u>\$ (373,453)</u>	<u>\$ 126,197</u>
OTHER FINANCING SOURCES (USES)		
Long-Term Debt Issued	\$	\$ 118,750
Bond Premium		
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ -0-</u>	<u>\$ 118,750</u>
NET CHANGE IN FUND BALANCES	<u>\$ (373,453)</u>	<u>\$ 244,947</u>
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION -		
JUNE 1, 2021	<u>3,453,891</u>	<u>1,447,140</u>
FUND BALANCES/NET POSITION -		
MAY 31, 2022	<u>\$ 3,080,438</u>	<u>\$ 1,692,087</u>

The accompanying notes to financial statements are an integral part of this report.

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 3,819,287	\$ (772)	\$ 3,818,515
	913,606		913,606
	1,277,896		1,277,896
	30,634		30,634
	1,175,640		1,175,640
	69,685	(1,429)	68,256
	2,955		2,955
399	16,634		16,634
	70,411		70,411
<u>\$ 399</u>	<u>\$ 7,376,748</u>	<u>\$ (2,201)</u>	<u>\$ 7,374,547</u>
\$	\$ 117,579	\$	\$ 117,579
	305,211		305,211
	725,248		725,248
	791,301		791,301
	243,004		243,004
	1,060,494		1,060,494
	846,037		846,037
	159,360		159,360
	517,289	999,139	999,139
177,381	522,889	(522,889)	517,289
774,682	774,682		774,682
	2,110,000	(2,110,000)	
	402,574	(58,851)	343,723
<u>\$ 952,063</u>	<u>\$ 8,575,668</u>	<u>\$ (1,692,601)</u>	<u>\$ 6,883,067</u>
<u>\$ (951,664)</u>	<u>\$ (1,198,920)</u>	<u>\$ 1,690,400</u>	<u>\$ 491,480</u>
\$ 11,881,250	\$ 12,000,000	\$ (12,000,000)	\$
149,724	149,724	(149,724)	
<u>\$ 12,030,974</u>	<u>\$ 12,149,724</u>	<u>\$ (12,149,724)</u>	<u>\$ -0-</u>
\$ 11,079,310	\$ 10,950,804	\$ (10,950,804)	\$
		491,480	491,480
	4,901,031	10,390,201	15,291,232
<u>\$ 11,079,310</u>	<u>\$ 15,851,835</u>	<u>\$ (69,123)</u>	<u>\$ 15,782,712</u>

The accompanying notes to financial statements are an integral part of this report.

**RAYFORD ROAD MUNICIPAL UTILITY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2022**

Net Change in Fund Balances - Governmental Funds	\$ 10,950,804
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.	(772)
Governmental funds report penalty and interest revenue on property taxes when collected. However, in the Statement of Activities, revenue is recorded when penalties and interest are assessed.	(1,429)
Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.	(999,139)
Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.	522,889
Governmental funds report bond premiums as other financing sources in the year received. However, in the Statement of Net Position, the bond premiums are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities.	(149,724)
Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities.	2,110,000
Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.	58,851
Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in the Statement of Net Position.	<u>(12,000,000)</u>
Change in Net Position - Governmental Activities	<u>\$ 491,480</u>

The accompanying notes to financial statements are an integral part of this report.

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2022

NOTE 1. CREATION OF DISTRICT

The District was created on May 6, 1969, under the terms and provisions of Section 59 of Article 16 of the Constitution of the State of Texas by the Legislature as a Water Control and Improvement District. The District was converted into a Municipal Utility District on April 26, 1974, by the Texas Water Rights Commission, presently known as the Texas Commission on Environmental Quality (the "Commission"). The Board of Directors held its first meeting on December 21, 1971. Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, sanitary sewer service, storm sewer drainage, irrigation, solid waste collection and disposal, including recycling, and to construct parks and recreational facilities for the residents of the District. The District is also empowered to contract for or employ its own peace officers with powers to make arrests and to establish, operate and maintain a fire department to perform all fire-fighting activities within the District.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board ("GASB"). In addition, the accounting records of the District are maintained generally in accordance with the *Water District Financial Management Guide* published by the Commission.

The District is a political subdivision of the State of Texas governed by an elected board. GASB has established the criteria for determining whether or not an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District's financial statement as component units.

Financial Statement Presentation

These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting ("GASB Codification").

The 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:

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2022

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

- Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and 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.

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

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. The District's Statement of Net Position and Statement of Activities are combined with the governmental fund financial statements. The District is viewed as a special-purpose government and has the option of combining these financial statements.

The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Any amounts recorded due to and due from other funds are eliminated in the Statement of Net Position.

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any, are eliminated by adjustment to obtain net total revenue and expense of the government-wide Statement of Activities.

Fund Financial Statements

As discussed above, the District's fund financial statements are combined with the government-wide financial statements. The fund financial statements include a Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances.

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2022

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds

The District has three governmental funds and considers these funds to be major funds.

General Fund - To account for resources not required to be accounted for in another fund, customer service revenues, costs and general expenditures.

Debt Service Fund - To account for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes.

Capital Projects Fund - To account for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

Basis of Accounting

The District uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both “measurable and available.” Measurable means the amount can be determined. Available means collectable within the current period or soon enough thereafter to pay current liabilities. The District considers revenue reported in governmental funds to be available if they are collectable within 60 days after year end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures when payment is due.

Property taxes considered available by the District and included in revenue include taxes collected during the year and taxes collected after year-end, which were considered available to defray the expenditures of the current year. Deferred inflows of resources related to property tax revenues are those taxes which the District does not reasonably expect to be collected soon enough in the subsequent period to finance current expenditures.

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2022

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset.

Assets are capitalized, including infrastructure assets, if they have an original cost greater than \$5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Estimated useful lives are as follows:

	Years
Buildings	40
Water System	10-45
Wastewater System	10-45
Drainage System	20-40
All Other Equipment	3-20

Budgeting

An annual unappropriated budget is adopted for the General Fund by the District’s Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was not amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the original and revised budget amounts, if revised, compared to the actual amounts of revenues and expenditures for the current year.

Pensions

The District has not established a pension plan as the District does not have employees. The Internal Revenue Service has determined that fees of office received by Directors are considered to be wages subject to federal income tax withholding for payroll purposes only.

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities associated with the activities are reported. Fund equity is classified as net position.

