

MAURICEVILLE MUNICIPAL UTILITY DISTRICT
ANNUAL FINANCIAL REPORT
DECEMBER 31, 2021

TABLE OF CONTENTS

	<u>PAGE</u>
Annual Filing Affidavit.....	1
Independent Auditor's Report.....	2-4
Management's Discussion and Analysis.....	5-9
Basic Financial Statements	
Statement of Net Position.....	10
Statement of Activities.....	11
Statement of Cash Flows.....	12
Notes to the Financial Statements.....	13-21
Required Supplementary Information	
Statement of Revenues, Expenses and Changes in Net Position – Budget and Actual	22
Texas Supplementary Information	
Schedule of Services and Rates.....	23-24
Schedule of Operating Expenses.....	25
Schedule of Temporary Investments.....	26
Analysis of Taxes Levied and Receivable.....	27
Debt Service Requirement by Years.....	28
Analysis of Changes in Long-Term Debt.....	29
Comparative Statement of Revenues and Expenses	30
Board Members, Key Personnel and Consultants	31-32

ANNUAL FILING AFFIDAVIT

THE STATE OF TEXAS §

COUNTY OF Orange §

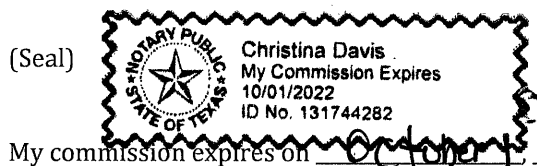
I, Tim McCarver, President of the Mauriceville Municipal Utility District hereby swear, or affirm, that the District named above has reviewed and approved at a meeting of the Board of Directors of the District on the 29 day of March, 2022 its annual report for the year or period ended December 31, 2021 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 29, 2022

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 29 day of March, 2022



Christina Davis
(Signature of Notary)

My commission expires on October 1, 2022 Notary Public in and for the State of Texas.

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



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

March 11, 2022

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of Mauriceville Municipal Utility District, which comprise the statement of net position as of December 31, 2021, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Mauriceville Municipal Utility District as of December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 Mauriceville Municipal Utility 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 opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern within one year after the date that the financial statements are issued.

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 opinion. 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 on pages 5 through 9 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 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 on pages 5 through 9 and page 22 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 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Schedules of Services and Rates and Board Members, Key Personnel and Consultants but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

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

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

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, 2021. 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 assets of the Mauriceville Municipal Utility District exceeded its liabilities as of December 31, 2021, by \$521,642 (net position).
- The Mauriceville Municipal Utility District's total net position increased by \$1,072,377. The District had expenses associated with all activities totaling \$3,246,434 and total revenues were \$4,318,811.

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 10 through 12 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 13 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, 2021

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, assets exceeded liabilities by \$521,642 at December 31, 2021. The District's net position increased by \$1,072,377 and \$1,140,927 for the years ended December 31, 2021 and December 31, 2020, respectively.

STATEMENT OF NET POSITION

	2021	2020	Change
Current and other assets	\$ 3,132,548	\$ 3,217,243	\$ (84,695)
Capital assets	5,357,153	5,506,520	(149,367)
Total assets	8,489,701	8,723,763	(234,062)
Current and other liabilities	1,972,730	1,917,837	54,893
Long-term liabilities	5,995,329	7,356,661	(1,361,332)
Total liabilities	7,968,059	9,274,498	(1,306,439)
Net Position			
Unrestricted	521,642	(550,735)	1,072,377
Total net position	\$ 521,642	\$ (550,735)	\$ 1,072,377

Unrestricted net position is impacted by the deficit in capital assets net of related debt.

MAURICEVILLE MUNICIPAL UTILITY DISTRICT

Management's Discussion and Analysis
For the Year Ended December 31, 2021

STATEMENT OF ACTIVITIES			
	2021	2020	Change
Revenues			
Program revenues			
Fees for services	\$ 4,214,325	\$ 4,174,179	\$ 40,146
General revenues			
Insurance recovery & grants	66,791	81,413	(14,622)
Other revenue	2,511	1,478	1,033
Investment income	35,184	30,233	4,951
Total revenues	<u>4,318,811</u>	<u>4,287,303</u>	<u>31,508</u>
Expenses			
Water and sewer	2,287,916	2,190,667	97,249
Interest on long-term debt	344,507	390,069	(45,562)
Amortization of bond discount	23,668	23,668	-
assets	-	11,301	(11,301)
Depreciation	<u>590,343</u>	<u>530,671</u>	<u>59,672</u>
Total expenses	<u>3,246,434</u>	<u>3,146,376</u>	<u>100,058</u>
Increase in net position	1,072,377	1,140,927	(68,550)
Net position - beginning	<u>(550,735)</u>	<u>(1,691,662)</u>	<u>1,140,927</u>
Net position - ending	<u>\$ 521,642</u>	<u>\$ (550,735)</u>	<u>\$ 1,072,377</u>

As the result of current operations, the District's total net position increased by \$1,072,377 during the current fiscal year.

