

MAURICEVILLE MUNICIPAL UTILITY DISTRICT

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2019

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ANNUAL FILING AFFIDAVIT

THE STATE OF TEXAS §

COUNTY OF Orange §

I, Tim McCarver, President of the Mauriceville Municipal Utility District hereby swear, or affirm, that the District named above has reviewed and approved at a meeting of the Board of Directors of the District on the 17 day of March, 2020 its annual report for the year or period ended December 31, 2019 and that copies of the annual audit have been filed in the District office, located at 15509 FM 1442 Orange, TX 77632. The annual filing affidavit and the attached copy of the annual audit report are being submitted to the Texas Commission on Environmental Quality in satisfaction of all annual filing requirements within Section 49.194 of the Texas Water Code.

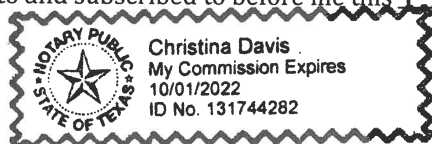
Date: March 17, 2020

By: [Signature]
(Signature of District Representative)

Tim McCarver, President
(Typed Name and Title of above
District Representative)

Sworn to and subscribed to before me this 17 day of March, 2020

(Seal)



Christina Davis
(Signature of Notary)

My commission expires on 10/01/22, Notary Public in and for the State of Texas.

J. Pat O'Neill, III, CPA
Michael W. Kiefer, CPA
Troy W. Domingue, CPA

**Wathen,
DeShong
& Juncker,**
L.L.P.
CPAs & BUSINESS ADVISORS

Stanley (Chip) Majors, Jr., CPA.CITP, CGMA
Jane P. Burns, CPA, CDFA
Jeremy R. Triska, CPA

March 11, 2020

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Mauriceville Municipal Utility District
Orange, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of Mauriceville Municipal Utility District as of and for the year ended December 31, 2019 and the related notes to the financial statements, which collectively comprise the Mauriceville Municipal Utility District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Mauriceville Municipal Utility District as of December 31, 2019, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8 and the Statement of Revenues, Expenses and Changes in Net Position – Budget and Actual page 22 be presented to supplement the basic financial statements. Such information, 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 on pages 4 through 8 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 this information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The required supplementary information on page 22 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Mauriceville Municipal Utility District's basic financial statements. The Texas Supplementary Information listed in the Table of Contents on pages 23 through 32 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Texas Supplementary Information listed in the Table of Contents 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 current year financial information included in these schedules has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedules of Services and Rates and Board Members, Key Personnel and Consultants have 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 this information.

Wathen, DeShong & Juncker, L.L.P.

WATHEN, DeSHONG & JUNCKER, L.L.P.
Certified Public Accountants

MAURICEVILLE MUNICIPAL UTILITY DISTRICT

Management's Discussion and Analysis For The Year Ended December 31, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Mauriceville Municipal Utility District, we offer readers of the Mauriceville Municipal Utility District financial statements this narrative overview and analysis of the financial activities of the Mauriceville Municipal Utility District for the fiscal year ended December 31, 2019. We encourage readers to consider the information presented here in conjunction with the independent auditor's report and the District's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- The liabilities of the Mauriceville Municipal Utility District exceeded its assets as of December 31, 2019, by \$1,691,662 (net position).
- The Mauriceville Municipal Utility District's total net position increased by \$1,348,480. The District had expenses associated with all activities totaling \$3,060,654 and total revenues were \$4,409,134.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Mauriceville Municipal Utility District's basic financial statements. These financial statements are comprised of two components: 1) financial statements, and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Financial statements. The financial statements are designed to provide readers with a broad overview of the Mauriceville Municipal Utility District's finances, in a manner similar to a private-sector business.

The District utilizes one fund to conduct all activities of the District.

The Statement of Net Position presents information on all of the Mauriceville Municipal Utility District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decrease in net position may serve as a useful indicator of whether the financial position of the Mauriceville Municipal Utility District is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., earned but unused vacation).

The Statement of Cash Flows reconciles the change in cash and cash equivalents for the year under audit to the account activity for accounts in the Statement in Net Position and Statement of Activities. The Statement of Cash Flows is presented in the direct method and segregated by operating, investing and financing activities. The end of year cash balance per the Statement of Cash Flows is reconciled to the cash and cash equivalents balances on the Statement of Net Position.

The financial statements can be found on pages 9 through 11 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 12 through 21.

Other information. In addition to the basic financial statements and accompanying notes, required supplementary information presents a budgetary comparison schedule for the District to demonstrate compliance with the budget. This required supplementary information can be found on page 22.

MAURICEVILLE MUNICIPAL UTILITY DISTRICT

Management's Discussion and Analysis
For The Year Ended December 31, 2019

Financial Statement Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Mauriceville Municipal Utility District, liabilities exceeded assets by \$1,691,662 at December 31, 2019. The District's net position increased by \$1,348,480 and \$796,411 for the years ended December 31, 2019 and December 31, 2018, respectively.

STATEMENT OF NET POSITION

	<u>2019</u>	<u>2018</u>	<u>Change</u>
Current and other assets	\$ 7,943,776	\$ 3,288,323	\$ 4,655,453
Capital assets	<u>865,221</u>	<u>5,440,644</u>	<u>(4,575,423)</u>
Total Assets	<u>8,808,997</u>	<u>8,728,967</u>	<u>80,030</u>
Current and other liabilities	1,832,666	1,834,784	(2,118)
Long-term liabilities	<u>8,667,993</u>	<u>9,934,325</u>	<u>(1,266,332)</u>
Total Liabilities	<u>10,500,659</u>	<u>11,769,109</u>	<u>(1,268,450)</u>
Net Position			
Unrestricted	<u>(1,691,662)</u>	<u>(3,040,142)</u>	<u>1,348,480</u>
Total Net Position	<u>\$ (1,691,662)</u>	<u>\$ (3,040,142)</u>	<u>\$ 1,348,480</u>

Unrestricted net position is impacted by the deficit in capital assets net of related debt. See Footnote 11 in the notes to the financial statements.