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2022

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the Balance Sheet, and the reported fund balances provide an indication of available spendable or appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources. Fund balances in governmental funds are classified using the following hierarchy:

Nonspendable: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted: amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally.

Committed: amounts that can be spent only for purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. This action must be made no later than the end of the fiscal year. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. The District does not have any committed fund balances.

Assigned: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances. As of May 31, 2022, the District has assigned \$33,150 of the General Fund fund balance for a projected budget deficit for the year ending May 31, 2023.

Unassigned: all other spendable amounts in the General Fund.

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

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.

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2022

NOTE 3. LONG-TERM DEBT

	Series 2011A	Refunding Series 2014	Refunding Series 2015
Amount Outstanding - May 31, 2022	\$25,000	\$325,000	\$1,725,000
Interest Rates	3.50%	3.50%	2.64%
Maturity Dates – Serially Beginning/Ending	March 1, 2023	March 1, 2023	March 1, 2023/2029
Interest Payment Dates	September 1/ March 1	September 1/ March 1	September 1/ March 1
Callable Dates	March 1, 2019*	March 1, 2021*	March 1, 2020*
	Refunding Series 2019	Series 2021	
Amount Outstanding - May 31, 2022	\$7,635,000	\$12,000,000	
Interest Rates	2.25% - 3.00%	1.00% - 3.00%	
Maturity Dates – Serially Beginning/Ending	March 1, 2023/2029	March 1, 2023/2036	
Interest Payment Dates	September 1/ March 1	September 1/ March 1	
Callable Dates	March 1, 2025*	March 1, 2027*	

* Callable for redemption at a price equal to the principal amount of the bonds called for redemption plus accrued interest. Series 2011A term bonds maturing March 1, 2023, are subject to mandatory redemption beginning March 1, 2020. Series 2015 Refunding bonds are private placement bonds with term bonds maturing March 1, 2029, which are subject to mandatory redemption beginning March 1, 2016. Series 2019 Refunding term bonds maturing March 1, 2027, are subject to mandatory redemption beginning March 1, 2026.

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2022

NOTE 3. LONG-TERM DEBT (Continued)

The following is a summary of transactions regarding long-term liabilities for the year ended May 31, 2022:

	June 1, 2021	Additions	Retirements	May 31, 2022
Bonds Payable	\$ 11,820,000	\$ 12,000,000	\$ 2,110,000	\$ 21,710,000
Unamortized Discounts	1,361		1,361	
Unamortized Premiums	273,115	149,724	54,629	368,210
Bonds Payable, Net	\$ 12,094,476	\$ 12,149,724	\$ 2,165,990	\$ 22,078,210
			Amount Due Within One Year	\$ 2,165,000
			Amount Due After One Year	19,913,210
			Bonds Payable, Net	\$ 22,078,210

As of May 31, 2022, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2023	\$ 2,165,000	\$ 512,753	\$ 2,677,753
2024	2,165,000	446,989	2,611,989
2025	2,175,000	382,957	2,557,957
2026	2,100,000	318,607	2,418,607
2027	2,085,000	256,489	2,341,489
2028-2032	7,020,000	736,970	7,756,970
2033-2036	4,000,000	200,000	4,200,000
	\$ 21,710,000	\$ 2,854,765	\$ 24,564,765

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, and the revenue bonds are further payable from and secured by a lien on and pledge of the net revenues to be received from the operation of the District's waterworks and wastewater system. During the year ended May 31, 2022, the District levied an ad valorem debt service tax rate of \$0.344 per \$100 of assessed valuation, which resulted in a tax levy of \$2,669,923 on the adjusted taxable valuation of \$776,094,654 for the 2021 tax year. The bond orders require the District to 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. See Note 7 for the maintenance tax levy.

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

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2022

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS

- A. The bond orders state that so long as any of the bonds are outstanding, the District agrees to maintain insurance for the benefit of the holders of bonds, on the system of a kind and in an amount which usually would be carried by municipal corporations and political subdivisions operating in Texas.
- B. The bond orders state that the District is required by the Securities and Exchange Commission to provide continuing disclosure of certain general financial information and operating data to each nationally recognized municipal securities information depository and the state information depository. This information, along with the audited annual financial statements, is to be provided within six months after the end of each fiscal year and shall continue to be provided through the life of the bonds.
- C. In the bond orders, the District has covenanted that it will take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross proceeds of the Bonds, within the meaning of Section 148(f) of the Internal Revenue Code, be rebated to the federal government. The minimum requirement for determination of the rebatable amount is on the five year anniversary of each use.
- D. In accordance with the bond order for the Series 2021 bonds, a portion of the bonds were to be deposited into the Debt Service Fund and Capital Projects Fund. As of May 31, 2022, the bond proceeds were on deposit in the General Fund. Subsequent to year end, the District transferred the required amounts to the Debt Service Fund and Capital Projects Fund.

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes.

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District's deposits was \$1,348,495 and the bank balance was \$1,399,342. The District was not exposed to custodial credit risk at year-end.

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2022

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at May 31, 2022, as listed below:

	Cash	Certificates of Deposit	Total
GENERAL FUND	\$ 827,168	\$	\$ 827,168
DEBT SERVICE FUND	56,731	464,596	521,327
TOTAL DEPOSITS	\$ 883,899	\$ 464,596	\$ 1,348,495

Investments

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all District funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the District’s financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth. The District’s investments must be made “with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person’s own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived.” No person may invest District funds without express written authority from the Board of Directors.

Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. The District has adopted a written investment policy to establish the guidelines by which it may invest. This policy is reviewed annually. The District’s investment policy may be more restrictive than the Public Funds Investment Act.

The District invests in the Texas Short Term Asset Reserve Program (“TexSTAR”), an external public funds investment pool that is not SEC-registered. J. P. Morgan Investment Management Inc. provides investment management and Hilltop Securities Inc. provides participant services and marketing under an agreement with the TexSTAR Board of Directors. Custodial, fund accounting and depository services are provided by JPMorgan Chase Bank, N.A. and/or its subsidiary J.P. Morgan Investors Services Co. Investments held by TexSTAR are marked to market daily. The investments are considered Level I investments because their fair value is measured by quoted prices in active markets. The fair value of the District’s position in the pool is the same as the value of the pool shares. There are no limitations or restrictions on withdrawals from TexSTAR.