Budgetary Highlights

Amendments were made to the original budget and became effective September 21, 2021. 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. Operating revenues were below budgeted amounts by 1.16%. Operating expenses (excluding depreciation) were under budgeted amounts by 2.53%.

MAURICEVILLE MUNICIPAL UTILITY DISTRICT

Management's Discussion and Analysis
For the Year Ended December 31, 2021

Capital Assets

The Mauriceville Municipal Utility District's investment in capital assets at December 31, 2021, was \$5,357,153 net of accumulated depreciation. This investment in capital assets includes land, buildings, machinery and equipment, and represents a net decrease of \$149,367 after considering current depreciation expense of \$590,343.

CAPITAL ASSETS

	2021	2020	Change
Land	\$ 745,548	\$ 745,548	\$ -
Buildings and improvements	600,445	580,741	19,704
Water system	9,265,737	9,223,266	42,471
Sewer system	17,163,471	17,221,454	(57,983)
Machinery and equipment	559,676	561,757	(2,081)
Automobiles and trucks	463,263	317,861	145,402
Furniture and fixtures	24,176	24,176	-
Total at historical cost	28,822,316	28,674,803	147,513
Total accumulated depreciation	(23,465,163)	(23,168,283)	(296,880)
Net capital assets	<u>\$ 5,357,153</u>	<u>\$ 5,506,520</u>	<u>\$ (149,367)</u>

Long-Term Debt

At December 31, 2021, the Mauriceville Municipal Utility District had \$7.48 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

	2021	2020	Change
Bonds payable	\$ 7,475,000	\$ 8,810,000	\$ (1,335,000)
Unamortized bond discount	(118,339)	(142,007)	23,668
	<u>\$ 7,356,661</u>	<u>\$ 8,667,993</u>	<u>\$ (1,311,332)</u>

For the fiscal year ended December 31, 2021, interest expense was \$344,507.

MAURICEVILLE MUNICIPAL UTILITY DISTRICT

Management's Discussion and Analysis For the Year Ended December 31, 2021

Economic Factors and Next Year's Budgets

Service fees and other operating revenues are budgeted at \$4,252,150 for the fiscal year ending December 31, 2022 as compared to actual operating revenue \$4,214,325 for the fiscal year just ended.

Operating expenses, prior to capital outlay, debt principal and interest, and depreciation are budgeted at \$2,294,230 for the fiscal year ending December 31, 2022 as compared to actual operating expenses of \$2,287,916 (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, 2021

CURRENT ASSETS

Cash	\$ 153,231
Accounts receivable, net of allowance for doubtful accounts	
Service accounts	512,401
Prepaid dues	7,059
Current portion of long term note receivable	18,000
Inventory	109,727
Restricted cash	<u>412,269</u>
Total current assets	<u>1,212,687</u>

NONCURRENT ASSETS

Restricted	
Cash	706,246
Investments	1,129,942
Capital assets	
Land	745,548
Other capital assets, net of accumulated depreciation	4,611,605
Note receivable, net of current portion	<u>83,673</u>
Total noncurrent assets	<u>7,277,014</u>
Total assets	<u>8,489,701</u>

CURRENT LIABILITIES

Accounts payable	70,747
Accrued liabilities	62,300
Interest payable	38,314
Current portion, bonds payable	1,361,332
Compensated absences	27,768
Customer deposits	<u>412,269</u>
Total current liabilities	<u>1,972,730</u>

NONCURRENT LIABILITIES

Bonds payable - noncurrent	<u>5,995,329</u>
Total noncurrent liabilities	<u>5,995,329</u>
Total liabilities	<u>7,968,059</u>

NET POSITION

Unrestricted	<u>521,642</u>
--------------	----------------

TOTAL NET POSITION

<u>\$ 521,642</u>

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

MAURICEVILLE MUNICIPAL UTILITY DISTRICT

STATEMENT OF ACTIVITIES DECEMBER 31, 2021

OPERATING REVENUES

Service fees	\$ 3,859,845
Tap connection fees	285,377
Miscellaneous	69,103

Total operating revenues	<u>4,214,325</u>
--------------------------	------------------

OPERATING EXPENSES

Salaries and wages	940,174
Employee benefits	469,663
Professional services	65,175
Purchased and contract services	19,164
Consumable supplies and materials	500,579
Recurring operating expenses	293,161
Depreciation	590,343

Total operating expenses	<u>2,878,259</u>
--------------------------	------------------

OPERATING INCOME

<u>1,336,066</u>

NON-OPERATING REVENUES (EXPENSES)

Interest on investments	35,184
Interest expense	(344,507)
Amortization of bond discount	(23,668)
Grants	11,500
Insurance recoveries	55,291
Other revenue	2,511

