



Trail of the Lakes Municipal Utility District Harris County, Texas

Independent Auditor's Report and Financial Statements

September 30, 2024



Trail of the Lakes Municipal Utility District
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September 30, 2024

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Independent Auditor's Report

Board of Directors
Trail of the Lakes Municipal Utility District
Harris County, Texas

Opinions

We have audited the financial statements of the governmental activities and each major fund of Trail of the Lakes Municipal Utility District (the District), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of September 30, 2024, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from

error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedules required by the Texas Commission on Environmental Quality listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Forvis Mazars, LLP

Houston, Texas
March 27, 2025

Overview of the Financial Statements

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

In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities which engage in a single governmental program, such as the provision of water, sanitary sewer and drainage services. Other activities, such as the provision of recreation facilities and solid waste collection, are minor activities and are not budgeted or accounted for as separate programs. The financial statements of special-purpose governments combine two types of financial statements into one statement. These two types of financial statements are the government-wide financial statements and the fund financial statements. The fund financial statements are presented on the left side of the statements, a column for adjustments is to the right of the fund financial statements and the government-wide financial statements are presented to the right side of the adjustments column. The following sections describe the measurement focus of the two types of statements and the significant differences in the information they provide.

Government-Wide Financial Statements

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

The difference between the District's assets, liabilities, and deferred inflows and outflows of resources is labeled as net position and this difference is similar to the total stockholders' equity presented by a commercial enterprise.

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

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

Fund Financial Statements

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

Governmental Funds

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

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

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

Notes to Financial Statements

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

Financial Analysis of the District as a Whole

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

Summary of Net Position

	<u>2024</u>	<u>2023</u>
Current and other assets	\$ 10,326,829	\$ 11,051,401
Capital assets	<u>23,131,667</u>	<u>23,397,293</u>
Total assets	<u>33,458,496</u>	<u>34,448,694</u>
Deferred outflows of resources	<u>218,831</u>	<u>274,050</u>
Total assets and deferred outflows of resources	<u><u>\$ 33,677,327</u></u>	<u><u>\$ 34,722,744</u></u>
Long-term liabilities	\$ 22,483,028	\$ 24,720,695
Other liabilities	<u>812,420</u>	<u>1,429,718</u>
Total liabilities	<u>23,295,448</u>	<u>26,150,413</u>

Summary of Net Position (Continued)

	<u>2024</u>	<u>2023</u>
Net position:		
Net investment in capital assets	\$ 5,795,936	\$ 5,019,779
Restricted	3,942,891	4,127,689
Unrestricted	<u>643,052</u>	<u>(575,137)</u>
Total net position	<u><u>\$ 10,381,879</u></u>	<u><u>\$ 8,572,331</u></u>

The total net position of the District increased by \$1,809,548, or about 21%. The majority of the increase in net position is related to property tax revenues intended to pay principal on the District's bonded indebtedness, which is shown as long-term liabilities in the government-wide financial statements. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Summary of Changes in Net Position

	<u>2024</u>	<u>2023</u>
Revenues:		
Property taxes	\$ 4,771,552	\$ 4,437,699
Tax rebates	139,718	145,113
Charges for services	3,874,759	3,948,820
Other revenues	<u>707,366</u>	<u>607,614</u>
Total revenues	<u>9,493,395</u>	<u>9,139,246</u>
Expenses:		
Services	5,750,163	6,375,210
Depreciation	1,168,138	1,121,962
Debt service	<u>765,546</u>	<u>1,030,009</u>
Total expenses	<u>7,683,847</u>	<u>8,527,181</u>
Change in net position	1,809,548	612,065
Net position, beginning of year	<u>8,572,331</u>	<u>7,960,266</u>
Net position, end of year	<u><u>\$ 10,381,879</u></u>	<u><u>\$ 8,572,331</u></u>

Financial Analysis of the District's Funds

The District's combined fund balances as of the end of the fiscal year ended September 30, 2024, were \$8,889,949, a decrease of \$99,435 from the prior year.

The general fund's fund balance increased by \$1,221,512, primarily due to property taxes, service revenues, investment income and an interfund transfer in from the capital projects fund exceeding service operations expenditures.

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

The debt service fund's fund balance decreased by \$425,613 because bond principal and interest requirements were greater than property tax revenues generated and investment income.

The capital projects fund's fund balance decreased by \$895,334. This net decrease was primarily due to capital outlay expenditures and an interfund transfer out to the general fund exceeding investment income.

General Fund Budgetary Highlights

There were several differences between the final budgetary amounts and actual amounts. The major differences between budget and actual were due to property taxes, sewer service and regional water fee revenues and repairs and maintenance expenditures being greater than anticipated as well as purchased services, regional water fee, contracted services and utilities expenditures being less than anticipated. In addition, other income and an interfund transfer from the capital projects fund were not included in the current year budget. The fund balance as of September 30, 2024, was expected to be \$3,392,928 and the actual end-of-year fund balance was \$3,583,157.

Capital Assets and Related Debt

Capital Assets

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

	<u>Capital Assets (Net of Accumulated Depreciation)</u>	
	<u>2024</u>	<u>2023</u>
Land and improvements	\$ 2,447,908	\$ 2,447,908
Construction in progress	557,417	578,435
Water facilities	9,546,020	9,177,217
Wastewater facilities	5,689,252	6,046,560
Recreational facilities	4,891,070	5,147,173
Total capital assets	<u>\$ 23,131,667</u>	<u>\$ 23,397,293</u>

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

Construction in progress related to the wastewater treatment plant upgrades and channel slope rehabilitation	\$ 468,880
Water plant No. 2 degassifier upgrades	421,690
Lift pump No. 3	11,942
Total additions to capital assets	<u>\$ 902,512</u>

Debt

The changes in the debt position of the District during the fiscal year ended September 30, 2024, are summarized as follows:

Long-term debt payable, beginning of year	\$ 24,720,695
Decreases in long-term debt	<u>(2,237,667)</u>
Long-term debt payable, end of year	<u>\$ 22,483,028</u>

At September 30, 2024, the District had \$15,600,000 of unlimited tax bonds authorized, but unissued, for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the

District and \$1,895,000 of unlimited tax bonds authorized, but unissued, for the purposes of acquiring, constructing and improving park and recreation facilities within the District.

The District's bonds carry an underlying rating of "A-" from Standard & Poor's. The District's Series 2012 refunding and 2018 park bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Assured Guaranty, Inc. The District's Series 2013 refunding, 2016A, 2016 refunding, 2017 and 2022 bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Build America Mutual Assurance Company.

Other Relevant Factors

Relationship to the City of Houston

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Houston (the City), the District must conform to the City ordinance consenting to the creation of the District. In addition, the District may be annexed by the City without the District's consent, except as set forth as follows.

Strategic Partnership Agreement

Effective June 8, 2015, and as amended and restated December 19, 2016, and further amended December 12, 2019, the District entered into a Strategic Partnership Agreement with the City, which annexed certain portions of the District into the City for "limited purposes," as described therein. Under the terms of the agreement, the City has agreed it will not annex the District as a whole for full purposes for 30 years.