MAURICEVILLE MUNICIPAL UTILITY DISTRICT

Management's Discussion and Analysis
For The Year Ended December 31, 2019**STATEMENT OF ACTIVITIES**

	2019	2018	Change
Revenues			
Program revenues			
Fees for services	\$ 3,916,444	\$ 3,906,080	\$ 10,364
General revenues			
Insurance recovery & grants	312,298	250,491	61,807
Other revenue	137,673	-	137,673
Investment income	42,719	22,270	20,449
Total Revenues	4,409,134	4,178,841	230,293
Expenses			
Water and sewer	2,047,642	1,840,786	206,856
Interest on long-term debt	431,268	473,167	(41,899)
Amortization of bond discount	23,668	23,668	-
Debt service fees	-	750	(750)
Loss on disposal of assets	19,404	125,945	(106,541)
Disaster repair expenses	19,357	29,245	(9,888)
Depreciation	519,315	705,870	(186,555)
Total Expenses	3,060,654	3,199,431	(138,777)
Increase in net position	1,348,480	979,410	369,070
Net position - beginning	(3,040,142)	(3,836,553)	796,411
Prior period adjustment	-	(182,999)	182,999
Net position - ending	\$ (1,691,662)	\$ (3,040,142)	\$ 1,348,480

As the result of current operations, the District's total net position increased by \$1,348,480 during the current fiscal year.

Budgetary Highlights

Amendments were made to the original budget and became effective July 23, 2019. The budget revisions are presented in the amended column of the Statement of Revenues, Expenses and Changes in Net Position – Budget to Actual, which can be found on page 22. Revenues were short of budgeted amounts by 4.80%. Operating expenses (excluding depreciation) were in excess of budgeted amounts by 1.13%.

MAURICEVILLE MUNICIPAL UTILITY DISTRICT

Management's Discussion and Analysis
For The Year Ended December 31, 2019

Capital Assets

The Mauriceville Municipal Utility District's investment in capital assets at December 31, 2019, was \$5,650,043 net of accumulated depreciation. This investment in capital assets includes land, buildings, machinery and equipment, and represents a net increase of \$209,399 after considering current depreciation expense of \$519,315.

CAPITAL ASSETS

	2019	2018	Change
Land	\$ 745,548	\$ 745,548	\$ -
Buildings and improvements	575,831	254,621	321,210
Water System	9,121,863	9,121,863	-
Sewer System	17,318,329	17,168,616	149,713
Machinery and equipment	507,834	443,406	64,428
Automobiles and trucks	318,230	278,950	39,280
Furniture and fixtures	24,176	4,942	19,234
Total at historical cost	28,611,811	28,017,946	593,865
Total accumulated depreciation	(22,961,768)	(22,577,302)	(384,466)
Net capital assets	<u>\$ 5,650,043</u>	<u>\$ 5,440,644</u>	<u>\$ 209,399</u>

Long-Term Debt

At December 31, 2019, the Mauriceville Municipal Utility District had \$10.1 million in bonds outstanding as shown below. Mauriceville Municipal Utility District's bonds presently carry a Standard and Poor's Investor Services rating of "AA".

LONG-TERM DEBT

	2019	2018	Change
Bonds Payable	\$ 10,100,000	\$ 11,350,000	\$ (1,250,000)
Unamortized Bond Discount	(165,675)	(189,343)	23,668
	<u>\$ 9,934,325</u>	<u>\$ 11,160,657</u>	<u>\$ (1,226,332)</u>

For the fiscal year ended December 31, 2019, interest expense was \$431,268.

MAURICEVILLE MUNICIPAL UTILITY DISTRICT

Management's Discussion and Analysis For The Year Ended December 31, 2019

Economic Factors and Next Year's Budgets

Service fees and other operating revenues are budgeted at \$4,123,500 for the fiscal year ending December 31, 2020 as compared to actual operating revenue \$3,916,444 for the fiscal year just ended.

Operating expenses, prior to capital outlay, debt principal and interest, and depreciation are budgeted at \$2,141,250 for the fiscal year ending December 31, 2020 as compared to actual operating expenses of \$2,047,643 (which excludes depreciation expense) for the fiscal year just ended.

Requests for Information

This financial report is designed to provide a general overview of the Mauriceville Municipal Utility District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Mauriceville Municipal Utility District General Manager, Bradley Haeggquist, 15509 FM 1442, Orange, Texas 77632.

BASIC FINANCIAL STATEMENTS

MAURICEVILLE MUNICIPAL UTILITY DISTRICT

STATEMENT OF NET POSITION

DECEMBER 31, 2019

CURRENT ASSETS	
Cash	\$ 164,287
Accounts receivable, net of allowance for doubtful accounts	
Service accounts	519,643
Prepaid dues	6,394
Current portion of long term note receivable	18,000
Inventory	<u>101,082</u>
Total current assets	<u>809,406</u>
NONCURRENT ASSETS	
Restricted	
Cash	535,604
Investments	1,694,271
Capital assets	
Land	745,548
Other capital assets, net of accumulated depreciation	4,904,495
Note receivable, net of current portion	<u>119,673</u>
Total noncurrent assets	<u>7,999,591</u>
Total assets	<u>8,808,997</u>
CURRENT LIABILITIES	
Accounts payable	30,227
Accrued liabilities	53,748
Interest payable	50,200
Current portion, bonds payable	1,266,332
Compensated absences	36,861
Customer deposits	<u>395,298</u>
Total current liabilities	<u>1,832,666</u>
NONCURRENT LIABILITIES	
Bonds payable - noncurrent	<u>8,667,993</u>
Total noncurrent liabilities	<u>8,667,993</u>
Total liabilities	<u>10,500,659</u>
NET POSITION	
Unrestricted	<u>(1,691,662)</u>
TOTAL NET POSITION	<u><u>\$ (1,691,662)</u></u>

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

MAURICEVILLE MUNICIPAL UTILITY DISTRICT

STATEMENT OF ACTIVITIES

DECEMBER 31, 2019

OPERATING REVENUES

Service fees	\$ 3,593,063
Tap connection fees	291,312
Miscellaneous	<u>32,069</u>

Total operating revenues	<u>3,916,444</u>
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OPERATING EXPENSES

Personnel	1,224,146
Professional services	72,551
Purchased and contract services	45,185
Consumable supplies and materials	471,559
Recurring operating expenses	234,201
Depreciation	<u>519,315</u>

Total operating expenses	<u>2,566,957</u>
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OPERATING INCOME	<u>1,349,487</u>
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NON-OPERATING REVENUES (EXPENSES)

Interest on investments	42,719
Interest expense	(431,268)
Amortization of bond discount	(23,668)
FEMA/Grants	145,187
Insurance recoveries	167,111
Other revenue	137,673
Loss on disposal of assets	(19,404)
Disaster repair expenses	<u>(19,357)</u>

Total non-operating revenues (expenses)	<u>(1,007)</u>
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INCREASE IN NET POSITION	1,348,480
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NET POSITION, beginning of period	<u>(3,040,142)</u>
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NET POSITION, end of period	<u>\$ (1,691,662)</u>
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The accompanying notes are an integral part
of these financial statements.

