MAURICEVILLE MUNICIPAL UTILITY DISTRICT

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2022

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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 ____ day of _____, 2023 its annual report for the year or period ended December 31, 2022 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: 3-27, 2023

By: _____
(Signature of District Representative)

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

Sworn to and subscribed to before me this 27 day of March, 2023

(Seal)

Christina Lee Davis
My Commission Expires
11/29/2026
Notary ID 131744282

Christina Davis
(Signature of Notary)

My commission expires on 11-29, 26, Notary Public in and for the State of Texas.

J. Pat O'Neill, III, CPA
Michael W. Kiefer, CPA
Troy W. Domingue, CPA
Allen W. Fehnel, 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
Chris W. Busch, CPA

March 21, 2023

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of Mauriceville Municipal Utility District, which comprise the statement of net position as of December 31, 2022, and the related statements of revenue, expenses and changes in net position 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, 2022, 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.

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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 20 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 20 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.

Other Information

Management is responsible for the other information included in the annual report. The Texas Supplementary Information listed in the Table of Contents on pages 21 through 30 is presented for purposes of additional analysis and is not a required part of the basic financial statements. 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, 2022. 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, 2022, by $1,687,393 (net position).
- The Mauriceville Municipal Utility District's total net position increased by $1,165,751. The District had expenses associated with all activities totaling $3,289,341 and total revenues were $4,455,092.

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 Revenues, Expenses and Changes in Net Position 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 Revenues, Expenses and Changes in Net Position. 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 19.

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 20.

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 $1,687,393 at December 31, 2022. The District's net position increased by $1,165,751 and $1,072,377 for the years ended December 31, 2022 and December 31, 2021, respectively.

STATEMENT OF NET POSITION

	2022	2021	Change
Current and other assets	$ 1,365,254	$ 3,132,548	$ (1,767,294)
Capital assets	5,260,510	5,357,153	(96,643)
Total assets	6,625,764	8,489,701	(1,863,937)
Current and other liabilities	2,033,781	1,972,730	61,051
Long-term liabilities	2,904,590	5,995,329	(3,090,739)
Total liabilities	4,938,371	7,968,059	(3,029,688)
Net Position			
Investment in capital assets, net of related debt	926,077	(1,999,508)	2,925,585
Unrestricted	761,316	2,521,150	(1,759,834)
Total net position	$ 1,687,393	$ 521,642	$ 1,165,751

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	2022	2021	Change
Revenues			
Program revenues			
Fees for services	$ 4,442,292	$ 4,214,325	$ 227,967
General revenues			
Insurance recovery & grants	-	66,791	(66,791)
Other revenue	3,380	2,511	869
Investment income	9,420	35,184	(25,764)
Total revenues	4,455,092	4,318,811	136,281
Expenses			
Water and sewer	2,342,052	2,287,916	54,136
Interest on long-term debt	182,872	344,507	(161,635)
Amortization of bond discount	118,339	23,668	94,671
Other expense	8,714	-	8,714
Depreciation	637,364	590,343	47,021
Total expenses	3,289,341	3,246,434	42,907
Increase in net position	1,165,751	1,072,377	93,374
Net position - beginning	521,642	(550,735)	1,072,377
Net position - ending	$ 1,687,393	$ 521,642	$ 1,165,751

As the result of current operations, the District's total net position increased by $1,165,751 during the current fiscal year.

Budgetary Highlights

Amendments were made to the original budget and became effective September 20, 2022. 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 20. Operating revenues were below budgeted amounts by 1.63%. Operating expenses (excluding depreciation) were under budgeted amounts by 2.25%.

Capital Assets

The Mauriceville Municipal Utility District's investment in capital assets at December 31, 2022, was $5,260,510 net of accumulated depreciation. This investment in capital assets includes land, buildings, machinery and equipment, and represents a net decrease of $96,643 after considering current depreciation expense of $637,364.