Trail of the Lakes Municipal Utility District
Statement of Net Position and Governmental Funds Balance Sheet
September 30, 2024

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets							
Cash	\$ 24,907	\$ 89,108	\$ 45,533	\$ 5,459	\$ 165,007	\$ -	\$ 165,007
Certificates of deposit	230,000	-	-	-	230,000	-	230,000
Short-term investments	3,510,408	-	2,932,510	2,319,999	8,762,917	-	8,762,917
Receivables:							
Property taxes	38,381	-	72,108	-	110,489	-	110,489
Service accounts	280,904	-	-	-	280,904	-	280,904
Accrued penalty and interest	-	-	-	-	-	56,939	56,939
Accrued interest	12,105	-	-	-	12,105	-	12,105
Interfund receivables	114,582	111,910	-	116,458	342,950	(342,950)	-
Due from participants	-	129,559	-	-	129,559	-	129,559
Tax rebates	29,805	-	-	-	29,805	7,015	36,820
Due from others	2,369	-	-	-	2,369	-	2,369
Deposit with other entity	-	-	-	-	-	450,017	450,017
Prepaid expenditures	89,703	-	-	-	89,703	-	89,703
Capital assets (net of accumulated depreciation):							
Land and improvements	-	-	-	-	-	2,447,908	2,447,908
Construction in progress	-	-	-	-	-	557,417	557,417
Infrastructure	-	-	-	-	-	15,235,272	15,235,272
Recreational facilities	-	-	-	-	-	4,891,070	4,891,070
Total assets	4,333,164	330,577	3,050,151	2,441,916	10,155,808	23,302,688	33,458,496
Deferred Outflows of Resources							
Deferred amount on debt refundings	-	-	-	-	-	218,831	218,831
Total assets and deferred outflows of resources	\$ 4,333,164	\$ 330,577	\$ 3,050,151	\$ 2,441,916	\$ 10,155,808	\$ 23,521,519	\$ 33,677,327

Trail of the Lakes Municipal Utility District
Statement of Net Position and Governmental Funds Balance Sheet
September 30, 2024

(Continued)

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Liabilities							
Accounts payable	\$ 140,697	\$ 78,704	\$ 9,347	\$ 117,217	\$ 345,965	\$ -	\$ 345,965
Customer deposits	361,970	-	-	-	361,970	-	361,970
Due to other districts	-	63,914	-	-	63,914	-	63,914
Due to others	657	-	-	-	657	-	657
Interfund payables	208,302	119,072	15,576	-	342,950	(342,950)	-
Retainage payable	-	-	-	39,914	39,914	-	39,914
Long-term liabilities:							
Due within one year	-	-	-	-	-	2,270,000	2,270,000
Due after one year	-	-	-	-	-	20,213,028	20,213,028
Total liabilities	711,626	261,690	24,923	157,131	1,155,370	22,140,078	23,295,448
Deferred Inflows of Resources							
Deferred property tax revenues	38,381	-	72,108	-	110,489	(110,489)	-
Fund Balances/Net Position							
Fund balances:							
Nonspendable, prepaid expenditures	89,703	-	-	-	89,703	(89,703)	-
Restricted:							
Unlimited tax bonds	-	-	2,953,120	-	2,953,120	(2,953,120)	-
Water, sewer, drainage and parks	-	-	-	2,284,785	2,284,785	(2,284,785)	-
Committed, wastewater collection and treatment	-	68,887	-	-	68,887	(68,887)	-
Unassigned	3,493,454	-	-	-	3,493,454	(3,493,454)	-
Total fund balances	3,583,157	68,887	2,953,120	2,284,785	8,889,949	(8,889,949)	-
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,333,164</u>	<u>\$ 330,577</u>	<u>\$ 3,050,151</u>	<u>\$ 2,441,916</u>	<u>\$ 10,155,808</u>		
Net position:							
Net investment in capital assets						5,795,936	5,795,936
Restricted for plant operations						68,887	68,887
Restricted for debt service						3,082,167	3,082,167
Restricted for capital projects						791,837	791,837
Unrestricted						643,052	643,052
Total net position						<u>\$ 10,381,879</u>	<u>\$ 10,381,879</u>

Trail of the Lakes Municipal Utility District
Statement of Activities and Governmental Funds Revenues,
Expenditures and Changes in Fund Balances
Year Ended September 30, 2024

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues							
Property taxes	\$ 2,377,502	\$ -	\$ 2,391,750	\$ -	\$ 4,769,252	\$ 2,300	\$ 4,771,552
Sales tax rebates	153,219	-	-	-	153,219	(13,501)	139,718
Water service	746,716	-	-	-	746,716	-	746,716
Sewer service	1,336,619	854,549	-	-	2,191,168	(454,359)	1,736,809
Regional water fee	1,146,886	-	-	-	1,146,886	-	1,146,886
Garbage service	8,964	-	-	-	8,964	-	8,964
Security service	235,384	-	-	-	235,384	-	235,384
Penalty and interest	86,087	-	49,042	-	135,129	3,362	138,491
Tap connection and inspection fees	16,455	-	-	-	16,455	-	16,455
Investment income	184,950	2	187,452	140,048	512,452	-	512,452
Other income	39,908	-	60	-	39,968	-	39,968
Total revenues	6,332,690	854,551	2,628,304	140,048	9,955,593	(462,198)	9,493,395
Expenditures/Expenses							
Service operations:							
Purchased services	443,336	-	-	-	443,336	(443,336)	-
Regional water fee	1,066,599	-	-	-	1,066,599	-	1,066,599
Professional fees	237,674	3,665	10,989	-	252,328	15,388	267,716
Contracted services	910,312	96,141	85,148	-	1,091,601	-	1,091,601
Solid waste	699,135	-	-	-	699,135	-	699,135
Utilities	74,096	116,797	-	-	190,893	-	190,893
Repairs and maintenance	1,586,893	581,211	-	-	2,168,104	-	2,168,104
Other expenditures	222,432	33,772	9,786	125	266,115	-	266,115
Capital outlay	-	22,965	-	905,958	928,923	(928,923)	-
Depreciation	-	-	-	-	-	1,168,138	1,168,138
Debt service:							
Principal retirement	-	-	2,155,000	-	2,155,000	(2,155,000)	-
Interest and fees	-	-	792,994	-	792,994	(27,448)	765,546
Total expenditures/expenses	5,240,477	854,551	3,053,917	906,083	10,055,028	(2,371,181)	7,683,847
Excess (Deficiency) of Revenues Over Expenditures	1,092,213	-	(425,613)	(766,035)	(99,435)	1,908,983	
Other Financing Sources (Uses)							
Interfund transfers in (out)	129,299	-	-	(129,299)	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	1,221,512	-	(425,613)	(895,334)	(99,435)	99,435	
Change in Net Position						1,809,548	\$ 1,809,548
Fund Balances/Net Position							
Beginning of year	2,361,645	68,887	3,378,733	3,180,119	8,989,384	-	8,572,331
End of year	\$ 3,583,157	\$ 68,887	\$ 2,953,120	\$ 2,284,785	\$ 8,889,949	\$ -	\$ 10,381,879

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

Trail of the Lakes Municipal Utility District (the District) was created by an order of the Texas Water Rights Commission, now known as the Texas Commission on Environmental Quality (the Commission), effective April 22, 1974, in accordance with the Texas Water Code, Chapter 54. The District operates in accordance with Chapters 49 and 54 of the Texas Water Code and is subject to the continuing supervision of the Commission. The principal functions of the District are to finance, construct, own and operate waterworks, wastewater and drainage facilities and to provide such facilities and services to the customers of the District.

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

Reporting Entity

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

Government-Wide and Fund Financial Statements

In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities which engage in a single governmental program, such as the provision of water, wastewater, drainage and other related services. The financial statements of special-purpose governments combine two types of financial statements into one statement. These two types of financial statements are the government-wide financial statements and the fund financial statements. The fund financial statements are presented with a column for adjustments to convert to the government-wide financial statements.