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2022

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Certificates of deposit are recorded at acquisition cost.

As of May 31, 2022, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
TexSTAR	\$ 14,034,139	\$ 14,034,139
<u>DEBT SERVICE FUND</u>		
TexSTAR	1,079,997	1,079,997
Certificates of Deposit	464,596	464,596
TOTAL INVESTMENTS	\$ 15,578,732	\$ 15,578,732

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At May 31, 2022, the District's investments in TexSTAR were rated AAAM by Standard and Poor's. The District also manages credit risk by investing in certificates of deposit with balances below FDIC coverage.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investments in TexSTAR to have a maturity of less than one year due to the fact the share position can usually be redeemed each day at the discretion of the District, unless there has been a significance change in value. The District also manages interest rate risk by investing in certificates of deposit with maturities of one year or less.

Restrictions

All cash and investments of the Debt Service Fund are restricted for the payment of debt service and the cost of assessing and collecting taxes.

All cash and investments of the Capital Projects Fund are restricted for the purchase of capital assets.

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2022

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended May 31, 2022:

	June 1, 2021	Increases	Decreases	May 31, 2022
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 494,962	\$	\$	\$ 494,962
Construction in Progress		522,889		522,889
Total Capital Assets Not Being Depreciated	\$ 494,962	\$ 522,889	\$ - 0 -	\$ 1,017,851
Capital Assets Subject to Depreciation				
Buildings and Improvements	\$ 53,371	\$	\$	\$ 53,371
Equipment	120,022			120,022
Water System	11,900,826			11,900,826
Wastewater System	14,639,508			14,639,508
Drainage System	13,850,619			13,850,619
Impact Fees	132,126			132,126
Total Capital Assets Subject to Depreciation	\$ 40,696,472	\$ - 0 -	\$ - 0 -	\$ 40,696,472
Less Accumulated Depreciation				
Buildings and Improvements	\$ 26,257	\$ 1,315	\$	\$ 27,572
Equipment	97,202	10,852		108,054
Water System	5,419,209	318,731		5,737,940
Wastewater System	6,994,445	362,176		7,356,621
Drainage System	6,213,555	302,910		6,516,465
Impact Fees	50,709	3,155		53,864
Total Accumulated Depreciation	\$ 18,801,377	\$ 999,139	\$ - 0 -	\$ 19,800,516
Total Depreciable Capital Assets, Net of Accumulated Depreciation	\$ 21,895,095	\$ (999,139)	\$ - 0 -	\$ 20,895,956
Total Capital Assets, Net of Accumulated Depreciation	\$ 22,390,057	\$ (476,250)	\$ - 0 -	\$ 21,913,807

NOTE 7. MAINTENANCE TAX

On March 9, 1978, the voters of the District approved the levy and collection of a maintenance tax not to exceed \$0.15 per \$100 of assessed valuation of taxable property within the District. During the fiscal year ended May 31, 2022, the District levied an ad valorem maintenance tax at the rate of \$0.15 per \$100 of assessed valuation, which resulted in a tax levy of \$1,164,211 on the adjusted taxable valuation of \$776,094,654 for the 2021 tax year. The maintenance tax is to be used by the General Fund to pay expenditures of operating the District's waterworks and wastewater system.

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2022

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 and natural disasters from which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 9. LONE STAR GROUNDWATER CONSERVATION DISTRICT

The District is located within the boundaries of the Lone Star Groundwater Conservation District (the "Conservation District"). The Conservation District was created under Article 16, Section 59 of the Texas Constitution by House Bill 2362 (the "Act"), as passed by the 77th Texas Legislature, in 2001. The Conservation District was created to conserve, protect, and enhance the groundwater resources of Montgomery County, Texas.

A nine-member board of directors governs the Conservation District. The directors serve staggered four-year terms. Each director must qualify to serve as director in the manner provided by Section 36.055 of the Water Code.

The Conservation District charges production fees based on the amount of water authorized by permit to be withdrawn from a well. This fee enables the Conservation District to fulfill its purpose and regulatory functions. The 2022 permit fee is \$0.085 per 1,000 gallons water pumped from each well.

NOTE 10. EMERGENCY WATER SUPPLY AGREEMENTS

Montgomery County Municipal Utility District No. 99

On July 24, 2012, the District entered into an Emergency Water Supply Agreement with Montgomery County Municipal Utility District No. 99. During an emergency, the price to be paid for water by either district is \$1.00 per 1,000 gallons of water supplied plus pumpage fees charged by a regional water authority or groundwater conservation district. The term of the agreement is 40 years.

Montgomery County Municipal Utility District No. 115

On November 1, 2008, the District entered into an Emergency Water Supply Agreement with Montgomery County Municipal Utility District No. 115. During an emergency, the price to be paid for water by either district is \$1.00 per 1,000 gallons plus pumpage fees charged by a regional water authority or groundwater conservation district. The term of the agreement is 40 years.

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2022

NOTE 11. INTERFUND PAYABLES/RECEIVABLES AND TRANSFERS

As of May 31, 2022, the District had the following significant interfund liabilities: the Debt Service Fund owed the General Fund a total of \$23,768 for arbitrage, continuing disclosure and bond issuance costs and \$17,834 for an excess transfer of maintenance tax collections and the General Fund owed the Debt Service Fund \$118,750 and the Capital Projects Fund \$11,079,310 for proceeds from the Series 2021 bond sale.

NOTE 12. SAN JACINTO RIVER AUTHORITY

On June 14, 2010, the District entered into the Contract for Groundwater Reduction Planning, Alternative Water Supply, and Related Goods and Services with the San Jacinto River Authority (the "Authority"). The District and the Authority operate within the boundaries of Lone Star Groundwater Conservation District (the "Conservation District"). See Note 9. The Authority has developed supplies of surface water that, when taken together with groundwater withdrawals to be permitted by the Conservation District, are reasonably believed to be adequate to satisfy the total water demands of Montgomery County. On December 13, 2012, the District and the Authority executed a supplemental agreement to the Contract calling for the District to design and construct a surface water treatment and transmission system (the "Project") to provide phased treatment, transmission and delivery of Authority's surface water to regulated users for blending with groundwater supplies, so that regulated users may continue to pump groundwater. The project has been completed and the facilities have been conveyed to the Authority for operation and maintenance. The Authority contributed \$1,588,990 to the District to finance the Project.