CAPITAL ASSETS

	2022	2021	Change
Land	$ 745,548	$ 745,548	$ -
Buildings and improvements	604,523	600,445	4,078
Water system	9,385,786	9,265,737	120,049
Sewer system	17,170,833	17,163,471	7,362
Machinery and equipment	591,978	559,676	32,302
Automobiles and trucks	463,263	463,263	-
Furniture and fixtures	26,597	24,176	2,421
Total at historical cost	28,988,528	28,822,316	166,212
Total accumulated depreciation	(23,728,018)	(23,465,163)	(262,855)
Net capital assets	$ 5,260,510	$ 5,357,153	$ (96,643)

Long-Term Debt

At December 31, 2022, the Mauriceville Municipal Utility District had $0 in bonds outstanding, and $4,334,433 in notes payable, as shown below.

LONG-TERM DEBT

	2022	2021	Change
Note payable	$ 4,334,433	$ -	$ 4,334,433
Bonds payable	-	7,475,000	(7,475,000)
Unamortized bond discount	-	(118,339)	118,339
	$ 4,334,433	$ 7,356,661	$ (3,022,228)

For the fiscal year ended December 31, 2022, interest expense was $182,872. The District called the Series 2011 Revenue Refunding Bonds and obtained financing from a local financial institution. The District anticipates future savings of $440,432 over the next three years. In relation to the savings, the District instituted a 2% reduction in rates effective May 1, 2022. See footnote 5 for additional information.

Economic Factors and Next Year's Budgets

Service fees and other operating revenues are budgeted at $4,592,000 for the fiscal year ending December 31, 2023 as compared to actual operating revenue $4,442,292 for the fiscal year just ended.

Operating expenses, prior to capital outlay, debt principal and interest, and depreciation are budgeted at $2,724,835 for the fiscal year ending December 31, 2023 as compared to actual operating expenses of $2,342,052 (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, 2022

CURRENT ASSETS	
Cash	$ 73,549
Accounts receivable, net of allowance for doubtful accounts	
Service accounts	560,208
Prepaid insurance	6,356
Current portion of long term note receivable	18,000
Due from other governments	46,800
Inventory	177,780
Restricted cash	416,888
Total current assets	1,299,581
NONCURRENT ASSETS	
Capital assets	
Land	745,548
Other capital assets, net of accumulated depreciation	4,514,962
Note receivable, net of current portion	65,673
Total noncurrent assets	5,326,183
Total assets	6,625,764
CURRENT LIABILITIES	
Accounts payable	79,688
Accrued liabilities	75,244
Interest payable	7,585
Compensated absences	24,534
Customer deposits	416,887
Current portion of long-term debt	1,429,843
Total current liabilities	2,033,781
NONCURRENT LIABILITIES	
Notes payable - noncurrent	2,904,590
Total noncurrent liabilities	2,904,590
Total liabilities	4,938,371
NET POSITION	
Investment in capital assets, net of related debt	926,077
Unrestricted	761,316
TOTAL NET POSITION	$ 1,687,393

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

MAURICEVILLE MUNICIPAL UTILITY DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEAR ENDED DECEMBER 31, 2022

OPERATING REVENUES	
Service fees	$ 4,013,612
Tap connection fees	355,457
Miscellaneous	73,223
Total operating revenues	4,442,292
OPERATING EXPENSES	
Salaries and wages	1,005,593
Employee benefits	455,043
Professional services	75,105
Purchased and contract services	20,585
Consumable supplies and materials	448,216
Recurring operating expenses	337,510
Depreciation	637,364
Total operating expenses	2,979,416
OPERATING INCOME	1,462,876
NON-OPERATING REVENUES (EXPENSES)	
Interest on investments	9,420
Interest expense	(182,872)
Amortization of bond discount	(118,339)
Gain (loss) on disposal of assets	(8,714)
Other revenue	3,380
Total non-operating revenues (expenses)	(297,125)
INCREASE IN NET POSITION	1,165,751
NET POSITION, beginning of period	521,642
NET POSITION, end of period	$ 1,687,393