MAURICEVILLE MUNICIPAL UTILITY DISTRICT

STATEMENT OF CASH FLOWS DECEMBER 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 3,924,406
Payments to suppliers	(1,159,437)
Payments to employees	(923,415)
Net cash provided by operating activities	<u>1,841,554</u>
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES	
Customer security deposits	<u>8,567</u>
Net cash provided (used) by non-capital and related financing activities	<u>8,567</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Payments for capital assets	(748,118)
Disaster repair expenses	(19,357)
Insurance recoveries	167,111
FEMA/ grant income	168,580
Debt service fees	(750)
Payment for interest on long-term debt	(435,681)
Retirement of long-term debt	(1,250,000)
Net cash provided (used) by capital and related financing activities	<u>(2,118,215)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends on investments	<u>42,719</u>
Net cash provided (used) by investing activities	<u>42,719</u>
INCREASE (DECREASE) IN CASH	(225,375)
CASH AND CASH EQUIVALENTS, beginning of period	<u>2,619,537</u>
CASH AND CASH EQUIVALENTS, end of period	<u>\$ 2,394,162</u>
Reconciliation of changes in net position to net cash provided by operating activities	
Changes in net position	\$ 1,348,480
Adjustments to reconcile changes in net position to net cash provided by operating activities	
Depreciation and amortization	542,983
Interest income	(42,719)
Interest expense	431,268
Insurance recoveries	(167,111)
Loss on disposal of assets	19,404
Nonoperating disaster repair expenses	19,357
FEMA/Grants	(145,187)
Other revenue	(137,673)
Changes in working capital	
Receivables	7,962
Inventory	11,631
Prepaid expenses	(1,319)
Accounts payable	(24,249)
Accrued liabilities	(19,165)
Compensated absences	(2,108)
Net cash provided by operating activities	<u>\$ 1,841,554</u>
Reconciliation of Statement of Cash Flows to Statement of Net Position	
Cash	\$ 164,287
Restricted Cash	535,604
Restricted Investments	1,694,271
	<u>\$ 2,394,162</u>

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

NOTES TO THE FINANCIAL STATEMENTS

MAURICEVILLE MUNICIPAL UTILITY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Mauriceville Municipal Utility District (the "District") have been prepared in conformity with accounting principles applicable to governmental units which are generally accepted in the United States of America. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Reporting entity

On July 1, 1995, Mauriceville Special Utility District began operating the water system which was previously operated by the Mauriceville Water Supply Corporation. The District acquired title to the assets from Mauriceville Water Supply Corporation. on April 11, 1996, at the time of the issuance of Utility System Revenue Bonds. The Mauriceville Water Supply Corporation ceased operations upon the transfer of assets to the Mauriceville Special Utility District.

The Mauriceville Special Utility District was organized pursuant to the provisions of Section 59 of Article XVI of the Constitution of Texas by Order of the Texas Natural Resource Conservation Commission on Docket No. 94-0492-DIS and operates under Chapter 65 of the Texas Water Code, as amended. On July 25, 2007, the Texas Commission on Environmental Quality (TCEQ) approved the application for conversion of Mauriceville Special Utility District to a municipal utility district operating under Texas Water Code Chapter 54. The conversion permits the District, with voter approval, to levy and collect a property tax to meet bonded debt service requirements.

The District provides service to the unincorporated area of Mauriceville, Texas, and the incorporated areas of Orange and Vidor, Texas, which includes customers residing in Orange, Jasper and Newton counties. The District is governed by a Board of Directors consisting of five individuals who are residents or owners of property within the District and are elected by voters within the District.

The following is a summary of the District's significant accounting policies:

The District has adopted Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity". In accordance with this statement, a financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

As required by generally accepted accounting principles, these financial statements present the activities of the District which is considered to be the primary government as well as the reporting entity. There are no other organizations which meet the criteria for inclusion herein as part of the financial reporting entity.

MAURICEVILLE MUNICIPAL UTILITY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes, if any were levied, would be recognized as revenue in the year for which they were levied. Grants and similar items are recognized as revenue when eligibility requirements imposed by the provider have been met.

Operating revenues and expenses are distinguished from non-operating items. Operating revenue and expenses generally result from providing services and from producing and delivering goods in connection with the District's ongoing operations. The principal operating revenues of the District are charges to customers for water and sewer services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

Using Estimates

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reported period. Actual results could differ from those estimates.

Budgetary Control

The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts shown on the budget to actual statements are as originally adopted or as amended by the District.

Inventory

Inventory is valued at cost, determined by actual physical count. Consumable supplies are considered an expense when purchased.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks and similar items) are reported by category in the financial statements. Assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Property, plant, and equipment of the primary government is depreciated using the straight-line method over the following useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	5 - 40
Improvements other than buildings	10 - 40
Equipment	3 - 15

MAURICEVILLE MUNICIPAL UTILITY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Vacation

All employees shall be eligible to receive vacation leave after completion of an initial three-month evaluation period, but vacation cannot be taken nor paid upon separation during the first year of employment. After the first anniversary of employment, vacation leave is credited to the employee's account on the first day of each calendar year.

Vacation accrues at the end of the first year of continuous service. Regular employees earn vacation leave in accordance with the following schedule:

- 1 to 4 years of employment – earns 10 days per year
- 5 to 10 years of employment – earns 15 days per year
- Over 10 years of employment – earns 20 days per year

Unused vacation leave of up to 20 days may be carried over to the District's next fiscal year with the approval of the General Manager. Beginning January 1, 2020 and all subsequent years, all unused vacation days over and above the allowable 20 days will be paid to the employee at the rate of \$40 a day on the 1st pay period of the new year.