The Authority will develop a Groundwater Reduction Plan (the "GRP") for all participants. The Authority charges a fee, currently \$2.88 per 1,000 gallons, based on the amount of groundwater used. The fee for surface water used is \$3.30 per 1,000 gallons. These fees enable the Authority to achieve, maintain and implement the GRP. The term of this contract expires on December 31, 2045. During the current fiscal year, the District recorded an expenditure of \$1,060,494 in relation to this contract.

NOTE 13. BOND SALE

On December 8, 2021, the District closed on the sale of \$12,000,000 of Unlimited Tax Bonds, Series 2021. Proceeds from the bonds are being used to fund construction and engineering costs for Water Plant No. 1 rehabilitation; Imperial Oaks, Sections 1, 2, 3 and 5 water line replacement; Imperial Oaks, Sections 9 and 13 water line replacement and sanitary sewer rehabilitation; and Lift Station No. 2 Rehabilitation. Additional proceeds were used to pay capitalized interest and issuance cost of the bonds.

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RAYFORD ROAD MUNICIPAL UTILITY DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

MAY 31, 2022

**RAYFORD ROAD MUNICIPAL UTILITY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED MAY 31, 2022**

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	\$ 1,200,000	\$ 1,159,151	\$ (40,849)
Water Service	1,100,000	913,606	(186,394)
Wastewater Service	1,350,000	1,277,896	(72,104)
Groundwater Conservation District Fees	50,000	30,634	(19,366)
Surface Water Revenues	1,500,000	1,175,640	(324,360)
Penalty and Interest	65,000	46,066	(18,934)
Tap Connection and Inspection Fees	2,500	2,955	455
Investment Revenues	5,000	12,888	7,888
Miscellaneous Revenues	96,000	65,239	(30,761)
TOTAL REVENUES	<u>\$ 5,368,500</u>	<u>\$ 4,684,075</u>	<u>\$ (684,425)</u>
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 155,000	\$ 111,107	\$ 43,893
Contracted Services	291,400	272,636	18,764
Security Services	800,000	725,248	74,752
Solid Waste Disposal	775,000	791,301	(16,301)
Utilities	220,000	243,004	(23,004)
Surface Water Fees/Pumpage Fees	1,500,000	1,060,494	439,506
Repairs and Maintenance	885,000	846,037	38,963
Parks and Recreation	150,000	159,360	(9,360)
Other	525,000	502,833	22,167
Capital Outlay	65,000	345,508	(280,508)
TOTAL EXPENDITURES	<u>\$ 5,366,400</u>	<u>\$ 5,057,528</u>	<u>\$ 308,872</u>
NET CHANGE IN FUND BALANCE	<u>\$ 2,100</u>	<u>\$ (373,453)</u>	<u>\$ (375,553)</u>
FUND BALANCE - JUNE 1, 2021	<u>3,453,891</u>	<u>3,453,891</u>	
FUND BALANCE - MAY 31, 2022	<u>\$ 3,455,991</u>	<u>\$ 3,080,438</u>	<u>\$ (375,553)</u>

See accompanying independent auditor's report.

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RAYFORD ROAD MUNICIPAL UTILITY DISTRICT

SUPPLEMENTARY INFORMATION REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

MAY 31, 2022

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED MAY 31, 2022

1. SERVICES PROVIDED BY THE DISTRICT DURING THE FISCAL YEAR:

<u> X </u>	Retail Water	_____	Wholesale Water	<u> X </u>	Drainage
<u> X </u>	Retail Wastewater	_____	Wholesale Wastewater	_____	Irrigation
<u> X </u>	Parks/Recreation	_____	Fire Protection	<u> X </u>	Law Enforcement
<u> X </u>	Solid Waste/Garbage	_____	Flood Control	_____	Roads
<u> X </u>	Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)				
_____	Other (specify): _____				

2. RETAIL SERVICE PROVIDERS

a. RETAIL RATES FOR A 5/8" METER (OR EQUIVALENT):

Based on the rate order effective April 1, 2017.

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1,000 Gallons over Minimum Use</u>	<u>Usage Levels</u>
WATER:	\$ 14.50	6,000	N	\$ 1.65	6,001 to 12,000
				\$ 2.25	12,001 to 22,000
				\$ 3.00	22,001 to 32,000
				\$ 3.50	32,001 to 42,000
				\$ 3.75	42,001 and up
WASTEWATER:	\$ 26.70	6,000	N	\$ 1.25	6,001 and up
SURCHARGE:					
Solid Waste/ Garbage	Included as part of minimum charge above				
Commission					
Regulatory Assessments					
Regional Water Authority Fees					
(Groundwater Use Fee)	\$0.094 per 1,000 gallons of water used (LSGCD)				
	\$3.63 per 1,000 gallons of water used (SJRA)				

District employs winter averaging for wastewater usage? _____ X
Yes No

Total monthly charges per 10,000 gallons usage: Water: \$21.10 Wastewater: \$31.70 Surcharge: \$37.24 Total: \$90.04

See accompanying independent auditor's report.

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED MAY 31, 2022

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
Unmetered			x 1.0	
≤¾"	3,726	3,678	x 1.0	3,678
1"	46	43	x 2.5	108
1½"	10	10	x 5.0	50
2"	40	39	x 8.0	312
3"	1	1	x 15.0	15
4"			x 25.0	
6"	1	1	x 50.0	50
8"			x 80.0	
10"			x 115.0	
Total Water Connections	<u>3,824</u>	<u>3,772</u>		<u>4,213</u>
Total Wastewater Connections	<u>3,641</u>	<u>3,612</u>	x 1.0	<u>3,612</u>

3. TOTAL WATER CONSUMPTION DURING THE FISCAL YEAR ROUNDED TO THE NEAREST THOUSAND: (Unaudited)

Gallons pumped into system:	276,548,000	Water Accountability Ratio: 95.5% (Gallons billed and sold/Gallons pumped and purchased)
Gallons billed to customers:	342,937,000	
Loss, leaks or flushing:	1,435,000	
Gallons purchased:	86,395,000	From: San Jacinto River Authority Montgomery County Municipal Utility District No. 99
Gallons sold:	2,300,000	To: Montgomery County Municipal Utility District No. 99

See accompanying independent auditor's report.