Total non-operating revenues (expenses)	<u>(263,689)</u>
---	------------------

INCREASE IN NET POSITION

1,072,377

NET POSITION, beginning of period

<u>(550,735)</u>

NET POSITION, end of period

<u>\$ 521,642</u>

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

MAURICEVILLE MUNICIPAL UTILITY DISTRICT

STATEMENT OF CASH FLOWS DECEMBER 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 4,232,905
Payments to suppliers	(868,462)
Payments to employees	<u>(1,410,440)</u>

Net cash provided by operating activities	<u>1,954,003</u>
---	------------------

CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES

Customer security deposits	<u>8,134</u>
----------------------------	--------------

Net cash provided (used) by non-capital and related financing activities	<u>8,134</u>
--	--------------

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Payments for capital assets	(440,975)
Insurance recoveries	55,291
FEMA/ grant income	31,011
Payment for interest on long-term debt	(350,656)
Retirement of long-term debt	<u>(1,335,000)</u>

Net cash provided (used) by capital and related financing activities	<u>(2,040,329)</u>
--	--------------------

CASH FLOWS FROM INVESTING ACTIVITIES

Interest and dividends on investments	<u>35,184</u>
---------------------------------------	---------------

Net cash provided (used) by investing activities	<u>35,184</u>
--	---------------

INCREASE (DECREASE) IN CASH	(43,008)
-----------------------------	----------

CASH AND CASH EQUIVALENTS, beginning of period	<u>2,444,696</u>
--	------------------

CASH AND CASH EQUIVALENTS, end of period	<u>\$ 2,401,688</u>
--	---------------------

Reconciliation of changes in net position to net cash provided by operating activities

Changes in net position	\$ 1,072,377
Adjustments to reconcile changes in net position to net cash provided by operating activities	
Depreciation and amortization	614,011
Interest income	(35,184)
Interest expense	344,507
Insurance recoveries	(55,291)
Grants	(11,500)
Changes in working capital	
Receivables	16,069
Inventory	7,297
Prepaid expenses	(1,191)
Accounts payable	16,767
Accrued liabilities	(13,256)
Compensated absences	<u>(603)</u>

Net cash provided by operating activities	<u>\$ 1,954,003</u>
---	---------------------

Reconciliation of Statement of Cash Flows to Statement of Net Position

Cash	\$ 153,231
Restricted cash	1,118,515
Restricted investments	<u>1,129,942</u>
	<u>\$ 2,401,688</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, 2021

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, 2021

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, 2021

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, 2021 for compensated absences is \$27,768, 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, 2021

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 \$20,000 at December 31, 2021. 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, 2022, 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 \$1,271,745, and balance of the deposits per the financial institution was \$1,284,407. The Certificates of Deposits carrying amount and balance per the financial institution was \$1,129,942 at December 31, 2021. 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	565,185
	<u>\$ 1,129,942</u>

MAURICEVILLE MUNICIPAL UTILITY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

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	\$ 153,231	\$ -	\$ 153,231
Restricted			
Interest and Sinking Fund	706,245	-	706,245
Bond Reserve Fund	-	1,129,942	1,129,942
Customer Meter Deposits	<u>412,269</u>	<u>-</u>	<u>412,269</u>
	<u>\$ 1,271,745</u>	<u>\$ 1,129,942</u>	<u>\$ 2,401,687</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, 2021

4) CAPITAL ASSETS

A summary of changes in the capital assets for the primary government for the year ended December 31, 2021 was as follows:

	Balance January 1, 2021	Additions	Retirements	Balance December 31, 2021
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	580,741	19,704	-	600,445
Improvements other than buildings	25,323,286	260,151	275,663	25,307,774
Machinery and equipment	2,025,228	161,121	17,800	2,168,549
Total capital assets, being depreciated	27,929,255	440,976	293,463	28,076,768
Less accumulated depreciation				
Buildings	64,361	16,157	-	80,518
Improvements other than buildings	22,508,794	469,007	275,663	22,702,138
Machinery and equipment	595,128	105,179	17,800	682,507
Total accumulated depreciation	23,168,283	590,343	293,463	23,465,163
Total capital assets, being depreciation, net	4,760,972	(149,367)	-	4,611,605
Capital assets, net	\$ 5,506,520	\$ (149,367)	\$ -	\$ 5,357,153
Total depreciation expense		\$ 590,343		

MAURICEVILLE MUNICIPAL UTILITY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

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, 2021 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% \$ 7,475,000

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
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>\$ 7,475,000</u>	<u>\$ 118,339</u>	<u>\$ 7,356,661</u>	<u>\$ 1,062,814</u>	<u>\$ 8,419,475</u>

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2021 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Revenue Bonds 2011 Series	\$ 8,810,000	\$ -	\$ 1,335,000	\$ 7,475,000	\$ 1,385,000
Less unamortized discount	142,007	-	23,668	118,339	23,668
Total bonded debt	<u>\$ 8,667,993</u>	<u>\$ -</u>	<u>\$ 1,311,332</u>	<u>\$ 7,356,661</u>	<u>\$ 1,361,332</u>

MAURICEVILLE MUNICIPAL UTILITY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

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 \$1,683,895. The District met that requirement at December 31, 2021 with two certificates of deposit and Interest and Sinking Fund totaling \$1,836,187.