Personal/Sick Leave

Regular full-time employees are entitled to personal leave beginning on the first date of employment. Qualified employees accrue 4 hours of personal leave each pay period. Unused personal leave of up to 20 days may be carried over to the District's next fiscal year with the approval of the General Manager. Beginning January 1, 2020 and all subsequent years, all unused personal days over and above the allowable 20 days will be paid to the employee at the rate of \$40 a day on the 1st pay period of the new year.

The District's liability as of December 31, 2019 for compensated absences is \$36,861, which was accrued and reported on the face of the financials.

Restricted Assets

Resources set aside for the repayment of revenue bonds, are classified as restricted assets on the Statement of Net Position because their use is limited by applicable bond covenants. Restricted resources are used first to fund related appropriations and unrestricted resources are used after restricted resources are depleted.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the District considers all cash on deposit with banks and all highly liquid investments (including restricted assets) to be cash and cash equivalents.

MAURICEVILLE MUNICIPAL UTILITY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Accounts Receivable

Accounts receivable from water and wastewater services are presented net of the allowance for doubtful accounts of \$11,738 at December 31, 2019. The increase in the allowance has been netted against charges for service revenue.

Risk Management and Participation in Risk Pools

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are protected by participation in the Texas Municipal League Intergovernmental Risk Pool. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage.

Subsequent Events

In accordance with ASC 855, the management of Mauriceville Municipal Utility District has evaluated subsequent events through March 11, 2020, the date on which the financial statements were available for issue.

2) **CASH AND INVESTMENTS**

Texas statute and the District's investment policy authorize the District to invest in U.S. Treasury bills, notes, and bonds, which are backed by the full faith and credit of the United States government, U.S. governmental agency securities, and insured or collateralized time deposits issued by banks domiciled in the State of Texas.

At year-end, the carrying amount of the District's deposits was \$699,891, and balance of the deposits per the financial institution was \$725,257. The Certificates of Deposits carrying amount and balance per the financial institution was \$1,694,271 at December 31, 2019. All deposits as of the financial statement date were insured by FDIC coverage or collateralized by a letter of credit and pledged securities held by the depository's agent in the District's name.

The District addresses its credit risk, custodial credit risk and concentration of credit risk by investing only in local financial institution instruments that are fully insured or collateralized. The District addresses its interest rate risk by investing primarily in short-term instruments.

Investments made by the District are summarized below:

<u>Investment</u>	<u>Amount</u>
Certificate of deposit - Local Financial Institution	\$ 564,757
Certificate of deposit - Local Financial Institution	564,757
Certificate of deposit - Local Financial Institution	<u>564,757</u>
	<u>\$ 1,694,271</u>

MAURICEVILLE MUNICIPAL UTILITY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

2) **CASH AND INVESTMENTS (CONTINUED)**

Cash and investments are reported in the financial statements as follows:

	<u>Cash</u>	<u>Investments</u>	<u>Total</u>
Unrestricted	\$ 164,287	\$ -	\$ 164,287
Restricted			
Interest and Sinking Fund	140,306	-	140,306
Bond Reserve Fund	-	1,694,271	1,694,271
Customer Meter Deposits	<u>395,298</u>	<u>-</u>	<u>395,298</u>
	<u>\$ 699,891</u>	<u>\$ 1,694,271</u>	<u>\$ 2,394,162</u>

The Board of Directors of Mauriceville Municipal Utility District has elected to use Certificates of Deposit as a component of the Reserve Fund required by the Bond Orders associated with the issuance of revenue refunding bonds of 2011.

3) **PROPERTY TAXES**

On July 25, 2007, the Texas Commission on Environmental Quality (TCEQ) approved the application for conversion of Mauriceville Special Utility District to a municipal utility district operating under Texas Water Code Chapter 54. The conversion permits the District, with voter approval, to levy and collect a property tax to meet bonded debt service requirements. No tax has been levied since the conversion to Mauriceville Municipal Utility District.

MAURICEVILLE MUNICIPAL UTILITY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

4) CAPITAL ASSETS

A summary of changes in the capital assets for the primary government for the year ended December 31, 2019 was as follows:

	Balance January 1 2019	Additions	Restatement (See Note 12)	Retirements	Balance December 31, 2019
Capital assets, not being depreciated					
Land	\$ 745,548	\$ -	\$ -	\$ -	\$ 745,548
Total capital assets, not being depreciated	745,548	-	-	-	745,548
Capital assets, being depreciated					
Buildings	254,621	327,854	-	6,644	575,831
Improvements other than buildings	25,169,045	269,793	-	120,080	25,318,758
Machinery and equipment	1,848,732	150,471	23,514	51,043	1,971,674
Total capital assets, being depreciated	27,272,398	748,118	23,514	177,767	27,866,263
Less accumulated depreciation					
Buildings	44,253	9,613	-	3,156	50,710
Improvements other than buildings	22,057,753	443,459	-	120,080	22,381,132
Machinery and equipment	475,296	66,243	23,514	35,127	529,926
Total accumulated depreciation	22,577,302	519,315	23,514	158,363	22,961,768
Total capital assets, being depreciation, net	4,695,096	228,803	-	19,404	4,904,495
Capital assets, net	<u>\$ 5,440,644</u>	<u>\$ 228,803</u>	<u>\$ -</u>	<u>\$ 19,404</u>	<u>\$ 5,650,043</u>
Total depreciation expense		<u>\$ 519,315</u>			

MAURICEVILLE MUNICIPAL UTILITY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

5) **LONG-TERM DEBT**

The District issues revenue bonds to provide funds for the acquisition and construction of major capital facilities. Revenue bonds currently outstanding at December 31, 2019 are as follows:

Revenue Bonds

\$19,355,000 Series 2011 Revenue Refunding Bonds due in annual principal installments of \$1,115,000 to \$1,615,000 through November 15, 2026; with interest from 2.0% to 4.25%

\$ 10,100,000

Annual Debt Service

Annual debt service requirement to maturity for the revenue bond is as follows:

Due During Years Ending December 31,	Principal	Unamortized Discount	Net Book Value (Bonds Payable Less Discount)	Interest Expense (Cash Paid Plus Amortization)	Total Principal and Interest
2020	\$ 1,290,000	\$ 23,668	\$ 1,266,332	\$ 418,724	\$ 1,685,056
2021	1,335,000	23,668	1,311,332	373,574	1,684,906
2022	1,385,000	23,668	1,361,332	325,180	1,686,512
2023	1,435,000	23,668	1,411,332	273,243	1,684,575
2024	1,490,000	23,668	1,466,332	215,843	1,682,175
2025	1,550,000	23,668	1,526,332	156,243	1,682,575
2026	1,615,000	23,667	1,591,333	92,305	1,683,638
	<u>\$ 10,100,000</u>	<u>\$ 165,675</u>	<u>\$ 9,934,325</u>	<u>\$ 1,855,112</u>	<u>\$ 11,789,437</u>

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2019 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Revenue Bonds					
2011 Series	\$ 11,350,000	\$ -	\$ 1,250,000	\$ 10,100,000	\$ 1,290,000
Less unamortized discount	189,343	-	23,668	165,675	23,668
Total Bonded Debt	<u>\$ 11,160,657</u>	<u>\$ -</u>	<u>\$ 1,226,332</u>	<u>\$ 9,934,325</u>	<u>\$ 1,266,332</u>

MAURICEVILLE MUNICIPAL UTILITY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

5) LONG-TERM DEBT (CONTINUED)

Pledge of Revenues

The bonds constitute special obligations of the District and are payable solely from and ratably secured by an irrevocable first lien on and pledge of the Net Revenues resulting from the operation of the District's water system.

Compliance with Reserve Fund and Sinking Fund Requirements

The District's 2011 Bond Orders require a Reserve Fund equal to the annual debt service requirement of \$1,685,056. The District met that requirement at December 31, 2019 with three certificates of deposit totaling \$1,694,271.

The District's 2011 Bond Orders require an Interest and Sinking Fund equal to the pro rata accumulation of the next remaining debt service payment. The District met that requirement at December 31, 2019 with an Interest and Sinking Fund checking account balance of \$140,306.

Compliance with Service Rate and Gross Revenue Requirements

The District's 2011 Bond Orders require that service rates be sufficient to generate an operating income before depreciation and amortization equal to or greater than 130% of the annual debt service requirement. The District had a \$323,995 shortfall for the year ended December 31, 2019.

6) OTHER REQUIRED DISCLOSURES

Generally accepted accounting principles require disclosure, as part of the basic financial statements, of certain information:

- A) Segment information for certain enterprise funds. This requirement is effectively met in this report because the District maintains only fund.
- B) Personnel expenses exceeded budget by \$5,646; professional services exceeded budget by \$5,051; purchased and contract services exceeded budget by \$385; consumable supplies and materials exceeded budget by \$61,959.
 - The board approved emergency expenditures for repairs relating to Tropical Storm Imelda in the areas of personnel expenses and consumable supplies and materials. Since the District considers disaster related expenses to be a non-budgeted event, the District's budget was not revised to reflect the board approved increases in expenses.

7) PENSION COSTS

The District and its employees do not participate in any public retirement system provided by the State of Texas or any of its political subdivisions.

The Board of Directors approved the District's participation in a Section 457 plan in the year ended December 31, 2000. On July 1, 2007, the plan changed from an Enterprise Plan to an Expert Plan with American Funds. This change was supported by employee vote at a May 17, 2007 board meeting. The plan is qualified and the contributions are considered deferred compensation for the employees. Since the amount contributed is not subject to the general creditors of the District, the funds are not presented in the financial statements. The District contributes 7% of each employee's base pay. The contribution percentage is determined each year as part of the budget process and the District has no obligation to make this contribution in future years. The amount paid in 2019 was \$59,268.

MAURICEVILLE MUNICIPAL UTILITY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

8) **COMMITMENTS AND CONTINGENCIES**

The District is a party to various claims and legal actions arising in the ordinary course of operations. In the opinion of management, all such matters are adequately covered by insurance or if not so covered, are without merit, or involve such amounts that unfavorable disposition would not have a material effect on the operation of the District.

9) **TAX ABATEMENTS**

The District does not levy taxes and has not awarded any Tax Abatement Agreements under Texas Property Redevelopment and Tax Abatement Tax Code Chapter 312.

10) **CONTINGENCY**

On September 19-20, 2019, the Mauriceville Municipal Utility District physical plant, its supporting infrastructure and its customer base were negatively impacted by the record rainfalls of Tropical Storm Imelda. The District remained operational and had the liquid assets to address ongoing required system repairs and replacements on a timely basis. District damage was covered by commercial insurance and funding provided by two \$10,000 grants.

The Federal Emergency Management Agency (FEMA) is assisting the District in recovering costs associated with the emergency repairs of the residential sewer grinder pump systems damaged by Tropical Storm Harvey. The total amount of FEMA reimbursements is unknown at this time. The District has not recognized revenue or recorded a receivable for potential amounts to be received from FEMA.

11) **DEFICIT IN NET POSITION**

In the mid 1990's, the District, upon determining to offer sewer service to its current and future water customers, issued approximately \$16.7 million in water and sewer system revenue bonds to the Texas Water Development Board (TWDB) for the construction of a sanitary sewer collection and treatment system. The District's debt was originally issued with increasing debt service requirements over the life of the bonds with the expectation that an increase in customer base would result in additional revenues. Because the customer increase did not meet expectations, by 2005 the District was facing significant increases in rates to meet its debt service obligations. With consistent annual expenditures in excess of revenue necessary to meet debt service requirements, the shortfall resulted in a deficit in net position of the District.

In 2005, the District requested its sole bondholder, the TWDB, to restructure the District's debt with a level debt service structure. Because of federal regulations governing some of the loans to the District, TWDB was limited in its ability to accommodate the District but was able to provide partial relief through interest deferral. In 2011, the District was granted the ability to issue Revenue Refunding Bonds which extended the term of the existing debt schedule by five years and reduced the annual debt service requirement and yielded a net present value savings of \$1,175,795 for 2011. Since the restructuring of the District's debt service requirements in 2011, the District has consistently demonstrated the ability to operate with revenues exceeding expenditures.