**RAYFORD ROAD MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED MAY 31, 2022**

4. STANDBY FEES (authorized only under TWC Section 49.231):

Does the District have Debt Service standby fees? Yes ___ No X

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

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes X No _____

County in which District is located:

Montgomery County, Texas

Is the District located within a city?

Entirely _____ Partly _____ Not at all X

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

Entirely _____ Partly X Not at all _____

ETJ's in which District is located:

City of Houston, Texas
City of Conroe, Texas

Are Board Members appointed by an office outside the District?

Yes _____ No X

See accompanying independent auditor's report.

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED MAY 31, 2022

PROFESSIONAL FEES:	
Auditing	\$ 15,000
Engineering	35,731
Legal	53,376
Financial Advisor	<u>7,000</u>
TOTAL PROFESSIONAL FEES	<u>\$ 111,107</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 37,388
Operations and Billing	<u>235,248</u>
TOTAL CONTRACTED SERVICES	<u>\$ 272,636</u>
UTILITIES	<u>\$ 243,004</u>
REPAIRS AND MAINTENANCE	<u>\$ 846,037</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 7,250
Dues	700
Insurance	28,778
Legal Notices	470
Office Supplies and Postage	133,851
Payroll Taxes	660
Election Costs	34,963
Surface Water Fees/Pumpage Fees	1,060,494
Other	<u>15,425</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 1,282,591</u>
CAPITAL OUTLAY	<u>\$ 345,508</u>
TAP CONNECTIONS	<u>\$ 450</u>
SOLID WASTE DISPOSAL	<u>\$ 791,301</u>
SECURITY	<u>\$ 725,248</u>
PARKS AND RECREATION	<u>\$ 159,360</u>

See accompanying independent auditor's report.

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED MAY 31, 2022

OTHER EXPENDITURES:	
Chemicals	\$ 68,417
Laboratory Fees	38,837
Permit Fees	55,247
Reconnection Fees	16,780
Regulatory Assessment	10,799
Sludge Hauling	<u>90,206</u>
TOTAL OTHER EXPENDITURES	<u>\$ 280,286</u>
TOTAL EXPENDITURES	<u><u>\$ 5,057,528</u></u>

See accompanying independent auditor's report.

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT
INVESTMENTS
MAY 31, 2022

<u>Funds</u>	<u>Identification or Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Accrued Interest Receivable at End of Year</u>
<u>GENERAL FUND</u>					
TexSTAR	XXXX2220	Varies	Daily	\$ 14,034,139	\$ -0-
<u>DEBT SERVICE FUND</u>					
TexSTAR	XXXX3330	Varies	Daily	\$ 1,079,997	\$
Certificate of Deposit	XXXX0771	0.20%	08/02/22	108,432	71
Certificate of Deposit	XXXX4302	0.30%	02/07/23	248,418	231
Certificate of Deposit	XXXX9301	0.30%	09/05/22	107,746	75
TOTAL DEBT SERVICE FUND				<u>\$ 1,544,593</u>	<u>\$ 377</u>
TOTAL - ALL FUNDS				<u>\$ 15,578,732</u>	<u>\$ 377</u>

See accompanying independent auditor's report.

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED MAY 31, 2022

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
JUNE 1, 2021	\$	22,653	\$	61,328
Adjustments to Beginning				
Balance		<u>(4,680)</u>	\$	<u>17,973</u>
			<u>(10,939)</u>	\$
				50,389
Original 2021 Tax Levy	\$	1,128,744	\$	2,588,586
Adjustment to 2021 Tax Levy		<u>35,467</u>	<u>1,164,211</u>	<u>81,337</u>
				<u>2,669,923</u>
TOTAL TO BE				
ACCOUNTED FOR		\$	1,182,184	\$
				2,720,312
TAX COLLECTIONS:				
Prior Years	\$	11,406	\$	27,975
Current Year		<u>1,147,745</u>	<u>1,159,151</u>	<u>2,632,161</u>
				<u>2,660,136</u>
TAXES RECEIVABLE -				
MAY 31, 2022		<u>\$</u>	<u>23,033</u>	<u>\$</u>
				<u>60,176</u>
TAXES RECEIVABLE BY				
YEAR:				
2021		\$	16,466	\$
2020			1,863	37,762
2019			786	4,347
2018			472	1,835
2017			552	1,133
2016 and Prior			<u>2,894</u>	<u>1,324</u>
				<u>13,775</u>
TOTAL		<u>\$</u>	<u>23,033</u>	<u>\$</u>
				<u>60,176</u>

See accompanying independent auditor's report.

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT
ANALYSIS OF TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED MAY 31, 2022

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
PROPERTY VALUATIONS:				
Land	\$ 76,671,950	\$ 76,557,420	\$ 76,976,780	\$ 76,964,070
Improvements	800,910,790	758,310,330	754,157,050	704,690,360
Personal Property	13,072,418	15,288,916	17,461,088	16,959,859
Exemptions	<u>(114,560,504)</u>	<u>(106,441,688)</u>	<u>(111,665,254)</u>	<u>(100,773,916)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 776,094,654</u>	<u>\$ 743,714,978</u>	<u>\$ 736,929,664</u>	<u>\$ 697,840,373</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.344	\$ 0.35	\$ 0.35	\$ 0.36
Maintenance	<u>0.150</u>	<u>0.15</u>	<u>0.15</u>	<u>0.15</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.494</u>	<u>\$ 0.50</u>	<u>\$ 0.50</u>	<u>\$ 0.51</u>
ADJUSTED TAX LEVY*	<u>\$ 3,834,134</u>	<u>\$ 3,718,575</u>	<u>\$ 3,685,305</u>	<u>\$ 3,555,796</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>98.59 %</u>	<u>99.83 %</u>	<u>99.93 %</u>	<u>99.95 %</u>

* Based upon the adjusted tax levy at the time of the audit for the fiscal year in which the tax was levied.

Maintenance Tax – Maximum tax rate of \$0.15 per \$100 of assessed valuation approved by voters on March 9, 1978.

See accompanying independent auditor's report.

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
MAY 31, 2022

S E R I E S - 2 0 1 1 A			
Due During Fiscal Years Ending May 31	Principal Due March 1	Interest Due September 1/ March 1	Total
2023	\$ 25,000	\$ 875	\$ 25,875
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
	\$ 25,000	\$ 875	\$ 25,875

See accompanying independent auditor's report.