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, 2021 with an Interest and Sinking Fund checking account balance of \$706,245.

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 \$266,057 shortfall for the year ended December 31, 2021.

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) Employee benefits exceeded budget by \$11,613; depreciation exceeded budget by \$10,343.

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 2021 was \$65,648.

MAURICEVILLE MUNICIPAL UTILITY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

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**

The Federal Emergency Management Agency (FEMA) is assisting the District in recovering costs associated with 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) **RECLASSIFICATION OF PRIOR PERIOD PRESENTATION**

Certain prior period balances have been reclassified for consistency with the current year presentation. There is no impact on net assets and no prior period adjustment is necessary.

12) **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, 2021, the District received payments of \$18,000, leaving a receivable balance of \$101,673 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, 2021

	Original Budget	Final Budget	Actual	Final Budget Variance Favorable (Unfavorable)
REVENUES				
Service fees	\$ 3,832,226	\$ 3,880,400	\$ 3,859,845	\$ (20,555)
Tap connection fees	353,300	325,750	285,377	(40,373)
Miscellaneous	68,687	57,800	69,103	11,303
Total operating revenues	4,254,213	4,263,950	4,214,325	(49,625)
EXPENSES				
Salaries and wages	985,000	965,000	940,174	24,826
Employee benefits	426,825	458,050	469,663	(11,613)
Professional services	48,500	72,745	65,175	7,570
Purchased and contract services	26,620	23,720	19,164	4,556
Consumable supplies and materials	453,700	559,200	500,579	58,621
Recurring operating expenses	307,400	296,490	293,161	3,329
Depreciation and amortization	-	580,000	590,343	(10,343)
Total operating expenses	2,248,045	2,955,205	2,878,259	76,946
OPERATING INCOME (LOSS) - BUDGET BASIS	2,006,168	1,308,745	1,336,066	27,321
NON-OPERATING REVENUES (EXPENSES)				
Interest on investments	47,500	35,000	35,184	184
Interest expense	(349,906)	(349,906)	(344,507)	5,399
Amortization of bond discount	-	-	(23,668)	(23,668)
Grants	10,000	31,000	11,500	(19,500)
Insurance recoveries	-	54,000	55,291	1,291
Other revenue	-	2,500	2,511	11
Total non-operating revenues (expenses)	(292,406)	(227,406)	(263,689)	(36,283)
CHANGE IN NET POSITION - BUDGET BASIS	\$ 1,713,762	\$ 1,081,339	1,072,377	\$ (8,962)
NET POSITION, beginning of period			(550,735)	
NET POSITION, end of period			\$ 521,642	

In accordance with the terms of the District's 2011 Bond Orders, operating income before depreciation and amortization (\$1,336,066 + \$590,343 = \$1,926,409) should have exceeded 130% of the annual debt service requirement (\$1,686,512 x 1.30 = \$2,192,466). As discussed in Footnote 5, the District had a shortfall of \$266,057.

See Independent Auditor's Report on Supplementary Information.

TEXAS SUPPLEMENTARY INFORMATION

MAURICEVILLE MUNICIPAL UTILITY DISTRICT

SCHEDULE OF SERVICES AND RATES

DECEMBER 31, 2021

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	X
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	3,422	3,422	Unknown	3,422
Sewer	2,688	2,794	Unknown	2,794
Multifamily	34	152	Unknown	152
Commercial	81	86	-	86
Other - recreational centers, government and VFD	1	1	-	1
	<u>3,538</u>	<u>3,661</u>	<u>-</u>	<u>3,661</u>

See Independent Auditor's Report on Supplementary Information.

MAURICEVILLE MUNICIPAL UTILITY DISTRICT

SCHEDULE OF SERVICES AND RATES

DECEMBER 31, 2021

(CONTINUED)

4. Total water consumption (rounded to the nearest 1,000) during the fiscal year:
Gallons pumped into system: 240,403,000
Gallons billed to customers: 194,395,500
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 | 1,686,512 |
| 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>\$ 1,686,512</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, 2021

OPERATING EXPENSES

Personnel (including benefits)	<u>\$ 1,409,837</u>
Professional fees	
Auditing & accounting	16,995
Legal	12,000
Engineering	7,724
Other professional fees	<u>28,456</u>
Total professional fees	<u>65,175</u>
Purchased and contracted services	
Other contracted services	<u>19,164</u>
Total contracted services	<u>19,164</u>
Consumable supplies and materials	
Fuel, chemicals and other	239,742
Repair and maintenance	<u>260,837</u>
Total consumable supplies and materials	<u>500,579</u>
Recurring operating expenses	
Utilities	118,325
Insurance	50,950
Other administrative expenses	<u>123,886</u>
Total administrative expenses	<u>293,161</u>
Depreciation and amortization	<u>590,343</u>
TOTAL OPERATING EXPENSES	<u>2,878,259</u>
Interest expense	344,507
Amortization of bond discount	<u>23,668</u>
Total non-operating expenses	<u>368,175</u>
TOTAL EXPENSES	<u>\$ 3,246,434</u>

See Independent Auditor's Report on Supplementary Information.