MAURICEVILLE MUNICIPAL UTILITY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

12) **RECLASSIFICATION OF PRIOR PERIOD PRESENTATION**

Certain prior period balances have been reclassified for consistency with the current year presentation. During the year ended December 31, 2019, management updated the depreciation schedule to include a vehicle that was purchased in 2007 and has since been fully depreciated. This addition has been reported in a separated column in the capital assets detail at Note 4. There is no impact on net assets and no prior period adjustment is necessary.

13) **SOUTH NEWTON WATER SUPPLY CORPORATION**

The District provides sewer services to the customers of the South Newton Water Supply Corporation (South Newton). In the year ended December 31, 2016 the District completed improvements to the sewer plant mandated by Texas Commission on Environmental Quality. The District entered into an agreement with South Newton to recover a portion of the costs associated with the plant upgrade. Per the agreement, South Newton will pay the District \$1,500 per month until a total of \$146,672.97 has been paid. In the year ended December 31, 2019, the District received payments of \$9,000, leaving a receivable balance of \$137,673 at year-end, of which \$18,000 is considered a current asset.

REQUIRED SUPPLEMENTARY INFORMATION

MAURICEVILLE MUNICIPAL UTILITY DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION BUDGET AND ACTUAL DECEMBER 31, 2019

	Original Budget	Final Budget	Actual	Final Budget Variance Favorable (Unfavorable)
REVENUES				
Service fees	\$ 3,730,000	\$ 3,800,000	\$ 3,593,063	\$ (206,937)
Tap connection fees	265,800	286,000	291,312	5,312
Miscellaneous	60,000	28,000	32,069	4,069
Total operating revenues	4,055,800	4,114,000	3,916,444	(197,556)
EXPENSES				
Personnel	1,211,065	1,218,500	1,224,146	(5,646)
Professional services	73,700	67,500	72,551	(5,051)
Purchased and contract services	51,000	44,800	45,185	(385)
Consumable supplies and materials	348,000	409,600	471,559	(61,959)
Recurring operating expenses	301,365	284,265	234,201	50,064
Depreciation and amortization	-	-	519,315	(519,315)
Total operating expenses	1,985,130	2,024,665	2,566,957	(542,292)
OPERATING INCOME (LOSS) - BUDGET BASIS	2,070,670	2,089,335	1,349,487	(739,848)
NON-OPERATING REVENUES (EXPENSES)				
Interest on investments	40,000	43,000	42,719	(281)
Interest expense	(435,681)	(435,681)	(431,268)	4,413
Amortization of bond discount	-	-	(23,668)	(23,668)
FEMA/Grants	140,000	134,000	145,187	11,187
Insurance recoveries	70,000	75,650	167,111	91,461
Other revenue	-	-	137,673	137,673
Loss on disposal of assets	-	-	(19,404)	(19,404)
Disaster repair expenses	-	-	(19,357)	(19,357)
Total non-operating revenues (expenses)	(185,681)	(183,031)	(1,007)	182,024
CHANGE IN NET POSITION - BUDGET BASIS	\$ 1,884,989	\$ 1,906,304	1,348,480	\$ (557,824)
NET POSITION, beginning of period			(3,040,142)	
NET POSITION, end of period			\$ (1,691,662)	

In accordance with the terms of the District's 2011 Bond Orders, operating income before depreciation and amortization (\$1,349,487 + \$519,315 = \$1,868,802) should have exceeded 130% of the annual debt service requirement (\$1,685,056 x 1.30 = \$2,190,573). As discussed in Footnote 5, the District had a shortfall of \$321,771.

See Independent Auditor's Report on Supplementary Information.

TEXAS SUPPLEMENTARY INFORMATION

MAURICEVILLE MUNICIPAL UTILITY DISTRICT

SCHEDULE OF SERVICES AND RATES

DECEMBER 31, 2019

1. Services provided by the District:

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

2. Retail rates based on 5/8" meter: Retail rates not applicable

The most prevalent type of meter (if not a 5/8"): 5/8" is most prevalent

Based on Rate Order dated September 1, 2009:

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate Per 1,000 Gallons Over Minimum	Usage Levels		
Water	26.12	-	Y	-	-	to	-
				4.89	0	to	7,999
				5.18	8,000	to	Plus
Wastewater	29.35	-	Y	-	-	to	-
				4.25	0	to	7,999
				4.50	8,000	to	Plus
Surcharge	NA						

Does the District employ winter averaging for wastewater usage? Yes ☐ No ☒

Total water and wastewater charges per 10,000 gallons usage (including surcharges) \$ 75.61

3. Retail service providers: Number of retail and/or wastewater⁽¹⁾ connections within the District as of the fiscal year end. Provide actual number and single family equivalents (ESFC) as noted:

	Active Connections	Active ESFC	Inactive Connections (ESFC) ⁽²⁾	Total
Single family				
Water	3,278	3,278	Unknown	3,278
Sewer	2,536	2,536	Unknown	2,536
Multifamily	34	133	Unknown	133
Commercial	74	80	-	80
Other - recreational centers, government and VFD	1	1	-	1
	3,387	3,492	-	3,492

See Independent Auditor's Report on Supplementary Information.

MAURICEVILLE MUNICIPAL UTILITY DISTRICT

SCHEDULE OF SERVICES AND RATES

DECEMBER 31, 2019

(CONTINUED)

4. Total water consumption (rounded to the nearest 1,000) during the fiscal year:

Gallons pumped into system: 258,352,000

Gallons billed to customers: 181,787,100

5. Standby fees: Does the District assess standby fees? Yes _____ No X

Have standby fees been levied in accordance with Water Code Section 49.231 thereby constituting a lien on a property?

Yes _____ No X

6. Anticipated sources of funds to be used by debt service payments in the District's following year:

	<u>Amount</u>
Debt service tax receipts	\$ -
Surplus construction funds	-
Water and/or wastewater revenue	1,685,056
Standby fees	-
Debt service fund balance to be used	-
Interest revenues	-
Other funds in excess of required payments	-
Total Anticipated Funds to be used	<u>\$ 1,685,056</u>

7. Location of District: County(ies) in which District is located. Orange, Jasper, Newton County

Is the general membership of the board appointed by an office outside the District? Yes _____ No X

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

City(ies) in which District is located? City of Orange, City of Vidor

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

Entirely _____ Partly X Not at all _____

ETJ's in which District is located? City of Orange, City of Vidor

Outside the District? Yes _____ No X

Name of Contact Brad Haeggquist Phone Number (409)745-4882
Title General Manager

(1) Number of connections relates to water service if water service is provided. Otherwise, number of wastewater connections is provided.