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
MAY 31, 2022

REFUNDING SERIES - 2014

Due During Fiscal Years Ending May 31	Principal Due March 1	Interest Due September 1/ March 1	Total
2023	\$ 325,000	\$ 11,375	\$ 336,375
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
	<u>\$ 325,000</u>	<u>\$ 11,375</u>	<u>\$ 336,375</u>

See accompanying independent auditor's report.

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
MAY 31, 2022

REFUNDING SERIES - 2015

Due During Fiscal Years Ending May 31	Principal Due March 1	Interest Due September 1/ March 1	Total
2023	\$ 260,000	\$ 45,540	\$ 305,540
2024	255,000	38,676	293,676
2025	250,000	31,944	281,944
2026	245,000	25,344	270,344
2027	240,000	18,876	258,876
2028	240,000	12,540	252,540
2029	235,000	6,204	241,204
2030			
2031			
2032			
2033			
2034			
2035			
2036			
	<u>\$ 1,725,000</u>	<u>\$ 179,124</u>	<u>\$ 1,904,124</u>

See accompanying independent auditor's report.

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
MAY 31, 2022

REFUNDING SERIES - 2019

Due During Fiscal Years Ending May 31	Principal Due March 1	Interest Due September 1/ March 1	Total
2023	\$ 1,305,000	\$ 217,463	\$ 1,522,463
2024	1,285,000	178,313	1,463,313
2025	1,300,000	139,763	1,439,763
2026	1,105,000	100,763	1,205,763
2027	1,095,000	67,613	1,162,613
2028	780,000	34,763	814,763
2029	765,000	17,213	782,213
2030			
2031			
2032			
2033			
2034			
2035			
2036			
	<u>\$ 7,635,000</u>	<u>\$ 755,891</u>	<u>\$ 8,390,891</u>

See accompanying independent auditor's report.

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
MAY 31, 2022

S E R I E S - 2 0 2 1				
Due During Fiscal Years Ending May 31	Principal Due March 1	Interest Due September 1/ March 1	Total	
2023	\$ 250,000	\$ 237,500	\$	487,500
2024	625,000	230,000		855,000
2025	625,000	211,250		836,250
2026	750,000	192,500		942,500
2027	750,000	170,000		920,000
2028	1,000,000	162,500		1,162,500
2029	1,000,000	148,750		1,148,750
2030	1,000,000	135,000		1,135,000
2031	1,000,000	120,000		1,120,000
2032	1,000,000	100,000		1,100,000
2033	1,000,000	80,000		1,080,000
2034	1,000,000	60,000		1,060,000
2035	1,000,000	40,000		1,040,000
2036	1,000,000	20,000		1,020,000
	\$ 12,000,000	\$ 1,907,500	\$	13,907,500

See accompanying independent auditor's report.

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RAYFORD ROAD MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
MAY 31, 2022

ANNUAL REQUIREMENTS
FOR ALL SERIES

Due During Fiscal Years Ending May 31	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2023	\$ 2,165,000	\$ 512,753	\$ 2,677,753
2024	2,165,000	446,989	2,611,989
2025	2,175,000	382,957	2,557,957
2026	2,100,000	318,607	2,418,607
2027	2,085,000	256,489	2,341,489
2028	2,020,000	209,803	2,229,803
2029	2,000,000	172,167	2,172,167
2030	1,000,000	135,000	1,135,000
2031	1,000,000	120,000	1,120,000
2032	1,000,000	100,000	1,100,000
2033	1,000,000	80,000	1,080,000
2034	1,000,000	60,000	1,060,000
2035	1,000,000	40,000	1,040,000
2036	1,000,000	20,000	1,020,000
	<u>\$ 21,710,000</u>	<u>\$ 2,854,765</u>	<u>\$ 24,564,765</u>

See accompanying independent auditor's report.

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT
CHANGE IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED MAY 31, 2022

Description	Original Bonds Issued	Bonds Outstanding June 1, 2021
Rayford Road Municipal Utility District Unlimited Tax Bonds - Series 2011A	\$ 3,850,000	\$ 50,000
Rayford Road Municipal Utility District Unlimited Tax Refunding Bonds - Series 2012	4,815,000	745,000
Rayford Road Municipal Utility District Unlimited Tax Refunding Bonds - Series 2013	4,010,000	410,000
Rayford Road Municipal Utility District Unlimited Tax Refunding Bonds - Series 2014	4,595,000	850,000
Rayford Road Municipal Utility District Unlimited Tax Refunding Bonds - Series 2015	2,925,000	1,985,000
Rayford Road Municipal Utility District Unlimited Tax Refunding Bonds - Series 2019	7,885,000	7,780,000
Rayford Road Municipal Utility District Unlimited Tax Bonds - Series 2021	<u>12,000,000</u>	
TOTAL	<u>\$ 40,080,000</u>	<u>\$ 11,820,000</u>
Bond Authority:	<u>Tax Bonds*</u>	<u>Refunding Bonds</u>
Amount Authorized by Voters	\$ 55,350,000	\$ 39,500,000
Amount Issued	<u>55,350,000</u>	<u>3,585,880</u>
Remaining to be Issued	<u>\$ - 0 -</u>	<u>\$ 35,914,120</u>

See accompanying independent auditor's report.

Current Year Transactions					Paying Agent
Bonds Sold	Retirements		Bonds Outstanding May 31, 2022		
	Principal	Interest			
\$	\$ 25,000	\$ 1,750	\$ 25,000	The Bank of New York Mellon Trust Company, N.A Dallas, TX	
	745,000	29,800	-0-	The Bank of New York Mellon Trust Company, N.A Dallas, TX	
	410,000	12,300	-0-	The Bank of New York Mellon Trust Company, N.A Dallas, TX	
	525,000	29,750	325,000	The Bank of New York Mellon Trust Company, N.A Dallas, TX	
	260,000	52,404	1,725,000	The Bank of New York Mellon Trust Company, N.A Dallas, TX	
	145,000	221,813	7,635,000	The Bank of New York Mellon Trust Company, N.A Dallas, TX	
<u>12,000,000</u>		<u>54,757</u>	<u>12,000,000</u>	The Bank of New York Mellon Trust Company, N.A Dallas, TX	
<u>\$ 12,000,000</u>	<u>\$ 2,110,000</u>	<u>\$ 402,574</u>	<u>\$ 21,710,000</u>		

Debt Service Fund cash and investment balances as of May 31, 2022: \$ 1,621,880

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 1,754,626

See Note 3 for interest rate, interest payment dates and maturity dates.