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

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

The District presents the following major governmental funds:

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

Trail of the Lakes Municipal Utility District
Notes to Financial Statements
September 30, 2024

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

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

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

Fund Balances – Governmental Funds

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

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

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

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

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

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

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

Measurement Focus and Basis of Accounting

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

Deferred Outflows and Inflows of Resources

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

Interfund Transactions

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

Pension Costs

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

Use of Estimates

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

Investments and Investment Income

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

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

Property Taxes

An appraisal district annually prepares appraisal records listing all property within the District and the appraised value of each parcel or item as of January 1. Additionally, on January 1, a tax lien attaches to property to secure the payment of all taxes, penalty and interest ultimately imposed for the year on the property. After the District receives its certified appraisal roll from the appraisal district, the rate of taxation is set by the Board of the District based upon the aggregate appraisal value. Taxes are due and payable October 1 or when billed, whichever is later, and become delinquent after January 31 of the following year.

Trail of the Lakes Municipal Utility District
Notes to Financial Statements
September 30, 2024

In the governmental funds, property taxes are initially recorded as receivables and deferred inflows of resources at the time the tax levy is billed. Revenues recognized during the fiscal year ended September 30, 2024, include collections during the current period or within 60 days of year-end related to the 2023 and prior years' tax levies.

In the government-wide statement of net position, property taxes are considered earned in the budget year for which they are levied. For the District's fiscal year ended September 30, 2024, the 2023 tax levy is considered earned during the current fiscal year. In addition to property taxes levied, any delinquent taxes are recorded net of amounts considered uncollectible.

Capital Assets

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

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

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

	<u>Years</u>
Water production and distribution facilities	10-45
Wastewater collection and treatment facilities	10-45
Recreational facilities	10-20

Deferred Amount on Debt Refundings

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

Debt Issuance Costs

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

Long-Term Obligations

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

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

Trail of the Lakes Municipal Utility District
Notes to Financial Statements
September 30, 2024

Net Position/Fund Balances

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

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

Reconciliation of Government-Wide and Fund Financial Statements

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

Capital assets used in governmental activities are not financial resources and are not reported in the funds.	\$ 23,131,667
Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.	110,489
Penalty and interest on delinquent taxes is not receivable in the current period and is not reported in the funds.	56,939
Tax rebates that are not receivable in the current period are not reported in the funds.	7,015
Deferred amount on debt refundings for governmental activities are not financial resources and are not reported in the funds.	218,831
Amounts due from other entities that are not receivable in the current period and are not reported in the funds.	450,017
Long-term debt obligations are not due and payable in the current period and are not reported in the funds.	<u>(22,483,028)</u>
Adjustment to fund balances to arrive at net position.	<u>\$ 1,491,930</u>

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

Change in fund balances.	\$ (99,435)
Governmental funds report capital outlays as expenditures. However, for government-wide financial statements, the cost of capitalized assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense and noncapitalized costs exceeded capital outlay expenditures in the current period.	(265,626)
Governmental funds report principal payments on debt as expenditures. For the statement of activities, these transactions do not have any effect on net position.	2,155,000

Trail of the Lakes Municipal Utility District
Notes to Financial Statements
September 30, 2024

Revenues collected in the current year, which have previously been reported in the statement of activities, are reported as revenues in the governmental funds.	\$ (7,839)
Some expenses previously reported in the statement of activities are reported as expenditures in the governmental funds.	<u>27,448</u>
Change in net position of governmental activities.	<u>\$ 1,809,548</u>

Note 2. Deposits, Investments and Investment Income

Deposits

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

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

At September 30, 2024, none of the District's bank balances were exposed to custodial credit risk.

Investments

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

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

The District invests in TexPool, an external investment pool that is not registered with the Securities and Exchange Commission. The State Comptroller of Public Accounts of the State of Texas has oversight of TexPool. The District's investments in TexPool are reported at amortized cost.

At September 30, 2024, the District had the following investments and maturities:

Type	Maturities in Years				
	Amortized Cost	Less Than 1	1-5	6-10	More Than 10
TexPool	<u>\$ 8,762,917</u>	<u>\$ 8,762,917</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Trail of the Lakes Municipal Utility District
Notes to Financial Statements
September 30, 2024

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

Credit Risk. Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At September 30, 2024, the District's investments in TexPool were rated "AAAm" by Standard & Poor's.

Summary of Carrying Values

The carrying values of deposits and investments shown previously are included in the balance sheet at September 30, 2024, as follows:

Carrying value:	
Deposits	\$ 395,007
Investments	8,762,917
	<u> </u>
Total	<u>\$ 9,157,924</u>

Included in the following statement of net position captions:

Cash	\$ 165,007
Certificates of deposit	230,000
Short-term investments	8,762,917
	<u> </u>
Total	<u>\$ 9,157,924</u>

Investment Income

Investment income of \$512,452 for the year ended September 30, 2024, consisted of interest income.

Note 3. Capital Assets

A summary of changes in capital assets for the year ended September 30, 2024, is presented as follows:

<u>Governmental Activities</u>	<u>Balances, Beginning of Year</u>	<u>Additions</u>	<u>Reclassifi- cations</u>	<u>Balances, End of Year</u>
Capital assets, non-depreciable:				
Land and improvements	\$ 2,447,908	\$ -	\$ -	\$ 2,447,908
Construction in progress	578,435	468,880	(489,898)	557,417
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total capital assets, non-depreciable	<u>3,026,343</u>	<u>468,880</u>	<u>(489,898)</u>	<u>3,005,325</u>

Trail of the Lakes Municipal Utility District
Notes to Financial Statements
September 30, 2024

Governmental Activities (Continued)	Balances, Beginning of Year	Additions	Reclassifi- cations	Balances, End of Year
Capital assets, depreciable:				
Water production and distribution facilities	\$ 17,396,080	\$ 421,690	\$ 489,898	\$ 18,307,668
Wastewater collection and treatment facilities	13,042,312	11,942	-	13,054,254
Recreational facilities	5,464,120	-	-	5,464,120
Total capital assets, depreciable	35,902,512	433,632	489,898	36,826,042
Less accumulated depreciation:				
Water production and distribution facilities	(8,218,863)	(542,785)	-	(8,761,648)
Wastewater collection and treatment facilities	(6,995,752)	(369,250)	-	(7,365,002)
Recreational facilities	(316,947)	(256,103)	-	(573,050)
Total accumulated depreciation	(15,531,562)	(1,168,138)	-	(16,699,700)
Total governmental activities, net	<u>\$ 23,397,293</u>	<u>\$ (265,626)</u>	<u>\$ -</u>	<u>\$ 23,131,667</u>

Note 4. Long-Term Liabilities

Changes in long-term liabilities for the year ended September 30, 2024, were as follows:

Governmental Activities	Balances, Beginning of Year	Decreases	Balances, End of Year	Amounts Due in One Year
Bonds payable:				
General obligation bonds	\$ 22,110,000	\$ 1,855,000	\$ 20,255,000	\$ 1,960,000
Bonds from direct placements	2,650,000	300,000	2,350,000	310,000
Add premiums on bonds	328,350	98,079	230,271	-
Less discounts on bonds	367,655	15,412	352,243	-
Total governmental activities long-term liabilities	<u>\$ 24,720,695</u>	<u>\$ 2,237,667</u>	<u>\$ 22,483,028</u>	<u>\$ 2,270,000</u>

Trail of the Lakes Municipal Utility District
Notes to Financial Statements
September 30, 2024