MAURICEVILLE MUNICIPAL UTILITY DISTRICT

SCHEDULE OF TEMPORARY INVESTMENTS

DECEMBER 31, 2021

Institution - Investment	Identification or Certificate Number	Interest Rate	Maturity Date	Balances at End of Year	
				Unrestricted	Restricted
First State Bank of Texas - CD	1023270346	2.12%	11/25/2022	\$ -	\$ 564,757
First State Bank of Texas - CD	1024376199	1.50%	11/17/2022	-	565,185
				<u>\$ -</u>	<u>\$ 1,129,942</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, 2021

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, 2021.

See Independent Auditor's Report on Supplementary Information.

MAURICEVILLE MUNICIPAL UTILITY DISTRICT

DEBT SERVICE REQUIREMENTS BY YEARS

DECEMBER 31, 2021

Due During Years Ending December 31,	Revenue Refunding Bonds Series 2011 Issued \$19,355,000				Total Principal and Interest
	May 15,	November 15,			
	Interest	Interest	Principal		
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>\$ 472,239</u>	<u>\$ 472,236</u>	<u>\$ 7,475,000</u>	<u>\$ 8,419,475</u>	

See Independent Auditor's Report on Supplementary Information.

MAURICEVILLE MUNICIPAL UTILITY DISTRICT

ANALYSIS OF CHANGES IN LONG-TERM DEBT DECEMBER 31, 2021

	<u>Bond Issues</u> <u>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	\$ 8,810,000	\$ 8,810,000
New bond proceeds	-	-
Retirements, principal	<u>1,335,000</u>	<u>1,335,000</u>
Bonds outstanding, end of current period	<u>\$ 7,475,000</u>	<u>\$ 7,475,000</u>
Interest paid during current period	<u>\$ 349,906</u>	<u>\$ 349,906</u>

Paying agent's name and address:
U.S. Trust Co., 2001 Ross Avenue, Dallas, Texas 75201

<u>Bond authority</u>	<u>Tax</u> <u>Bonds</u>	<u>Refund</u> <u>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, 2021		\$ 1,836,187
Average annual debt service payment (principal and interest) for remaining term of all debt		\$ 1,683,895

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, 2021

	Amounts				
	2021	2020	2019	2018	2017
Operating revenues					
Charges for service	\$ 3,859,845	\$ 3,769,873	\$ 3,593,063	\$ 3,576,639	\$ 3,634,757
Tap and connection fees	285,377	348,314	291,312	268,294	242,915
Inspection and miscellaneous fees	69,103	55,992	32,069	61,147	25,264
Total revenues	<u>4,214,325</u>	<u>4,174,179</u>	<u>3,916,444</u>	<u>3,906,080</u>	<u>3,902,936</u>
Expenses					
Salaries and wages	940,174	935,736	1,224,146	1,015,532	925,255
Employee benefits	469,663	416,842	-	-	-
Professional fees	65,175	74,336	72,551	83,145	79,171
Purchased and contracted services	19,164	47,957	45,185	122,021	324,185
Consumable supplies and materials	500,579	465,525	471,559	345,800	171,265
Recurring operating expenses	289,817	245,353	222,463	276,361	220,213
Bad debt expense	3,344	4,918	11,738	(2,073)	6,590
Depreciation and amortization	590,343	530,671	519,315	705,870	1,075,308
Total expenses	<u>2,878,259</u>	<u>2,721,338</u>	<u>2,566,957</u>	<u>2,546,656</u>	<u>2,801,987</u>
Excess (expenses)	<u>1,336,066</u>	<u>1,452,841</u>	<u>1,349,487</u>	<u>1,359,424</u>	<u>1,100,949</u>
Nonoperating Revenues (Expenses)					
Gain/(loss) on disposition of assets	-	(11,301)	(19,404)	(125,945)	37,396
Disaster repair expenses	-	-	(19,357)	(29,245)	(274,088)
Interest income	35,184	30,233	42,719	22,270	13,299
FEMA/Grants	11,500	30,316	145,187	23,393	20,000
Insurance recoveries	55,291	51,097	167,111	227,098	128,626
Other revenue	2,511	1,478	137,673	-	15,346
Interest expense on revenue bonds	(344,507)	(390,069)	(431,268)	(473,167)	(487,720)
Amortization of bond discount	(23,668)	(23,668)	(23,668)	(23,668)	(20,219)
Debt service fees	-	-	-	(750)	-
Total nonoperating revenues	<u>(263,689)</u>	<u>(311,914)</u>	<u>(1,007)</u>	<u>(380,014)</u>	<u>(567,360)</u>
Net income (loss)	<u>\$ 1,072,377</u>	<u>\$ 1,140,927</u>	<u>\$ 1,348,480</u>	<u>\$ 979,410</u>	<u>\$ 533,589</u>
Total active retail water and/or wastewater connections	<u>3,538</u>	<u>3,505</u>	<u>3,387</u>	<u>3,346</u>	<u>3,251</u>

See Independent Auditor's Report on Supplementary Information.