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

MAURICEVILLE MUNICIPAL UTILITY DISTRICT

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 4,369,064
Payments to suppliers	(926,881)
Payments to employees	(1,463,870)
Net cash provided by operating activities	1,978,313
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES	
Customer security deposits	4,618
Net cash provided (used) by non-capital and related financing activities	4,618
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Payments for capital assets	(549,435)
Proceeds of note payable	5,250,000
Payment for interest on long-term debt	(213,601)
Retirement of long-term debt	(8,390,566)
Net cash provided (used) by capital and related financing activities	(3,903,602)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends on investments	9,420
Net cash provided (used) by investing activities	9,420
INCREASE (DECREASE) IN CASH	(1,911,251)
CASH AND CASH EQUIVALENTS, beginning of period	2,401,688
CASH AND CASH EQUIVALENTS, end of period	$ 490,437
Reconciliation of changes in net position to net cash provided by operating activities	
Changes in net position	$ 1,165,751
Adjustments to reconcile changes in net position to net cash provided by operating activities	
Depreciation and amortization	755,703
Interest income	(9,420)
Interest expense	182,872
Loss on sale of assets	8,714
Changes in working capital	
Receivables	(76,608)
Inventory	(68,053)
Prepaid expenses	703
Accounts payable	8,941
Accrued liabilities	12,944
Compensated absences	(3,234)
Net cash provided by operating activities	$ 1,978,313
Reconciliation of Statement of Cash Flows to Statement of Net Position	
Cash	$ 73,549
Restricted cash	416,888
	$ 490,437

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

NOTES TO THE FINANCIAL STATEMENTS

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.

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:

Assets	Years
Buildings	5 - 40
Improvements other than buildings	10 - 40
Equipment	3 - 15

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, 2022 for compensated absences is $24,534 which was accrued and reported on the face of the financials.

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.

Leases
The Organization adopted Accounting Standards Update (ASU) No. 2016-02 Leases (Topic 842). The guidance in this ASU supersedes the current leasing guidance. Under the new lease guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of income. The ASU also required expanded disclosures related to the amount, timing and uncertainty of cash flows arising from leases.

The District maintains equipment under long-term leases. The lease expense for the leases was $4,290 for the year ended December 31, 2022. Future minimum payments required are $22,059. The District has determined that the future lease obligations are not material to the financial statements, and, therefore, a right to use asset and liability in relation to these leases is not reported in these financial statements.

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 $17,269 at December 31, 2022. The decrease in the allowance has been netted against bad debt expense.

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 21, 2023, 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 $490,437, and balance of the deposits per the financial institution was $486,125. 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. At year-end the District did not have any investments.

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

	Cash	Investments	Total
Unrestricted	$ 73,549	$ -	$ 73,549
Restricted			
Customer Meter Deposits	416,888	-	416,888
	$ 490,437	$ -	$ 490,437

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.

4) ***CAPITAL ASSETS***

A summary of changes in the capital assets for the primary government for the year ended December 31, 2022 was as follows:

	Balance January 1, 2022	Additions	Retirements	Balance December 31, 2022
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	600,445	4,078	-	604,523
Improvements other than buildings	25,307,774	510,632	383,223	25,435,183
Machinery and equipment	2,168,549	34,725	-	2,203,274
Total capital assets, being depreciated	28,076,768	549,435	383,223	28,242,980
Less accumulated depreciation				
Buildings	80,518	17,041	-	97,559
Improvements other than buildings	22,702,138	501,712	374,509	22,829,341
Machinery and equipment	682,507	118,611	-	801,118
Total accumulated depreciation	23,465,163	637,364	374,509	23,728,018
Total capital assets, being depreciation, net	4,611,605	(87,929)	8,714	4,514,962
Capital assets, net	$ 5,357,153	$ (87,929)	$ 8,714	$ 5,260,510

Total depreciation expense	$ 637,364

5) ***LONG-TERM DEBT***

The District issues revenue bonds to provide funds for the acquisition and construction of major capital facilities. During the year ended December 31, 2022, the District called the Series 2011 Revenue Refunding Bonds. On March 10, 2022 a payment of $7,576,342 was made to fulfill the District's obligation for these bonds.

In relation to calling the Series 2011 Revenue Refunding Bonds, on March 10, 2022 the District entered into a business loan agreement with a local lender. The District financed $5,250,000 at a fixed interest rate of 3.00% for 43 months. Monthly payments of $128,486 are required and the loan will mature on December 10, 2025.

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2022 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Revenue Bonds 2011 Series	$ 7,475,000	$ -	$ 7,475,000	$ -	$ -
Less unamortized discount	118,339	-	118,339	-	-
Note payable	-	5,250,000	915,567	4,334,433	1,429,843
Total long-term debt	$ 7,356,661	$ 5,250,000	$ 8,272,228	$ 4,334,433	$ 1,429,843

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 $59,693; professional services exceeded budget by $30,360; and depreciation exceeded budget by $17,364.