General Obligation Bonds

	Refunding Series 2012	Refunding Series 2013
Amounts outstanding, September 30, 2024	\$340,000	\$215,000
Interest rates	4.00%	3.50%
Maturity dates, serially beginning/ending	April 1, 2025	April 1, 2025
Interest payment dates	April 1/October 1	April 1/October 1
Callable dates*	April 1, 2022	April 1, 2022
	Series 2016A	Refunding Series 2016
Amounts outstanding, September 30, 2024	\$5,990,000	\$3,110,000
Interest rates	2.00% to 3.25%	4.00% to 5.00%
Maturity dates, serially beginning/ending	April 1, 2025/2037	April 1, 2025/2028
Interest payment dates	April 1/October 1	April 1/October 1
Callable dates*	April 1, 2023	April 1, 2023
	Series 2017	Series 2018 Park
Amounts outstanding, September 30, 2024	\$2,135,000	\$4,520,000
Interest rates	2.05% to 4.00%	2.00% to 4.00%
Maturity dates, serially beginning/ending	April 1, 2025/2043	April 1, 2025/2044
Interest payment dates	April 1/October 1	April 1/October 1
Callable dates*	April 1, 2025	April 1, 2025

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

Trail of the Lakes Municipal Utility District
Notes to Financial Statements
September 30, 2024

	Refunding Series 2021**	Series 2022
Amounts outstanding, September 30, 2024	\$2,350,000	\$3,945,000
Interest rates	1.55%	4.00% to 5.00%
Maturity dates, serially beginning/ending	April 1, 2025/2031	April 1, 2025/2047
Interest payment dates	April 1/October 1	April 1/October 1
Callable dates*	April 1, 2027	April 1, 2028

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

**Direct placement bonds.

Annual Debt Service Requirements

The District has been paying the amount due October 1 within the fiscal year preceding this due date, and the following schedule has been prepared assuming that this practice will be followed in future years. The schedule shows the annual debt service requirements to pay principal and interest on general obligation bonds outstanding at September 30, 2024:

Year	General Obligation Bonds		Direct Placement Bonds		Total
	Principal	Interest	Principal	Interest	
2025	\$ 1,960,000	\$ 683,075	\$ 310,000	\$ 34,023	\$ 2,987,098
2026	1,465,000	623,306	315,000	29,179	2,432,485
2027	1,550,000	571,035	325,000	24,218	2,470,253
2028	1,420,000	518,294	335,000	19,104	2,292,398
2029	775,000	480,462	345,000	13,833	1,614,295
2030-2034	4,500,000	1,998,275	720,000	11,238	7,229,513
2035-2039	4,475,000	1,183,704	-	-	5,658,704
2040-2044	3,310,000	510,002	-	-	3,820,002
2045-2047	800,000	56,656	-	-	856,656
Total	\$ 20,255,000	\$ 6,624,809	\$ 2,350,000	\$ 131,595	\$ 29,361,404

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

Tax bonds voted	\$ 66,320,000
Tax bonds sold	50,720,000
Tax refunding bonds voted	14,500,000
Tax refunding authorization used	185,000
Park and recreation bonds voted	7,000,000
Park and recreation bonds sold	5,105,000
Park and recreation refunding bonds voted	7,000,000

Note 5. Significant Bond Resolutions and Commission Requirements

- (A) The Bond Resolutions require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due. During the year ended September 30, 2024, the District levied an ad valorem debt service tax at the rate of \$0.3000 per \$100 of assessed valuation which resulted in a tax levy of \$2,390,695, on the taxable valuation of \$796,898,294 for the 2023 tax year. The principal and interest requirements paid from the 2023 tax revenues and available resources were \$2,944,020.
- (B) The Bond Resolutions state that so long as any of the bonds or coupons remain outstanding, the District covenants that it will at all times keep insured such parts of the system as are customarily insured by municipal corporations and political subdivisions in Texas, operating like properties in similar locations under the same circumstances with a responsible insurance company or companies against risk, accidents or casualties against which and to the extent insurance is customarily carried by such municipal corporations and political subdivisions; provided, however, that at any time while any contractor engaged in construction work shall be fully responsible therefor, the District shall not be required to carry such insurance. At September 30, 2024, the District had real and personal property and boiler and machinery coverage in the amount of \$28,197,800 each, general liability insurance with an aggregate limit of \$3,000,000 and pollution liability coverage with an aggregate limit of \$1,000,000.
- (C) During the current year, the District transferred \$129,299 from the capital projects fund to the general fund. The transfer was in accordance with the rules of the Commission.

Note 6. Maintenance Taxes

At an election held May 9, 2015, voters authorized a maintenance tax not to exceed \$0.70 per \$100 of assessed valuation on all property within the District subject to taxation. During the year ended September 30, 2024, the District levied an ad valorem maintenance tax at the rate of \$0.3000 per \$100 of assessed valuation which resulted in a tax levy of \$2,390,695, on the taxable valuation of \$796,898,294 for the 2023 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the District.

Note 7. Regional Water Authority

The District is within the boundaries of the West Harris County Regional Water Authority (the Authority), which was created by the Texas Legislature. The Authority was created to provide a regional entity to acquire surface water and build the necessary facilities to convert from groundwater to surface water in order to meet conversion requirements mandated by the Harris-Galveston Subsidence District, which regulates groundwater withdrawal. As of September 30, 2024, the Authority was billing the District \$3.95 per 1,000 gallons of water pumped from its wells. This amount is subject to future adjustments.

Note 8. Contracts With Other Districts

On June 27, 2001, the District entered into an agreement with Harris County Municipal Utility District No. 290 (District No. 290) and Harris County Municipal Utility District No. 292 (District No. 292) to construct a regional sewage treatment plant (the Plant) with a capacity of 1,140,000 gallons per day (gpd). On January 29, 2007, the agreement was amended to provide for a 610,000 gpd expansion to the Plant, which has been completed. In addition, each district's ownership capacity in the Plant was revised due to the dissolution of District No. 292. Under the terms of the amended agreement, the District owns 52% of the current sewage treatment plant

Trail of the Lakes Municipal Utility District
Notes to Financial Statements
September 30, 2024

capacity of 1,750,000 gpd and District No. 290 owns 48%. The District manages and operates the Plant. Participants are billed monthly for fixed costs based on ownership and variable costs based on the ratio of each participant's number of connections to total connections served by the Plant.

Transactions for the current year included in the special revenue fund are presented below:

	The District	District No. 290	Total
Receivable, beginning of year	\$ 152,382	\$ 118,515	\$ 270,897
Billings to participants	443,336	411,213	854,549
Payments by participants	<u>(483,808)</u>	<u>(400,169)</u>	<u>(883,977)</u>
Receivable, end of year	<u>\$ 111,910</u>	<u>\$ 129,559</u>	<u>\$ 241,469</u>

Note 9. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. The District has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts in the past three fiscal years.

Note 10. Strategic Partnership Agreement

Effective June 8, 2015, and as amended and restated December 19, 2016, and further amended December 12, 2019, the District and the City of Houston (the City) entered into a Strategic Partnership Agreement (the Agreement) under which the City annexed tracts of land (the tracts) within the boundaries of the District for limited purposes. The District continues to exercise all powers and functions of a municipal utility district as provided by law. As consideration for the District providing services as detailed in the Agreement, the City agrees to remit one-half of all City sales and use tax revenues generated within the boundaries of the tracts. As consideration for the sales tax payments by the City, the District agrees to continue to provide and develop water, sewer and drainage services within the District in lieu of full-purpose annexation. The City agrees it will not annex the District for full purposes or commence any action to annex the District during the term of the Agreement, which is 30 years. During the current year, the District recorded \$139,718 in revenue related to the Agreement.