Percent of Fund Total Revenues				
2021	2020	2019	2018	2017
91.6%	90.4%	91.8%	91.5%	93.2%
6.8%	8.3%	7.4%	6.9%	6.2%
1.6%	1.3%	0.8%	1.6%	0.6%
100.0%	100.0%	100.0%	100.0%	100.0%
22.3%	22.4%	31.3%	26.0%	23.7%
11.1%	10.0%	0.0%	0.0%	0.0%
1.5%	1.8%	1.9%	2.1%	2.0%
0.5%	1.1%	1.2%	3.1%	8.3%
11.9%	11.2%	12.0%	8.9%	4.4%
6.9%	5.9%	5.7%	7.1%	5.6%
0.1%	0.1%	0.3%	-0.1%	0.2%
14.0%	12.7%	13.3%	18.1%	27.6%
68.3%	65.2%	65.7%	65.2%	71.8%
31.7%	34.8%	34.3%	34.8%	28.2%
0.0%	-0.3%	-0.5%	-3.2%	1.0%
0.0%	0.0%	-0.5%	-0.7%	-7.0%
0.8%	0.7%	1.1%	0.6%	0.3%
0.3%	0.7%	3.7%	0.6%	0.5%
1.3%	1.2%	4.3%	5.8%	3.3%
0.3%	0.2%	11.2%	0.0%	1.7%
0.0%	0.0%	0.0%	0.0%	0.0%
-8.2%	-9.3%	-11.0%	-12.1%	-12.5%
-0.6%	-0.6%	-0.6%	-0.6%	-0.5%
0.0%	0.0%	0.0%	0.0%	0.0%
-6.1%	-7.4%	7.7%	-9.6%	-13.2%
25.6%	27.4%	42.0%	25.2%	15.0%

MAURICEVILLE MUNICIPAL UTILITY DISTRICT

BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS

DECEMBER 31, 2021

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	12/2020 06/2024	\$ -	\$ -	Treasurer/Secretary	Yes
Russell Love 7477 Circle 6 Orange, Texas 77632	06/2020 06/2024	\$ -	\$ -	Director	Yes
Jay Scheiderer 5343 Michelle Road Orange, Texas 77632	06/2020 06/2024	\$ -	\$ -	Director	Yes

Key Administrative Personnel

Bradley Haeggquist 2625 Mansfield Ferry Rd. Vidor, Texas 77662	05/2018 Present	\$ 100,329	\$ 142	General Manager	No
--	--------------------	------------	--------	-----------------	----

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, 2021

(CONTINUED)

<u>Name and Address</u>	<u>Term of Office Date Elected or Date Hired</u>	<u>Fees and Expense Reimbursements December 31, 2021</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	\$ 12,000	Attorney	N/A
Keri Michutka, CPA 1906 Texas Avenue Bridge City, Texas 77611	01/2019	\$ 1,350	CPA	N/A
Wathen, DeShong & Juncker, LLP 4140 Gladys Avenue, Suite 101 Beaumont, Texas 77706	11/2018	\$ 16,995	Independent Auditor	N/A
LJA Engineering, Inc. 905 Orleans Street Beaumont, Texas 77701	04/2016	\$ 7,724	Engineer	N/A

See Independent Auditor's Report on Supplementary Information.

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



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

March 11, 2022

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

We are pleased to present this report related to our audit of the financial statements of the Mauriceville Municipal Utility District as of and for the year ended December 31, 2021. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the District's financial reporting process.

This report is intended solely for the information and use of the Board of Directors and management, and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to the Mauriceville Municipal Utility District.

Very truly yours,

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

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

Required Communications

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Area	Comments
Auditor's Responsibility Under Professional Standards	<p>Our responsibility under auditing standards generally accepted in the United States of America has been described to you in our arrangement letter dated March 16, 2021. Our audit of the financial statements does not relieve management of those charged with governance of their responsibilities, which are also described in that letter.</p>
Overview of the Planned Scope and Timing of the Financial Statement Audit	<p>We have issued a separate communication dated January 4, 2022 regarding the planned scope and timing of our audit and identified significant risks.</p>
Accounting Practices	<p>Adoption of, or Change in, Accounting Policies</p> <p>Management has the ultimate responsibility for the appropriateness of the accounting policies used by Mauriceville Municipal Utility District. The District did not adopt any significant new accounting policies nor have there been any changes in existing significant accounting policies during the current period.</p> <p>Significant or Unusual Transactions</p> <p>We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</p> <p>Alternative Treatments Discussed with Management</p> <p>We did not discuss with management any alternative treatments within generally accepted accounting principles for accounting policies and practices related to material items during the current audit period.</p>
Management's Judgments and Accounting Estimates	<p>Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to compute and record these accounting estimates. Significant accounting estimates reported in the financial statements as of and for the fiscal year ended December 31, 2021 included earned but unbilled utility service revenue, and current depreciation expense.</p>