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

See accompanying independent auditor's report.

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2022	2021	2020
REVENUES			
Property Taxes	\$ 1,159,151	\$ 1,109,109	\$ 1,102,369
Water Service	913,606	971,703	945,376
Wastewater Service	1,277,896	1,323,180	1,305,395
Groundwater Conservation District Fees	30,634	34,561	34,920
Surface Water Revenues	1,175,640	1,281,177	1,159,476
Penalty and Interest	46,066	43,055	44,971
Tap Connection and Inspection Fees	2,955	2,800	2,050
Investment Revenues	12,888	3,784	9,635
Miscellaneous Revenues	65,239	61,359	57,786
TOTAL REVENUES	\$ 4,684,075	\$ 4,830,728	\$ 4,661,978
EXPENDITURES			
Professional Fees	\$ 111,107	\$ 121,465	\$ 115,511
Contracted Services	272,636	269,810	266,601
Security Services	725,248	637,342	635,948
Solid Waste Disposal	791,301	753,789	729,231
Utilities	243,004	189,583	186,207
Surface Water Fees/Pumpage Fees	1,060,494	1,106,168	1,101,828
Repairs and Maintenance	846,037	786,865	883,949
Park and Recreation	159,360	164,343	171,666
Other	502,833	440,560	475,601
Capital Outlay	345,508	250,209	42,172
TOTAL EXPENDITURES	\$ 5,057,528	\$ 4,720,134	\$ 4,608,714
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (373,453)	\$ 110,594	\$ 53,264
OTHER FINANCING SOURCES (USES)			
Transfers In	\$ -0-	\$ -0-	\$ 77
NET CHANGE IN FUND BALANCE	\$ (373,453)	\$ 110,594	\$ 53,341
BEGINNING FUND BALANCE	3,453,891	3,343,297	3,289,956
ENDING FUND BALANCE	\$ 3,080,438	\$ 3,453,891	\$ 3,343,297

See accompanying independent auditor's report.

		Percentage of Total Revenue				
2019	2018	2022	2021	2020	2019	2018
\$ 1,049,807	\$ 1,046,193	24.6 %	22.9 %	23.7 %	22.8 %	22.7 %
948,173	949,104	19.5	20.1	20.3	20.7	20.6
1,302,950	1,317,678	27.3	27.4	28.0	28.4	28.6
39,782	32,237	0.7	0.7	0.7	0.9	0.7
1,071,301	1,102,424	25.1	26.5	24.9	23.4	24.0
52,756	56,272	1.0	0.9	1.0	1.2	1.2
1,950	2,595	0.1	0.1			0.1
9,197	7,479	0.3	0.1	0.2	0.2	0.2
107,861	86,801	1.4	1.3	1.2	2.4	1.9
<u>\$ 4,583,777</u>	<u>\$ 4,600,783</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 171,092	\$ 138,617	2.4 %	2.5 %	2.5 %	3.7 %	3.0 %
270,634	267,191	5.8	5.6	5.7	5.9	5.8
688,251	628,559	15.5	13.2	13.6	15.0	13.7
615,414	710,941	16.9	15.6	15.6	13.4	15.5
195,564	217,741	5.2	3.9	4.0	4.3	4.7
1,054,114	1,062,492	22.6	22.9	23.6	23.0	23.1
659,627	699,706	18.1	16.3	19.0	14.4	15.2
182,302	194,841	3.4	3.4	3.7	4.0	4.2
461,160	446,194	10.7	9.1	10.2	10.1	9.7
177,256	354,192	7.4	5.2	0.9	3.9	7.7
<u>\$ 4,475,414</u>	<u>\$ 4,720,474</u>	<u>108.0 %</u>	<u>97.7 %</u>	<u>98.8 %</u>	<u>97.7 %</u>	<u>102.6 %</u>
<u>\$ 108,363</u>	<u>\$ (119,691)</u>	<u>(8.0) %</u>	<u>2.3 %</u>	<u>1.2 %</u>	<u>2.3 %</u>	<u>(2.6) %</u>
<u>\$ -0-</u>	<u>\$ -0-</u>					
\$ 108,363	\$ (119,691)					
<u>3,181,593</u>	<u>3,301,284</u>					
<u>\$ 3,289,956</u>	<u>\$ 3,181,593</u>					

See accompanying independent auditor's report.

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2022	2021	2020
REVENUES			
Property Taxes	\$ 2,660,136	\$ 2,587,920	\$ 2,573,002
Penalty and Interest	23,619	14,995	12,553
Investment Revenues	3,347	10,339	24,473
Miscellaneous Revenues	5,172	8,422	7,942
TOTAL REVENUES	\$ 2,692,274	\$ 2,621,676	\$ 2,617,970
EXPENDITURES			
Tax Collection Expenditures	\$ 50,153	\$ 40,529	\$ 35,237
Debt Service Principal	2,110,000	2,055,000	2,115,000
Debt Service Interest and Fees	405,924	422,888	464,932
Bond Issuance Costs			275,761
TOTAL EXPENDITURES	\$ 2,566,077	\$ 2,518,417	\$ 2,890,930
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 126,197	\$ 103,259	\$ (272,960)
OTHER FINANCING SOURCES (USES)			
Refunding Bonds	\$	\$	\$ 7,885,000
Long-Term Debt Issued	118,750		
Payment to Refunding Bond Escrow Agent			(7,892,954)
Bond Premium			285,794
TOTAL OTHER FINANCING SOURCES (USES)	\$ 118,750	\$ -0-	\$ 277,840
NET CHANGE IN FUND BALANCE	\$ 244,947	\$ 103,259	\$ 4,880
BEGINNING FUND BALANCE	1,447,140	1,343,881	1,339,001
ENDING FUND BALANCE	\$ 1,692,087	\$ 1,447,140	\$ 1,343,881
TOTAL ACTIVE RETAIL WATER CONNECTIONS	3,772	3,768	3,769
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	3,612	3,605	3,589

See accompanying independent auditor's report.