Required Supplementary Information

Trail of the Lakes Municipal Utility District
Budgetary Comparison Schedule – General Fund
Year Ended September 30, 2024

	Original Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$ 2,297,360	\$ 2,377,502	\$ 80,142
Sales tax rebates	137,500	153,219	15,719
Water service	765,600	746,716	(18,884)
Sewer service	1,295,000	1,336,619	41,619
Regional water fee	1,060,000	1,146,886	86,886
Garbage service	8,500	8,964	464
Security service	234,000	235,384	1,384
Penalty and interest	77,500	86,087	8,587
Tap connection and inspection fees	18,800	16,455	(2,345)
Investment income	150,200	184,950	34,750
Other income	-	39,908	39,908
Total revenues	6,044,460	6,332,690	288,230
Expenditures			
Service operations:			
Purchased services	512,010	443,336	68,674
Regional water fee	1,204,000	1,066,599	137,401
Professional fees	217,900	237,674	(19,774)
Contracted services	1,045,650	910,312	135,338
Solid waste	695,710	699,135	(3,425)
Utilities	147,000	74,096	72,904
Repairs and maintenance	920,574	1,586,893	(666,319)
Other expenditures	263,333	222,432	40,901
Tap connections	7,000	-	7,000
Total expenditures	5,013,177	5,240,477	(227,300)
Excess of Revenues Over Expenditures	1,031,283	1,092,213	60,930
Other Financing Sources			
Interfund transfers in	-	129,299	129,299
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	1,031,283	1,221,512	190,229
Fund Balance, Beginning of Year	2,361,645	2,361,645	-
Fund Balance, End of Year	\$ 3,392,928	\$ 3,583,157	\$ 190,229

Trail of the Lakes Municipal Utility District
Budgetary Comparison Schedule – Special Revenue Fund
Year Ended September 30, 2024

	Original Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Sewer service	\$ 984,635	\$ 854,549	\$ (130,086)
Investment income	-	2	2
Total revenues	984,635	854,551	(130,084)
Expenditures			
Service operations:			
Professional fees	16,200	3,665	12,535
Contracted services	99,600	96,141	3,459
Utilities	133,200	116,797	16,403
Repairs and maintenance	704,300	581,211	123,089
Other expenditures	31,335	33,772	(2,437)
Capital outlay	-	22,965	(22,965)
Total expenditures	984,635	854,551	130,084
Excess of Revenues Over Expenditures	-	-	-
Fund Balance, Beginning of Year	68,887	68,887	-
Fund Balance, End of Year	\$ 68,887	\$ 68,887	\$ -

Budgets and Budgetary Accounting

Annual operating budgets are prepared for the general and special revenue funds by the District's consultants. The budgets reflect resources expected to be received during the year and expenditures expected to be incurred. The Board of Directors is required to adopt the budgets prior to the start of its fiscal year. The budgets are not a spending limitation (a legally restricted appropriation). The original budgets of the general fund and the special revenue fund were not amended during fiscal 2024.

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

Supplementary Information

**Trail of the Lakes Municipal Utility District
Other Schedules Included Within This Report
September 30, 2024**

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

- [X] Notes Required by the Water District Accounting Manual
See "Notes to Financial Statements," Pages 11-22
- [X] Schedule of Services and Rates
- [X] Schedule of General Fund Expenditures
- [X] Schedule of Temporary Investments
- [X] Analysis of Taxes Levied and Receivable
- [X] Schedule of Long-Term Debt Service Requirements by Years
- [X] Changes in Long-Term Bonded Debt
- [X] Comparative Schedule of Revenues and Expenditures – General Fund and Debt Service Fund –
Five Years
- [X] Board Members, Key Personnel and Consultants

Trail of the Lakes Municipal Utility District
Schedule of Services and Rates
Year Ended September 30, 2024

1. Services provided by the District:

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

2. Retail service providers

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

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate Per 1,000 Gallons Over Minimum</u>	<u>Usage Levels</u>
Water:	\$ 16.00	8,000	N	\$ 1.00	8,001 to 12,000
				\$ 1.25	12,001 to 16,000
				\$ 1.50	16,001 to 25,000
				\$ 2.00	25,001 to No Limit
Wastewater:	\$ 37.77	-	Y		
Security:	\$ 6.00				
Regional water fee:	\$ 4.35	1	N	\$ 4.35	1,001 to No Limit

Does the District employ winter averaging for wastewater usage?

Yes ☐ No ☒

Total charges per 10,000 gallons usage (including fees):

Water \$ 67.50

Wastewater \$ 37.77

b. Water and wastewater retail connections:

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFC*</u>
Unmetered	-	-	x1.0	-
≤ 3/4"	2,859	2,820	x1.0	2,820
1"	18	18	x2.5	45
1 1/2"	6	6	x5.0	30
2"	29	28	x8.0	224
3"	3	3	x15.0	45
4"	2	2	x25.0	50
6"	-	-	x50.0	-
8"	1	1	x80.0	80
10"	1	1	x115.0	115
Total water	2,919	2,879		3,409
Total wastewater	2,881	2,847	x1.0	2,847

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

Gallons pumped into the system:

267,434

Gallons billed to customers:

267,082

Water accountability ratio (gallons billed/gallons pumped):

99.87%

*"ESFC" means equivalent single-family connections

Trail of the Lakes Municipal Utility District
Schedule of General Fund Expenditures
Year Ended September 30, 2024

Personnel (including benefits)		\$ -
Professional Fees		
Auditing	\$ 26,800	
Legal	128,498	
Engineering	82,376	
Financial advisor	-	237,674
Purchased Services for Resale		
Bulk water and wastewater service purchases		443,336
Regional Water Fee		1,066,599
Contracted Services		
Bookkeeping	17,100	
General manager	-	
Appraisal district	-	
Tax collector	-	
Security	608,811	
Other contracted services	284,401	910,312
Utilities		74,096
Repairs and Maintenance		1,586,893
Administrative Expenditures		
Directors' fees	22,519	
Office supplies	95,655	
Insurance	57,372	
Other administrative expenditures	46,886	222,432
Capital Outlay		
Capitalized assets	-	
Expenditures not capitalized	-	-
Tap Connection Expenditures		-
Solid Waste Disposal		699,135
Fire Fighting		-
Parks and Recreation		-
Other Expenditures		-
Total expenditures		<u><u>\$ 5,240,477</u></u>

Trail of the Lakes Municipal Utility District
Schedule of Temporary Investments
September 30, 2024

	Interest Rate	Maturity Date	Face Amount	Accrued Interest Receivable
General Fund				
Certificate of Deposit				
No. 6550119413	5.65%	10/26/24	\$ 230,000	\$ 12,105
TexPool	4.98%	Demand	<u>3,510,408</u>	<u>-</u>
			<u>3,740,408</u>	<u>12,105</u>
Debt Service Fund				
TexPool	4.98%	Demand	<u>2,932,510</u>	<u>-</u>
Capital Projects Fund				
TexPool	4.98%	Demand	<u>2,319,999</u>	<u>-</u>
Totals			<u><u>\$ 8,992,917</u></u>	<u><u>\$ 12,105</u></u>

**Trail of the Lakes Municipal Utility District
Analysis of Taxes Levied and Receivable
Year Ended September 30, 2024**

	Maintenance Taxes	Debt Service Taxes
Receivable, Beginning of Year	\$ 28,203	\$ 79,986
Additions and corrections to prior years' taxes	(3,015)	(6,823)
Adjusted receivable, beginning of year	25,188	73,163
2023 Original Tax Levy	2,233,870	2,233,870
Additions and corrections	156,825	156,825
Adjusted tax levy	2,390,695	2,390,695
Tax collections: Current year	(2,366,902)	(2,366,902)
Prior years	(10,600)	(24,848)
Receivable, end of year	\$ 38,381	\$ 72,108
Receivable, by Years		
2023	\$ 23,793	\$ 23,793
2022	6,047	12,698
2021	3,744	8,237
2020	1,942	4,272
2019	1,577	3,785
2018	687	2,958
2017	285	1,901
2016	217	1,921
2015	89	2,001
2014	-	1,807
2013	-	683
2012	-	797
2011	-	797
2010	-	843
2009	-	952
2008	-	1,020
2007	-	982
2006	-	886
2005	-	985
2004	-	790
Receivable, end of year	\$ 38,381	\$ 72,108