(2) "Inactive" means that water and sewer connections were made but service is not being provided.

See Independent Auditor's Report on Supplementary Information.

MAURICEVILLE MUNICIPAL UTILITY DISTRICT

SCHEDULE OF OPERATING EXPENSES

DECEMBER 31, 2019

OPERATING EXPENSES	
Personnel (including benefits)	<u>\$ 1,224,146</u>
Professional fees	
Auditing & accounting	15,750
Legal	9,723
Engineering	10,295
Other professional fees	<u>36,783</u>
Total professional fees	<u>72,551</u>
Purchased and contracted services	
Other contracted services	<u>45,185</u>
Total contracted services	<u>45,185</u>
Consumable supplies and materials	
Fuel, chemicals and other	245,824
Repair and maintenance	<u>225,735</u>
Total consumable supplies and materials	<u>471,559</u>
Recurring operating expenses	
Utilities	75,088
Insurance	31,998
Other administrative expenses	<u>127,115</u>
Total administrative expenses	<u>234,201</u>
Depreciation and amortization	<u>519,315</u>
TOTAL OPERATING EXPENSES	<u>2,566,957</u>
Interest expense	431,268
Amortization of bond discount	23,668
Loss on disposal of assets	19,404
Disaster repair expenses	<u>19,357</u>
Total non-operating expenses	<u>493,697</u>
TOTAL EXPENSES	<u><u>\$ 3,060,654</u></u>

See Independent Auditor's Report on Supplementary Information.

MAURICEVILLE MUNICIPAL UTILITY DISTRICT

SCHEDULE OF TEMPORARY INVESTMENTS

DECEMBER 31, 2019

Institution - Investment	Identification or Certificate Number	Interest Rate	Maturity Date	Balances at End of Year	
				Unrestricted	Restricted
First Financial Bank - CD	120040000403	1.85%	11/05/2020	\$ -	\$ 564,757
First Financial Bank - CD	120040000452	2.75%	11/05/2021	-	564,757
First State Bank of Texas - CD	1023270346	2.12%	11/25/2022	-	564,757
				<u>\$ -</u>	<u>\$ 1,694,271</u>

The Board of Directors of Mauriceville Municipal Utility District has elected to use Certificates of Deposit as a component of the Reserve Fund required by the Bond Orders associated with the issuance of revenue refunding bonds of 2011.

See Independent Auditor's Report on Supplementary Information.

MAURICEVILLE MUNICIPAL UTILITY DISTRICT

ANALYSIS OF TAXES LEVIED AND RECEIVABLE

DECEMBER 31, 2019

Mauriceville Special Utility District converted to a Municipal Utility District on July 25, 2007. The District has the authority to levy tax with voter approval. As of year-end, the District had taken no such action and therefore, had no taxes receivable at December 31, 2019.

See Independent Auditor's Report on Supplementary Information.

MAURICEVILLE MUNICIPAL UTILITY DISTRICT

DEBT SERVICE REQUIREMENTS BY YEARS DECEMBER 31, 2019

Due During Years Ending December 31,	Revenue Refunding Bonds Series 2011 Issued \$19,355,000			
	May 15,	November 15,		Total
	Interest	Interest	Principal	Principal and Interest
2020	\$ 197,528	\$ 197,528	\$ 1,290,000	\$ 1,685,056
2021	174,953	174,953	1,335,000	1,684,906
2022	150,756	150,756	1,385,000	1,686,512
2023	124,788	124,787	1,435,000	1,684,575
2024	96,088	96,087	1,490,000	1,682,175
2025	66,288	66,287	1,550,000	1,682,575
2026	34,319	34,319	1,615,000	1,683,638
	<u>\$ 844,720</u>	<u>\$ 844,717</u>	<u>\$ 10,100,000</u>	<u>\$ 11,789,437</u>

See Independent Auditor's Report on Supplementary Information.

MAURICEVILLE MUNICIPAL UTILITY DISTRICT

ANALYSIS OF CHANGES IN LONG-TERM DEBT DECEMBER 31, 2019

	<u>Bond Issues Series 2011</u>	<u>Total</u>
Interest rates	2.0% - 4.25%	
Dates interest payable	5/15 - 11/15	
Maturity dates	11/15/2026	
Bonds outstanding, beginning of current period	\$ 11,350,000	\$ 11,350,000
New bond proceeds	-	-
Retirements, principal	<u>1,250,000</u>	<u>1,250,000</u>
Bonds outstanding, end of current period	<u>\$ 10,100,000</u>	<u>\$ 10,100,000</u>
Interest paid during current period	<u>\$ 435,681</u>	<u>\$ 435,681</u>

Paying agent's name and address:

U.S. Trust Co., 2001 Ross Avenue, Dallas, Texas 75201

<u>Bond authority</u>	<u>Tax Bonds</u>	<u>Refund Bonds</u>
Amount authorized by voters	\$ -	\$ 19,355,000
Amount issued	-	19,355,000
Remaining to be issued	-	-
Debt service fund cash and temporary investment balances as of December 31, 2019		\$ 1,834,577
Average annual debt service payment (principal and interest) for remaining term of all debt		\$ 1,684,205

See Independent Auditor's Report on Supplementary Information.