		Percentage of Total Revenue				
2019	2018	2022	2021	2020	2019	2018
\$ 2,520,338	\$ 2,513,100	98.8 %	98.7 %	98.3 %	98.6 %	99.0 %
13,399	11,368	0.9	0.6	0.5	0.5	0.4
22,131	12,061	0.1	0.4	0.9	0.9	0.5
	2,434	0.2	0.3	0.3		0.1
<u>\$ 2,555,868</u>	<u>\$ 2,538,963</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 54,457	\$ 35,977	1.9 %	1.5 %	1.3 %	2.1 %	1.4 %
2,015,000	1,975,000	78.4	78.4	80.8	78.8	77.8
623,774	673,120	15.1	16.1	17.8	24.4	26.5
				10.5		
<u>\$ 2,693,231</u>	<u>\$ 2,684,097</u>	<u>95.4 %</u>	<u>96.0 %</u>	<u>110.4 %</u>	<u>105.3 %</u>	<u>105.7 %</u>
<u>\$ (137,363)</u>	<u>\$ (145,134)</u>	<u>4.6 %</u>	<u>4.0 %</u>	<u>(10.4) %</u>	<u>(5.3) %</u>	<u>(5.7) %</u>
\$	\$					
<u>\$ -0-</u>	<u>\$ -0-</u>					
\$ (137,363)	\$ (145,134)					
<u>1,476,364</u>	<u>1,621,498</u>					
<u>\$ 1,339,001</u>	<u>\$ 1,476,364</u>					
<u>3,773</u>	<u>3,777</u>					
<u>3,586</u>	<u>3,607</u>					

See accompanying independent auditor's report.

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
MAY 31, 2022

District Mailing Address - Rayford Road Municipal Utility District
c/o Smith, Murdaugh, Little & Bonham, LLP
2727 Allen Parkway, Suite 1100
Houston, TX 77019

District Telephone Number - (713) 652-6500

Board Members	Term of Office (Elected or <u>Appointed</u>)	Fees of Office for the year ended <u>May 31, 2022</u>	Expense Reimbursements for the year ended <u>May 31, 2022</u>	<u>Title</u>
Jon Vallery	05/22 – 05/26 (Elected)	\$ 1,500	\$ -0-	President
Frank Moore	05/22 – 05/26 (Elected)	\$ -0-	\$ -0-	Vice President
Charles Saxe, Jr.	05/20 – 05/24 (Elected)	\$ 1,250	\$ -0-	Secretary
Aaron Schoech	05/22 – 05/26 (Elected)	\$ 1,500	\$ -0-	Director
Renee Smith	03/21 – 05/24 (Appointed)	\$ 1,125	\$ -0-	Director
Former Board Member				
James Ridgway	05/18 – 05/22 (Elected)	\$ 1,250	\$ -0-	Director

Notes: No Director has any business or family relationships (as defined by the Texas Water Code) with major landowners in the District, with the District's developers or with any of the District's consultants.

Submission date of most recent District Registration Form: September 13, 2022

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200 as set by Board Resolution on July 14, 2003. Fees of Office are the amounts actually paid to a Director during the District's current fiscal year.

See accompanying independent auditor's report.

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
MAY 31, 2022

	<u>Date Hired</u>	<u>Fees for the year ended May 31, 2022</u>	<u>Title</u>
Consultants:			
Smith, Murdaugh, Little & Bonham, LLP	05/84	\$ 83,745 \$ 314,112	General Counsel Bond Related
McCall Gibson Swedlund Barfoot PLLC	05/10/99	\$ 15,000 \$ 1,750	Auditor Bond Related
Myrtle Cruz, Inc.	12/80	\$ 43,474	Bookkeeper
Linebarger Goggan Blair & Sampson, LLP	07/01/08	\$ 6,472	Delinquent Tax Attorney
IDS Engineering Group	12/14/98	\$ 361,479 \$ 65,512	Engineer Bond Related
Masterson Advisors LLC	06/11/18	\$ 167,015	Financial Advisor
Bill Russell	02/04	\$ -0-	Investment Officer
Municipal Operations & Consulting	05/13/02	\$ 1,207,125	Operator
Montgomery County		\$ 725,248	Security

See accompanying independent auditor's report.

Tax Notice

Water District

Notice of Public Hearing on Tax Rate

The Rayford Road MUD will hold a public hearing on a proposed tax rate for the tax year 2023 on September 11, 2023 at 6:30 PM at 25003 Pitkin Road, Suite D600, Spring, TX 77386. Your individual taxes may increase at a greater or lesser rate, or even decrease, depending on the tax rate that is adopted and on the change in the taxable value of your property in relation to the change in taxable value of all other property. The change in the taxable value of your property in relation to the change in the taxable value of all other property determines the distribution of the tax burden among all property owners.

Visit Texas.gov/PropertyTaxes to find a link to your local property tax database on which you can easily access information regarding your property taxes, including information about proposed tax rates and scheduled public hearings of each entity that taxes your property.

For the proposal:	J. Vallery F. Moore M. Saxe	A. Schoech R. Smith
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Against the proposal: None

Present and not voting: None

Absent: None

The following table compares taxes on an average residence homestead in this taxing unit last year to taxes proposed on the average residence homestead this year.

	Last Year	This Year
Total tax rate (per \$100 of value)	\$0.4450/\$100 <small>Adopted</small>	\$0.4140/\$100 <small>Proposed</small>
Difference in rates per \$100 of value		\$-0.0310
Percentage increase/decrease in rates(+/-)		-6.97%
Average residence homestead appraised value	\$260,769	\$289,388
General homestead exemptions available (excluding 65 years of age or older or disabled person's exemptions)	\$26,076	\$28,938
Average residence homestead taxable value	\$234,693	\$260,450
Tax on average residence homestead	\$1,044.38	\$1,078.26
Annual increase/decrease in taxes if proposed tax rate is adopted(+/-) and percentage of increase (+/-)		\$33.88 3.24%

NOTICE OF VOTE ON TAX RATE

If the district adopts a combined debt service, operation and maintenance and contract tax rate that would result in the taxes on the average residence homestead increasing by more than 3.5 percent, an

election must be held to determine whether to approve the operation and maintenance tax rate under Section 49.23602, Water Code.

The 86th Texas Legislature modified the manner in which the voter-approval tax rate is calculated to limit the rate of growth of property taxes in the state.