**Trail of the Lakes Municipal Utility District
Analysis of Taxes Levied and Receivable
Year Ended September 30, 2024**

(Continued)

	2023	2022	2021	2020
Property Valuations				
Land	\$ 96,882,560	\$ 96,895,591	\$ 88,893,592	\$ 88,679,928
Improvements	815,341,742	711,398,306	583,720,585	540,828,179
Personal property	19,792,533	18,977,877	16,066,677	16,057,932
Exemptions	<u>(135,118,541)</u>	<u>(111,088,343)</u>	<u>(52,683,281)</u>	<u>(50,541,995)</u>
Total property valuations	<u>\$ 796,898,294</u>	<u>\$ 716,183,431</u>	<u>\$ 635,997,573</u>	<u>\$ 595,024,044</u>
Tax Rates per \$100 Valuation				
Debt service tax rates	\$ 0.3000	\$ 0.4200	\$ 0.4400	\$ 0.4400
Maintenance tax rates*	<u>0.3000</u>	<u>0.2000</u>	<u>0.2000</u>	<u>0.2000</u>
Total tax rates per \$100 valuation	<u>\$ 0.6000</u>	<u>\$ 0.6200</u>	<u>\$ 0.6400</u>	<u>\$ 0.6400</u>
Tax Levy	<u>\$ 4,781,390</u>	<u>\$ 4,440,338</u>	<u>\$ 4,070,384</u>	<u>\$ 3,808,154</u>
Percent of Taxes Collected to Taxes Levied**	<u>99%</u>	<u>99%</u>	<u>99%</u>	<u>99%</u>

*Maximum tax rate approved by voters: \$0.70 on May 9, 2015

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

Trail of the Lakes Municipal Utility District
Schedule of Long-Term Debt Service Requirements by Years
September 30, 2024

Due During Fiscal Years Ending September 30	Refunding Series 2012		
	Principal Due April 1	Interest Due April 1, October 1	Total
2025	\$ 340,000	\$ 6,800	\$ 346,800

The District pays the amount due October 1 prior to that date. This schedule has been prepared assuming this practice will continue in the future.

**Trail of the Lakes Municipal Utility District
Schedule of Long-Term Debt Service Requirements by Years
September 30, 2024**

(Continued)

Due During Fiscal Years Ending September 30	Refunding Series 2013		
	Principal Due April 1	Interest Due April 1, October 1	Total
2025	\$ 215,000	\$ 3,763	\$ 218,763

The District pays the amount due October 1 prior to that date. This schedule has been prepared assuming this practice will continue in the future.

**Trail of the Lakes Municipal Utility District
Schedule of Long-Term Debt Service Requirements by Years
September 30, 2024**

(Continued)

Due During Fiscal Years Ending September 30	Series 2016A		
	Principal Due April 1	Interest Due April 1, October 1	Total
2025	\$ 335,000	\$ 173,569	\$ 508,569
2026	350,000	166,280	516,280
2027	370,000	157,719	527,719
2028	390,000	147,244	537,244
2029	410,000	135,244	545,244
2030	430,000	122,644	552,644
2031	450,000	109,444	559,444
2032	475,000	95,568	570,568
2033	500,000	80,944	580,944
2034	525,000	65,240	590,240
2035	555,000	48,018	603,018
2036	585,000	29,494	614,494
2037	615,000	9,994	624,994
Totals	<u>\$ 5,990,000</u>	<u>\$ 1,341,402</u>	<u>\$ 7,331,402</u>

The District pays the amount due October 1 prior to that date. This schedule has been prepared assuming this practice will continue in the future.

**Trail of the Lakes Municipal Utility District
Schedule of Long-Term Debt Service Requirements by Years
September 30, 2024**

(Continued)

Due During Fiscal Years Ending September 30	Refunding Series 2016		
	Principal Due April 1	Interest Due April 1, October 1	Total
2025	\$ 770,000	\$ 109,000	\$ 879,000
2026	805,000	77,500	882,500
2027	850,000	44,400	894,400
2028	685,000	13,700	698,700
Totals	<u>\$ 3,110,000</u>	<u>\$ 244,600</u>	<u>\$ 3,354,600</u>

The District pays the amount due October 1 prior to that date. This schedule has been prepared assuming this practice will continue in the future.

**Trail of the Lakes Municipal Utility District
Schedule of Long-Term Debt Service Requirements by Years
September 30, 2024**

(Continued)

Due During Fiscal Years Ending September 30	Series 2017		
	Principal Due April 1	Interest Due April 1, October 1	Total
2025	\$ 70,000	\$ 68,550	\$ 138,550
2026	70,000	66,275	136,275
2027	75,000	64,416	139,416
2028	80,000	62,231	142,231
2029	85,000	59,756	144,756
2030	90,000	57,131	147,131
2031	95,000	54,297	149,297
2032	100,000	51,250	151,250
2033	100,000	48,125	148,125
2034	110,000	44,775	154,775
2035	115,000	41,119	156,119
2036	120,000	37,225	157,225
2037	125,000	33,091	158,091
2038	130,000	28,788	158,788
2039	140,000	24,231	164,231
2040	145,000	19,422	164,422
2041	155,000	14,262	169,262
2042	160,000	8,750	168,750
2043	170,000	2,975	172,975
Totals	<u>\$ 2,135,000</u>	<u>\$ 786,669</u>	<u>\$ 2,921,669</u>

The District pays the amount due October 1 prior to that date. This schedule has been prepared assuming this practice will continue in the future.

**Trail of the Lakes Municipal Utility District
Schedule of Long-Term Debt Service Requirements by Years
September 30, 2024**

(Continued)

Due During Fiscal Years Ending September 30	Series 2018 Park		
	Principal Due April 1	Interest Due April 1, October 1	Total
2025	\$ 135,000	\$ 147,731	\$ 282,731
2026	140,000	144,463	284,463
2027	150,000	140,838	290,838
2028	155,000	136,831	291,831
2029	165,000	132,225	297,225
2030	175,000	127,125	302,125
2031	185,000	121,725	306,725
2032	190,000	115,981	305,981
2033	200,000	109,888	309,888
2034	210,000	103,350	313,350
2035	225,000	96,281	321,281
2036	235,000	88,513	323,513
2037	245,000	80,113	325,113
2038	260,000	71,275	331,275
2039	270,000	62,000	332,000
2040	285,000	52,109	337,109
2041	300,000	41,506	341,506
2042	315,000	30,359	345,359
2043	330,000	18,669	348,669
2044	350,000	6,343	356,343
Totals	<u>\$ 4,520,000</u>	<u>\$ 1,827,325</u>	<u>\$ 6,347,325</u>

The District pays the amount due October 1 prior to that date. This schedule has been prepared assuming this practice will continue in the future.

**Trail of the Lakes Municipal Utility District
Schedule of Long-Term Debt Service Requirements by Years
September 30, 2024**

(Continued)

Due During Fiscal Years Ending September 30	Refunding Series 2021		
	Principal Due April 1	Interest Due April 1, October 1	Total
2025	\$ 310,000	\$ 34,023	\$ 344,023
2026	315,000	29,179	344,179
2027	325,000	24,218	349,218
2028	335,000	19,104	354,104
2029	345,000	13,833	358,833
2030	355,000	8,409	363,409
2031	365,000	2,829	367,829
Totals	<u>\$ 2,350,000</u>	<u>\$ 131,595</u>	<u>\$ 2,481,595</u>

The District pays the amount due October 1 prior to that date. This schedule has been prepared assuming this practice will continue in the future.