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 2022 was $68,839.

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 $146,673 has been paid. In the year ended December 31, 2022, the District received payments of $18,000, leaving a receivable balance of $83,672 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, 2022

	Original Budget	Final Budget	Actual	Final Budget Variance Favorable (Unfavorable)
REVENUES				
Service fees	$ 3,880,400	$ 4,080,300	$ 4,013,612	$ (66,688)
Tap connection fees	325,750	369,750	355,457	(14,293)
Miscellaneous	46,000	66,000	73,223	7,223
Total operating revenues	4,252,150	4,516,050	4,442,292	(73,758)
EXPENSES				
Salaries and wages	1,015,000	1,015,000	1,005,593	9,407
Employee benefits	370,350	395,350	455,043	(59,693)
Professional services	44,745	44,745	75,105	(30,360)
Purchased and contract services	25,720	25,720	20,585	5,135
Consumable supplies and materials	391,415	501,500	448,216	53,284
Recurring operating expenses	427,000	428,015	337,510	90,505
Depreciation and amortization	620,000	620,000	637,364	(17,364)
Total operating expenses	2,894,230	3,030,330	2,979,416	50,914
OPERATING INCOME (LOSS) - BUDGET BASIS	1,357,920	1,485,720	1,462,876	(22,844)
NON-OPERATING REVENUES (EXPENSES)				
Interest on investments	-	-	9,420	9,420
Interest expense	(299,575)	(217,000)	(182,872)	34,128
Amortization of bond discount	-	-	(118,339)	(118,339)
Other income (expense)	-	-	(8,714)	(8,714)
Grants	10,000	10,000	-	(10,000)
Insurance recoveries	2,500	2,500	-	(2,500)
Interest income	35,000	9,500	3,380	(6,120)
Total non-operating revenues (expenses)	(252,075)	(195,000)	(297,125)	(102,125)
CHANGE IN NET POSITION - BUDGET BASIS	$ 1,105,845	$ 1,290,720	1,165,751	$ (124,969)
NET POSITION, beginning of period			521,642	
NET POSITION, end of period			$ 1,687,393	

See Independent Auditor's Report on Supplementary Information.

TEXAS SUPPLEMENTARY INFORMATION

MAURICEVILLE MUNICIPAL UTILITY DISTRICT

SCHEDULE OF SERVICES AND RATES
DECEMBER 31, 2022

1. Services provided by the District:

X Retail Water	____ Wholesale Water	____ Drainage
X Retail Wastewater	____ Wholesale Wastewater	____ Irrigation
____ Parks/Recreation	____ Fire Protection	____ Security
____ Solid Waste/Garbage	____ Flood Control	____ Roads

____ Participants in joint venture, regional system and/or wastewater service (other than emergency interconnect)

____ 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 May 1, 2022:

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate Per 1,000 Gallons Over Minimum	Usage Levels		
Water	25.60	-	Y	-	-	to	-
				4.79	-	to	7,999
				5.08	8,000	to	Plus
Wastewater	29.35	-	Y	-	-	to	-
				4.25	-	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) $ 147.17

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	3,425	3,460	Unknown	3,460
Sewer	2,722	2,880	Unknown	2,880
Multifamily	35	171	Unknown	171
Commercial	80	87	-	87
Other - recreational centers, government and VFD	1	1	-	1
	3,541	3,719	-	3,719

See Independent Auditor's Report on Supplementary Information.