Area	Comments
Audit Adjustments	Audit adjustments recorded by the Mauriceville Municipal Utility District are attached.
Disagreements with Management	We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.
Consultations with Other Accountants	We are not aware of any consultations management had with other accountants about accounting or auditing matters.
Significant Issues Discussed with Management	The District's 2011 Bond Orders require that service rates be sufficient to generate an operating income greater than 130% of annual debt service requirements. We discussed with management the shortfall in the annual debt service requirement for the year ended December 31, 2021, and what further action was needed.
Difficulties Encountered in Performing the Audit	We did not encounter any difficulties in dealing with management during the audit.

40800 Mauriceville Municipal Utility Di**8010**

Year End: December 31, 2021

Journal Entries: Adjusting

Date: 1/1/2021 To 12/31/2021

Prepared by VHN 2/25/2022	Prepared by	Reviewed by
Partner Review JRT 3/3/2022	Prepared by	Other Review

Number	Date	Account No	Name	Reference	Debit	Credit
1	12/31/2021	10451	A/R FEMA	7020		19,511.49
1	12/31/2021	41610	FEMA (Hurricane Harvey)	7020	19,511.49	
Reclassify amount received in realtion to Hurricane Harvey recorded as a receivable at 12/31/20.						
2	12/31/2021	10426	Allowance Doubtful Acct	5201		3,343.74
2	12/31/2021	63400	Bad Debt Expense	5201	3,343.74	
Record adjustment to AR allowance per discussion with client, review of receivable.						
3	12/31/2021	20470	Payable to Contractor	6108	13,139.75	
3	12/31/2021	41400	Misc. Revenue	6108		13,139.75
Remove payable for uncompleted work. Contractor went out of business.						
4	12/31/2021	16100	Building Admin & Shop	5511	19,704.00	
4	12/31/2021	16600	Equipment & Tools	5511	15,718.97	
4	12/31/2021	16800	Transportation Equipment	5511	145,401.80	
4	12/31/2021	17300	Sewer Lines & Pumps	5511	217,679.52	
4	12/31/2021	17800	Water Lines & Tanks	5511	42,471.49	
4	12/31/2021	61300	Truck & Equipment Expense	5511		8,255.00
4	12/31/2021	70700	New Meters Only	5511		22,981.99
4	12/31/2021	70701	Replacing New Meters	5511		9,848.57
4	12/31/2021	70750	Grinder Replace/Repair	5511		101,074.00
4	12/31/2021	70760	Parts Washer	5511		
4	12/31/2021	70800	Capitalized Grinder Purch	5511		116,605.52
4	12/31/2021	70850	Office Equipment	5511		10,915.00
4	12/31/2021	73000	Capital Improvement Acct.	5511		171,295.70
To record 2021 fixed asset additions						
5	12/31/2021	16600	Equipment & Tools	5511		17,800.00
5	12/31/2021	17300	Sewer Lines & Pumps	5511		275,663.00
5	12/31/2021	18420	Acc Deprec Equip. & Tools	5511	17,800.00	
5	12/31/2021	18440	A/D Sewer Grinder Pumps	5511	275,663.00	
To record disposal of fixed assets.						
7	12/31/2021	18405	Acc Deprec Buildings	5513		16,157.00
7	12/31/2021	18410	Acc Deprec Office Equip.	5513		2,748.00
7	12/31/2021	18412	Acc Deprec Computers	5513		1,486.00
7	12/31/2021	18415	Acc Deprec Storage Shed	5513		
7	12/31/2021	18420	Acc Deprec Equip. & Tools	5513		46,242.00

40800 Mauriceville Municipal Utility Di**8010-1**

Year End: December 31, 2021

Journal Entries: Adjusting

Date: 1/1/2021 To 12/31/2021

Prepared by VHN 2/25/2022	Prepared by	Reviewed by
Partner Review JRT 3/3/2022	Prepared by	Other Review

Number	Date	Account No	Name	Reference	Debit	Credit
7	12/31/2021	18425	Acc Deprec Communication	5513		1,036.00
7	12/31/2021	18430	A/D Transportation Equip.	5513		53,667.00
7	12/31/2021	18440	A/D Sewer Grinder Pumps	5513		264,965.00
7	12/31/2021	18445	A/D Sewer Plant	5513		22,255.00
7	12/31/2021	18450	A/D Water Treatment	5513		
7	12/31/2021	18460	A/D Water Wells	5513		35,796.00
7	12/31/2021	18480	A/D Lines & Storage	5513		145,991.00
7	12/31/2021	63600	Depreciation	5513	590,343.00	