**Trail of the Lakes Municipal Utility District
Schedule of Long-Term Debt Service Requirements by Years
September 30, 2024**

(Continued)

Due During Fiscal Years Ending September 30	Series 2022		
	Principal Due April 1	Interest Due April 1, October 1	Total
2025	\$ 95,000	\$ 173,662	\$ 268,662
2026	100,000	168,788	268,788
2027	105,000	163,662	268,662
2028	110,000	158,288	268,288
2029	115,000	153,237	268,237
2030	120,000	148,538	268,538
2031	125,000	143,637	268,637
2032	135,000	138,438	273,438
2033	140,000	132,937	272,937
2034	145,000	127,238	272,238
2035	155,000	121,044	276,044
2036	160,000	114,350	274,350
2037	170,000	107,231	277,231
2038	180,000	99,575	279,575
2039	190,000	91,362	281,362
2040	200,000	82,588	282,588
2041	210,000	73,362	283,362
2042	220,000	63,688	283,688
2043	230,000	53,419	283,419
2044	240,000	42,550	282,550
2045	255,000	31,103	286,103
2046	265,000	19,078	284,078
2047	280,000	6,475	286,475
Totals	<u>\$ 3,945,000</u>	<u>\$ 2,414,250</u>	<u>\$ 6,359,250</u>

The District pays the amount due October 1 prior to that date. This schedule has been prepared assuming this practice will continue in the future.

Trail of the Lakes Municipal Utility District
Schedule of Long-Term Debt Service Requirements by Years
September 30, 2024

(Continued)

Due During Fiscal Years Ending September 30	Annual Requirements For All Series		
	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2025	\$ 2,270,000	\$ 717,098	\$ 2,987,098
2026	1,780,000	652,485	2,432,485
2027	1,875,000	595,253	2,470,253
2028	1,755,000	537,398	2,292,398
2029	1,120,000	494,295	1,614,295
2030	1,170,000	463,847	1,633,847
2031	1,220,000	431,932	1,651,932
2032	900,000	401,237	1,301,237
2033	940,000	371,894	1,311,894
2034	990,000	340,603	1,330,603
2035	1,050,000	306,462	1,356,462
2036	1,100,000	269,582	1,369,582
2037	1,155,000	230,429	1,385,429
2038	570,000	199,638	769,638
2039	600,000	177,593	777,593
2040	630,000	154,119	784,119
2041	665,000	129,130	794,130
2042	695,000	102,797	797,797
2043	730,000	75,063	805,063
2044	590,000	48,893	638,893
2045	255,000	31,103	286,103
2046	265,000	19,078	284,078
2047	280,000	6,475	286,475
Totals	<u>\$ 22,605,000</u>	<u>\$ 6,756,404</u>	<u>\$ 29,361,404</u>

Trail of the Lakes Municipal Utility District
Changes in Long term Bonded Debt
Year Ended September 30, 2024

Bond

	Refunding Series 2012	Refunding Series 2013	Series 2016A	Refunding Series 2016
Interest rates	4.00%	3.50%	2.00% to 3.25%	4.00% to 5.00%
Dates interest payable	April 1 / October 1	April 1 / October 1	April 1 / October 1	April 1 / October 1
Maturity dates	April 1, 2025	April 1, 2025	April 1, 2025/2037	April 1, 2025/2028
Bonds outstanding, beginning of current year	\$ 665,000	\$ 420,000	\$ 6,305,000	\$ 3,835,000
Retirements, principal	325,000	205,000	315,000	725,000
Bonds outstanding, end of current year	<u>\$ 340,000</u>	<u>\$ 215,000</u>	<u>\$ 5,990,000</u>	<u>\$ 3,110,000</u>
Interest paid during current year	<u>\$ 20,100</u>	<u>\$ 11,113</u>	<u>\$ 180,069</u>	<u>\$ 138,900</u>

Paying agent's name and address:

Series 2012	- The Bank of New York Mellon Trust Company, N.A., Houston, Texas
Series 2013	- The Bank of New York Mellon Trust Company, N.A., Houston, Texas
Series 2016A	- The Bank of New York Mellon Trust Company, N.A., Houston, Texas
Series 2016	- The Bank of New York Mellon Trust Company, N.A., Houston, Texas
Series 2017	- The Bank of New York Mellon Trust Company, N.A., Houston, Texas
Series 2018	- The Bank of New York Mellon Trust Company, N.A., Houston, Texas
Series 2021	- Truist Bank, North Carolina
Series 2022	- The Bank of New York Mellon Trust Company, N.A., Houston, Texas

Bond authority:

	Tax Bonds	Park and Recreation Bonds	Tax Refunding Bonds	Park and Recreation Refunding Bonds
Amount authorized by voters	\$ 66,320,000	\$ 7,000,000	\$ 14,500,000	\$ 7,000,000
Authorization used	\$ 50,720,000	\$ 5,105,000	\$ 185,000	\$ -
Remaining authorization to be issued	<u>\$ 15,600,000</u>	<u>\$ 1,895,000</u>	<u>\$ 14,315,000</u>	<u>\$ 7,000,000</u>
Debt service fund cash and temporary investment balances as of September 30, 2024:				<u>\$ 2,978,043</u>
Average annual debt service payment (principal and interest) for remaining term of all debt:				<u>\$ 1,276,583</u>

Issues

Series 2017	Series 2018 Park	Refunding Series 2021	Series 2022	Totals
2.05% to 4.00%	2.00% to 4.00%	1.55%	4.00% to 5.00%	
April 1 / October 1	April 1 / October 1	April 1 / October 1	April 1 / October 1	
April 1, 2025/2043	April 1, 2025/2044	April 1, 2025/2031	April 1, 2025/2047	
\$ 2,200,000	\$ 4,650,000	\$ 2,650,000	\$ 4,035,000	\$ 24,760,000
65,000	130,000	300,000	90,000	2,155,000
<u>\$ 2,135,000</u>	<u>\$ 4,520,000</u>	<u>\$ 2,350,000</u>	<u>\$ 3,945,000</u>	<u>\$ 22,605,000</u>
<u>\$ 71,250</u>	<u>\$ 150,550</u>	<u>\$ 38,750</u>	<u>\$ 178,288</u>	<u>\$ 789,020</u>

Trail of the Lakes Municipal Utility District
Comparative Schedule of Revenues and Expenditures – General Fund
Five Years Ended September 30,

	Amounts				
	2024	2023	2022	2021	2020
General Fund					
Revenues					
Property taxes	\$ 2,377,502	\$ 1,421,840	\$ 1,265,841	\$ 1,188,282	\$ 1,113,529
Sales tax rebates	153,219	146,046	134,972	126,063	99,603
Water service	746,716	756,678	726,131	721,930	716,462
Sewer service	1,336,619	1,320,241	1,318,116	1,239,697	1,225,428
Regional water fee	1,146,886	1,148,895	1,005,891	921,385	857,533
Garbage service	8,964	7,236	7,841	-	-
Security service	235,384	235,040	234,292	232,610	216,889
Penalty and interest	86,087	83,021	74,866	53,251	53,210
Tap connection and inspection fees	16,455	24,393	36,751	14,524	37,833
Investment income	184,950	121,697	20,608	6,777	28,964
Other income	39,908	392,139	59,171	43,420	63,052
Total revenues	6,332,690	5,657,226	4,884,480	4,547,939	4,412,503
Expenditures					
Service operations:					
Purchased services	443,336	614,768	470,910	364,996	412,774
Regional water fee	1,066,599	1,364,969	1,159,530	812,072	834,501
Professional fees	237,674	230,414	336,240	391,098	284,130
Contracted services	910,312	995,648	891,316	871,668	815,949
Solid waste	699,135	691,980	634,984	540,017	507,295
Utilities	74,096	180,395	152,262	92,904	80,641
Repairs and maintenance	1,586,893	1,564,728	707,269	726,721	816,630
Other expenditures	222,432	233,397	176,064	188,877	153,938
Tap connections	-	6,500	11,698	7,390	8,075
Capital outlay	-	47,468	1,314,576	59,615	-
Debt service, debt issuance costs	-	8,331	32,500	3,550	-
Total expenditures	5,240,477	5,938,598	5,887,349	4,058,908	3,913,933
Excess (Deficiency) of Revenues Over Expenditures	1,092,213	(281,372)	(1,002,869)	489,031	498,570
Other Financing Sources (Uses)					
Interfund transfers in (out)	129,299	(7,984)	91,500	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	1,221,512	(289,356)	(911,369)	489,031	498,570
Fund Balance, Beginning of Year	2,361,645	2,651,001	3,562,370	3,073,339	2,574,769
Fund Balance, End of Year	\$ 3,583,157	\$ 2,361,645	\$ 2,651,001	\$ 3,562,370	\$ 3,073,339
Total Active Retail Water Connections	2,879	2,883	2,875	2,883	2,880
Total Active Retail Wastewater Connections	2,847	2,851	2,845	2,853	2,847