MAURICEVILLE MUNICIPAL UTILITY DISTRICT

SCHEDULE OF SERVICES AND RATES
DECEMBER 31, 2022
(CONTINUED)

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

Gallons pumped into system:	242,861,000
Gallons billed to customers:	198,594,100

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:

	Amount
Debt service tax receipts	$ -
Surplus construction funds	-
Water and/or wastewater revenue	1,541,831
Standby fees	-
Debt service fund balance to be used	-
Interest revenues	-
Other funds in excess of required payments	-
Total Anticipated Funds to be used	$ 1,541,831

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, 2022

OPERATING EXPENSES	
Personnel (including benefits)	$ 1,460,636
Professional fees	
Auditing & accounting	16,995
Legal	13,355
Engineering	14,419
Other professional fees	30,336
Total professional fees	75,105
Purchased and contracted services	
Other contracted services	20,585
Total contracted services	20,585
Consumable supplies and materials	
Fuel, chemicals and other	294,449
Repair and maintenance	153,767
Total consumable supplies and materials	448,216
Recurring operating expenses	
Utilities	148,722
Insurance	57,205
Other administrative expenses	131,583
Total administrative expenses	337,510
Depreciation and amortization	637,364
TOTAL OPERATING EXPENSES	2,979,416
Interest expense	182,872
Amortization of bond discount	118,339
Total non-operating expenses	301,211
TOTAL EXPENSES	$ 3,280,627

See Independent Auditor's Report on Supplementary Information.

MAURICEVILLE MUNICIPAL UTILITY DISTRICT

SCHEDULE OF TEMPORARY INVESTMENTS
DECEMBER 31, 2022

The District did not have investments as of December 31, 2022.

See Independent Auditor's Report on Supplementary Information.

MAURICEVILLE MUNICIPAL UTILITY DISTRICT

ANALYSIS OF TAXES LEVIED AND RECEIVABLE
DECEMBER 31, 2022

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, 2022.

MAURICEVILLE MUNICIPAL UTILITY DISTRICT

DEBT SERVICE REQUIREMENTS BY YEARS
DECEMBER 31, 2022

Due During Years Ending December 31,	Fixed Rate Long-Term Loan Financed $5,250,000		
	Monthly Payments		Total Principal and Interest
	Interest	Principal	
2023	$ 111,988	$ 1,429,843	$ 1,541,831
2024	68,113	1,473,719	1,541,832
2025	22,430	1,430,871	1,453,301
	$ 202,531	$ 4,334,433	$ 4,536,964

See Independent Auditor's Report on Supplementary Information.

MAURICEVILLE MUNICIPAL UTILITY DISTRICT

ANALYSIS OF CHANGES IN LONG-TERM DEBT
DECEMBER 31, 2022

	Note Payable	Bond Issues Series 2011	Total
Interest rates	3.00%	2.00% - 4.25%	
Dates interest payable	Monthly	5/15 - 11/15	
Maturity dates	12/10/2025	11/15/2026	
Long-term, beginning of current period	$ -	$ 7,475,000	$ 7,475,000
New debt proceeds	5,250,000	-	5,250,000
Retirements, principal	915,567	7,475,000	8,390,567
Long-term debt outstanding, end of current period	$ 4,334,433	$ -	$ 4,334,433
Interest paid during current period	$ 119,905	$ 62,967	$ 182,872

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

Average annual debt service payment (principal and interest) for remaining term of all debt $ 1,512,321

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, 2022

	Amounts				
	2022	2021	2020	2019	2018
Operating revenues					
Charges for service	$ 4,013,612	$ 3,859,845	$ 3,769,873	$ 3,593,063	$ 3,576,639
Tap and connection fees	355,457	285,377	348,314	291,312	268,294
Inspection and miscellaneous fees	73,223	69,103	55,992	32,069	61,147
Total revenues	4,442,292	4,214,325	4,174,179	3,916,444	3,906,080
Expenses					
Salaries and wages	1,005,593	940,174	935,736	1,224,146	1,015,532
Employee benefits	455,043	469,663	416,842	-	-
Professional fees	75,105	65,175	74,336	72,551	83,145
Purchased and contracted services	20,585	19,164	47,957	45,185	122,021
Consumable supplies and materials	448,216	500,579	465,525	471,559	345,800
Recurring operating expenses	340,306	289,817	245,353	222,463	276,361
Bad debt expense	(2,796)	3,344	4,918	11,738	(2,073)
Depreciation and amortization	637,364	590,343	530,671	519,315	705,870
Total expenses	2,979,416	2,878,259	2,721,338	2,566,957	2,546,656
Excess (expenses)	1,462,876	1,336,066	1,452,841	1,349,487	1,359,424
Nonoperating Revenues (Expenses)					
Gain/(loss) on disposition of assets	(8,714)	-	(11,301)	(19,404)	(125,945)
Disaster repair expenses	-	-	-	(19,357)	(29,245)
Interest income	9,420	35,184	30,233	42,719	22,270
FEMA/Grants	-	11,500	30,316	145,187	23,393
Insurance recoveries	-	55,291	51,097	167,111	227,098
Other revenue	3,380	2,511	1,478	137,673	-
Interest expense	(182,872)	(344,507)	(390,069)	(431,268)	(473,167)
Amortization of bond discount	(118,339)	(23,668)	(23,668)	(23,668)	(23,668)
Debt service fees	-	-	-	-	(750)
Total nonoperating revenues	(297,125)	(263,689)	(311,914)	(1,007)	(380,014)
Net income (loss)	$ 1,165,751	$ 1,072,377	$ 1,140,927	$ 1,348,480	$ 979,410
Total active retail water and/or wastewater connections	3,719	3,661	3,609	3,492	3,545