To record 2021 Depreciation Expense

1,360,776.76 1,360,776.76

Net Income (Loss) 1,072,377.36

Mauriceville Municipal Utility District

Board of Directors

Tim McCarver, President
Glenn Michael West, Vice President
Ted Williams, Treasurer
Jay Scheiderer, Director
Russell Love, Director

Brad Haeggquist, General Manager

P.O. Box 1000
Mauriceville, TX 77626
Main Office: 409-745-4882
Fax Number: 409-745-4591

March 11, 2022

Wathen, DeShong & Juncker, LLP
4140 Gladys Ave, Suite 101
Beaumont TX 77706

This representation letter is provided in connection with your audit of the basic financial statements of Mauriceville Municipal Utility District as of and for the year ended December 31, 2021 for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, that as of March 11, 2022:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated March 16, 2021, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility 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.
3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related-party transactions have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
6. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
7. The following have been properly recorded and/or disclosed in the financial statements if applicable:
 - a. Guarantees, whether written or oral, under which Mauriceville Municipal Utility District is contingently liable.
 - b. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances.
 - c. All other liens or encumbrances on assets and all other pledges of assets.
 - d. Amounts of contractual obligations for plant construction and/or purchase of real property, equipment, other assets, and intangibles.

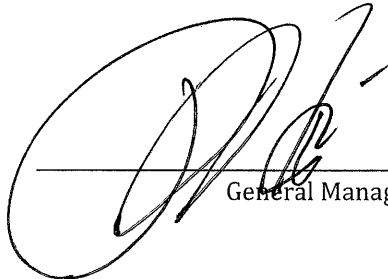
- e. Investments in debt and equity securities, including their classification as trading, available for sale, and held to maturity.
- f. All liabilities that are subordinated to any other actual or possible liabilities of Mauriceville Municipal Utility District.
- g. All leases and material amounts of rental obligations.
- h. All significant estimates and material concentrations known to management that are required to be disclosed in accordance with the Risks and Uncertainties Topic of the FASB Accounting Standards Codification. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets for which events could occur that would significantly disrupt normal finances within the next year.
- i. Assets and liabilities measured at fair value in accordance with the Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification.

Information Provided

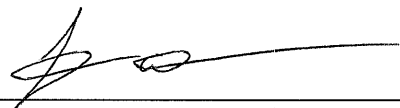
- 8. We have provided you with:
 - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the basic financial statements such as records, documentation and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the District from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the directors, or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 9. All transactions have been recorded in the accounting records and are reflected in the basic financial statements.
- 10. We have disclosed to you the results of our assessment of risk that the basic financial statements may be materially misstated as a result of fraud.
- 11. We have no knowledge of allegations of fraud or suspected fraud affecting the District's basic financial statements involving:
 - a. Management.
 - b. Employees who have significant roles in internal control.
 - c. Others where the fraud could have a material effect on the basic financial statements.
- 12. We have no knowledge of any allegations of fraud or suspected fraud affecting the District's basic financial statements received in communications from employees, former employees, analysts, regulators, short sellers or others.
- 13. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations.
- 14. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements and we have not consulted legal counsel concerning litigation or claims.
- 15. We have disclosed to you the identity of the District's related parties and all the related-party relationships and transactions of which we are aware.
- 16. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the District's ability to record, process, summarize and report financial data.

17. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
18. We have no plans or intentions that may materially affect the carrying value or classification of assets. In that regard:
 - a. Mauriceville Municipal Utility District has no significant amounts of idle property and equipment or permanent excess plant capacity.
 - b. Mauriceville Municipal Utility District has no plans or intentions to discontinue the operations of any subsidiary or division or to discontinue any significant product lines.
19. We are responsible for making the accounting estimates included in the financial statements. Those estimates reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take. In that regard, adequate provisions have been made:
 - a. To reduce receivables to their estimated net collectable amounts.
20. There are no:
 - a. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency. In that regard, we specifically represent that we have not been designated as, or alleged to be, a "potentially responsible party" by the Environmental Protection Agency in connection with any environmental contamination.
 - b. Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by the Contingencies Topic of the FASB Accounting Standards Codification.
21. Mauriceville Municipal Utility District has satisfactory title to all owned assets.
22. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
23. With respect to supplementary information presented in relation to the financial statements as a whole:
 - a. We acknowledge our responsibility for the presentation of such information.
 - b. We believe such information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
24. With respect to Statement of Revenues and Expenses-Actual Compared to Budget presented to supplement the basic financial statements:
 - a. We acknowledge our responsibility for the presentation of such required supplementary information.
 - b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by accounting principles generally accepted in the United States of America.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.

25. We are responsible for determining that significant events or transactions that have occurred since the balance sheet date and through March 11, 2022, have been recognized or disclosed in the financial statements. No events or transactions have occurred subsequent to the balance sheet date and through March 11, 2022 that would require recognition or disclosure in the financial statements. We further represent that as of March 11, 2022, the financial statements were complete in a form and format that complied with accounting principles generally accepted in the United States of America, and all approvals necessary for issuance of the financial statements had been obtained.
26. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.



General Manager



Board President