MAURICEVILLE MUNICIPAL UTILITY DISTRICT

COMPARATIVE STATEMENT OF REVENUES AND EXPENSES FOR THE FIVE YEARS ENDED DECEMBER 31, 2019

	Amounts				
	2019	2018	2017	2016	2015
Operating revenues					
Charges for service	\$ 3,593,063	\$ 3,576,639	\$ 3,634,757	\$ 3,506,740	\$ 3,597,830
Tap and connection fees	291,312	268,294	242,915	222,511	236,946
Inspection and miscellaneous fees	32,069	61,147	25,264	191,790	13,224
Total revenues	<u>3,916,444</u>	<u>3,906,080</u>	<u>3,902,936</u>	<u>3,921,041</u>	<u>3,848,000</u>
Expenses					
Personnel	1,224,146	1,015,532	925,255	870,904	911,839
Professional fees	72,551	83,145	79,171	34,452	56,424
Purchased and contracted services	45,185	122,021	324,185	273,821	219,111
Consumable supplies and materials	471,559	345,800	171,265	408,144	314,319
Recurring operating expenses	222,463	276,361	220,213	-	-
Bad debt expense	11,738	(2,073)	6,590	20,576	(3)
Depreciation and amortization	519,315	705,870	1,075,308	1,132,626	1,155,590
Total expenses	<u>2,566,957</u>	<u>2,546,656</u>	<u>2,801,987</u>	<u>2,740,523</u>	<u>2,657,280</u>
Excess (expenses)	<u>1,349,487</u>	<u>1,359,424</u>	<u>1,100,949</u>	<u>1,180,518</u>	<u>1,190,720</u>
Nonoperating Revenues (Expenses)					
Gain/(loss) on disposition of assets	(19,404)	(125,945)	37,396	-	-
Disaster repair expenses	(19,357)	(29,245)	(274,088)	-	-
Interest income	42,719	22,270	13,299	8,452	5,253
FEMA/Grants	145,187	23,393	20,000	-	-
Insurance recoveries	167,111	227,098	128,626	-	-
Other revenue	137,673	-	15,346	7,557	27,211
Interest expense on revenue bonds	(431,268)	(473,167)	(487,720)	(530,419)	(552,465)
Amortization of bond discount	(23,668)	(23,668)	(20,219)	-	-
Debt service fees	-	(750)	-	-	-
Total nonoperating revenues	<u>(1,007)</u>	<u>(380,014)</u>	<u>(567,360)</u>	<u>(514,410)</u>	<u>(520,001)</u>
Net income (loss)	<u>\$ 1,348,480</u>	<u>\$ 979,410</u>	<u>\$ 533,589</u>	<u>\$ 666,108</u>	<u>\$ 670,719</u>
Total active retail water and/or wastewater connections	<u>3,387</u>	<u>3,346</u>	<u>3,251</u>	<u>3,351</u>	<u>NA</u>

See Independent Auditor's Report on Supplementary Information.

Percent of Fund Total Revenues				
2019	2018	2017	2016	2015
91.8%	91.5%	93.2%	89.4%	93.5%
7.4%	6.9%	6.2%	5.7%	6.2%
0.8%	1.6%	0.6%	4.9%	0.3%
100.0%	100.0%	100.0%	100.0%	100.0%
31.3%	26.0%	23.7%	22.2%	23.7%
1.9%	2.1%	2.0%	0.9%	1.5%
1.2%	3.1%	8.3%	7.0%	5.7%
12.0%	8.9%	4.4%	10.4%	8.2%
5.7%	7.1%	5.6%	0.0%	0.0%
0.3%	-0.1%	0.2%	0.5%	0.0%
13.3%	18.1%	27.6%	28.9%	30.0%
65.7%	65.2%	71.8%	69.9%	69.1%
34.3%	34.8%	28.2%	30.1%	30.9%
-0.5%	-3.2%	1.0%	0.0%	0.0%
-0.5%	-0.7%	-7.0%	0.0%	0.0%
1.1%	0.6%	0.3%	0.2%	0.1%
3.7%	0.6%	0.5%	0.0%	0.0%
4.3%	5.8%	3.3%	0.0%	0.0%
11.2%	0.0%	1.7%	0.9%	3.0%
0.0%	0.0%	0.0%	0.0%	0.0%
-11.0%	-12.1%	-12.5%	-13.5%	-14.4%
-0.6%	-0.6%	-0.5%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%
7.7%	-9.6%	-13.2%	-6.2%	-11.3%
42.0%	25.2%	15.0%	23.9%	19.6%

MAURICEVILLE MUNICIPAL UTILITY DISTRICT

BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS

DECEMBER 31, 2019

Complete District Mailing Address: Mauriceville Municipal Utility District
15509 FM 1442
Orange, TX 77632

District Business Telephone Number: (409) 745-4882

<u>Name and Address</u>	<u>Term of Office Date Elected or Date Hired</u>	<u>Salary</u>	<u>Expense Reimbursements</u>	<u>Title at Year-End</u>	<u>Resident of District</u>
Board Members					
Tim McCarver 5570 Colony Lane Orange, Texas 77632	05/2018 12/2022	\$ -	\$ -	President	Yes
Michael West 4846 Len Dr. Orange, Texas 77632	05/2018 12/2022	\$ -	\$ -	Vice- President	Yes
Ted Williams PO Box 707 Mauriceville, Texas 77626	10/2016 12/2020	\$ -	\$ -	Treasurer	Yes
Russell Love 7477 Circle 6 Orange, Texas 77632	06/2016 06/2020	\$ -	\$ -	Director	Yes
Jayson Scheiderer 5343 Michelle Road Orange, Texas 77632	05/2016 06/2020	\$ -	\$ -	Director	Yes

Key Administrative Personnel

Bradley Haeggquist 2625 Mansfield Ferry Rd. Vidor, Texas 77662	05/2018 Present	\$ 91,683	\$ 2,107	General Manager	No
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NOTE: No director is disqualified from serving on the board of the District under the Texas Water Code.

See Independent Auditor's Report on Supplementary Information.

MAURICEVILLE MUNICIPAL UTILITY DISTRICT

BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS

DECEMBER 31, 2019

(CONTINUED)

<u>Name and Address</u>	<u>Term of Office Date Elected or Date Hired</u>	<u>Fees and Expense Reimbursements December 31, 2019</u>	<u>Title at Year-End</u>	<u>Resident of District</u>
Consultants				
Barron Law Office, PLLC 108 North 7th Street Orange, Texas 77630	11/2016	\$ 9,250	Attorney	N/A
Steirman, Whitfield and Co, PC 109 Camellia Avenue Orange, Texas 77631	01/2016	\$ 12,750	Prior Independent Auditor	N/A
Wathen, DeShong & Juncker, LLP 4140 Gladys Avenue, Suite 101 Beaumont, Texas 77706	11/2018	\$ 16,500	Independent Auditor	N/A
LJA Engineering, Inc. 905 Orleans Street Beaumont, Texas 77701	04/2016	\$ 9,094	Engineer	N/A
Architectural Alliance, Inc. 350 Pine Street, Suite 720 Beaumont, Texas 77701	10/2018	\$ 19,324	Architect	N/A

See Independent Auditor's Report on Supplementary Information.