See Independent Auditor's Report on Supplementary Information.

Percent of Fund Total Revenues				
2022	2021	2020	2019	2018
90.4%	91.7%	90.4%	91.6%	91.7%
8.0%	6.8%	8.3%	7.4%	6.9%
1.6%	1.6%	1.3%	0.8%	1.6%
100.0%	100.1%	100.0%	99.8%	100.2%
22.6%	22.3%	22.4%	31.3%	26.0%
10.2%	11.1%	10.0%	0.0%	0.0%
1.7%	1.5%	1.8%	1.9%	2.1%
0.5%	0.5%	1.1%	1.2%	3.1%
10.1%	11.9%	11.2%	12.0%	8.9%
7.7%	6.9%	5.9%	5.7%	7.1%
-0.1%	0.1%	0.1%	0.3%	-0.1%
14.3%	14.0%	12.7%	13.3%	18.1%
67.0%	68.3%	65.2%	65.7%	65.2%
33.0%	31.8%	34.8%	34.1%	35.0%
-0.2%	0.0%	-0.3%	-0.5%	-3.2%
0.0%	0.0%	0.0%	-0.5%	-0.7%
0.2%	0.8%	0.7%	1.1%	0.6%
0.0%	0.3%	0.7%	3.7%	0.6%
0.0%	1.3%	1.2%	4.3%	5.8%
0.3%	0.3%	0.2%	11.2%	0.0%
-4.1%	-8.2%	-9.3%	-11.0%	-12.1%
-2.7%	-0.6%	-0.6%	-0.6%	-0.6%
0.0%	0.0%	0.0%	0.0%	0.0%
-6.5%	-6.1%	-7.4%	7.7%	-9.6%
26.5%	25.7%	27.4%	41.8%	25.4%

MAURICEVILLE MUNICIPAL UTILITY DISTRICT

BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
DECEMBER 31, 2022

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

District Business Telephone Number: (409) 745-4882

Name and Address	Term of Office Date Elected or Date Hired	Salary	Expense Reimbursements	Title at Year-End	Resident of District
Board Members					
Tim McCarver 5570 Colony Lane Orange, Texas 77632	05/2022 12/2026	$ -	$ -	President	Yes
Michael West 4846 Len Dr. Orange, Texas 77632	05/2022 12/2026	$ -	$ -	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	$ 103,399	$ 1,017	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, 2022
(CONTINUED)

Name and Address	Term of Office Date Elected or Date Hired	Fees and Expense Reimbursements December 31, 2022	Title at Year-End	Resident of District
Consultants				
Barron Law Office, PLLC 108 North 7th Street Orange, Texas 77630	11/2016	$ 10,000	Attorney	N/A
Keri Michutka, CPA 1906 Texas Avenue Bridge City, Texas 77611	01/2019	$ 825	CPA	N/A
Wathen, DeShong & Juncker, LLP 4140 Gladys Avenue, Suite 101 Beaumont, Texas 77706	11/2018	$ 16,995	Independent Auditor	N/A
Leavins Engineering & Design, LLC 3250 Eastex Freeway Beaumont, Texas 77703	01/2022	$ 6,151	Engineer	N/A
Germer, PLLC 550 Fannin, Suite 400 Beaumont, Texas 77701	01/2022	$ 3,355	Attorney	N/A

See Independent Auditor's Report on Supplementary Information.