Percent of Fund Total Revenues

2024	2023	2022	2021	2020
37.5 %	25.1 %	25.9 %	26.1 %	25.2 %
2.4	2.6	2.8	2.8	2.3
11.8	13.4	14.9	15.9	16.2
21.1	23.3	27.0	27.3	27.8
18.1	20.3	20.6	20.2	19.4
0.2	0.1	0.2	-	-
3.7	4.2	4.8	5.1	4.9
1.4	1.5	1.5	1.2	1.2
0.3	0.4	0.7	0.3	0.9
2.9	2.2	0.4	0.2	0.7
0.6	6.9	1.2	0.9	1.4
<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
7.0	10.9	9.6	8.0	9.4
16.8	24.1	23.7	17.9	18.9
3.8	4.1	6.9	8.6	6.4
14.4	17.6	18.3	19.2	18.5
11.0	12.2	13.0	11.9	11.5
1.2	3.2	3.1	2.0	1.8
24.1	27.7	14.5	16.0	18.5
4.5	4.1	3.6	4.1	3.5
-	0.1	0.2	0.2	0.2
-	0.8	26.9	1.3	-
-	0.1	0.7	0.1	-
<u>82.8</u>	<u>104.9</u>	<u>120.5</u>	<u>89.3</u>	<u>88.7</u>
<u>17.2 %</u>	<u>(4.9) %</u>	<u>(20.5) %</u>	<u>10.7 %</u>	<u>11.3 %</u>

Trail of the Lakes Municipal Utility District
Comparative Schedule of Revenues and Expenditures – Debt Service Fund
Five Years Ended September 30,

	Amounts				
	2024	2023	2022	2021	2020
Debt Service Fund					
Revenues					
Property taxes	\$ 2,391,750	\$ 2,986,504	\$ 2,790,443	\$ 2,624,122	\$ 2,678,164
Penalty and interest	49,042	31,745	29,783	38,458	24,980
Investment income	187,452	171,227	22,335	2,942	29,787
Other income	60	-	10	250	-
Total revenues	<u>2,628,304</u>	<u>3,189,476</u>	<u>2,842,571</u>	<u>2,665,772</u>	<u>2,732,931</u>
Expenditures					
Current:					
Professional fees	10,989	7,386	8,570	10,743	11,250
Contracted services	85,148	76,228	72,895	68,362	69,427
Other expenditures	9,786	15,133	10,882	12,760	10,753
Debt service:					
Principal retirement	2,155,000	2,095,000	1,870,000	1,795,000	1,650,000
Interest and fees	792,994	826,670	742,046	781,647	937,321
Debt issuance costs	-	-	-	119,360	-
Total expenditures	<u>3,053,917</u>	<u>3,020,417</u>	<u>2,704,393</u>	<u>2,787,872</u>	<u>2,678,751</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(425,613)</u>	<u>169,059</u>	<u>138,178</u>	<u>(122,100)</u>	<u>54,180</u>
Other Financing Sources (Uses)					
General obligation bonds issued	-	-	-	3,550,000	-
Payments to escrow agent	-	-	-	(3,427,987)	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>122,013</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>(425,613)</u>	<u>169,059</u>	<u>138,178</u>	<u>(87)</u>	<u>54,180</u>
Fund Balance, Beginning of Year	<u>3,378,733</u>	<u>3,209,674</u>	<u>3,071,496</u>	<u>3,071,583</u>	<u>3,017,403</u>
Fund Balance, End of Year	<u><u>\$ 2,953,120</u></u>	<u><u>\$ 3,378,733</u></u>	<u><u>\$ 3,209,674</u></u>	<u><u>\$ 3,071,496</u></u>	<u><u>\$ 3,071,583</u></u>

Percent of Fund Total Revenues				
2024	2023	2022	2021	2020
91.0 %	93.6 %	98.2 %	98.4 %	98.0 %
1.9	1.0	1.0	1.5	0.9
7.1	5.4	0.8	0.1	1.1
0.0	-	0.0	0.0	-
100.0	100.0	100.0	100.0	100.0
0.4	0.2	0.3	0.4	0.4
3.2	2.4	2.6	2.6	2.5
0.4	0.5	0.4	0.5	0.4
82.0	65.7	65.8	67.3	60.4
30.2	25.9	26.1	29.3	34.3
-	-	-	4.5	-
116.2	94.7	95.2	104.6	98.0
(16.2) %	5.3 %	4.8 %	(4.6) %	2.0 %

**Trail of the Lakes Municipal Utility District
Board Members, Key Personnel and Consultants
Year Ended September 30, 2024**

Complete District mailing address:	Trail of the Lakes Municipal Utility District c/o Radcliffe Adams Barner PLLC 2929 Allen Parkway, Suite 3450 Houston, Texas 77019-7120
District business telephone number:	713.237.1221
Submission date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	May 13, 2024
Limit on fees of office that a director may receive during a fiscal year:	\$ 7,200

Board Members	Term of Office Elected & Expires	Fees*	Expense Reimbursements	Title at Year-End
Crystal Kirby	Elected 05/21- 05/25	\$ 3,300	\$ 2,058	President
Ileta K. Pendleton	Elected 05/23- 05/27	5,850	1,870	Vice President
Jo A. Smith	Elected 05/21- 05/25	3,952	237	Secretary
Virginia Elkins	Elected 05/21- 05/25	3,150	334	Treasurer
Troy King	Elected 05/23- 05/27	6,267	3,342	Assistant Secretary/ Assistant Treasurer

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

**Trail of the Lakes Municipal Utility District
Board Members, Key Personnel and Consultants
Year Ended September 30, 2024**

(Continued)

Consultants	Date Hired	Fees and Expense Reimbursements	Title
BGE, Inc.	03/18/75	\$ 188,320	Engineer
Bob Leared Interests	10/30/78	54,114	Tax Assessor/ Collector
Forvis Mazars, LLP	07/25/84	30,100	Auditor
Harris Central Appraisal District	Legislative Action	41,147	Appraiser
Myrtle Cruz, Inc.	10/16/95	27,625	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	05/03/82	10,989	Delinquent Tax Attorney
RBC Capital Markets, LLC	06/30/03	-	Financial Advisor
Radcliffe Adams Barner PLLC	03/27/12	130,855	Attorney
Si Environmental, LLC	06/15/12	1,032,370	Operator
Investment Officer			
Mary Jarmon	06/02/03	N/A	Bookkeeper