

**VERANDAH MUNICIPAL UTILITY DISTRICT**  
**OF HUNT COUNTY**  
**HUNT COUNTY, TEXAS**  
**ANNUAL FINANCIAL REPORT**  
**SEPTEMBER 30, 2021**



**VERANDAH MUNICIPAL UTILITY DISTRICT  
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**McCALL GIBSON SWEDLUND BARFOOT PLLC**  
*Certified Public Accountants*

13100 Wortham Center Drive  
Suite 235  
Houston, Texas 77065-5610  
(713) 462-0341  
Fax (713) 462-2708

PO Box 29584  
Austin, TX 78755-5126  
(512) 610-2209  
[www.mgsbpllc.com](http://www.mgsbpllc.com)  
E-Mail: [mgsb@mgsbpllc.com](mailto:mgsb@mgsbpllc.com)

**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Verandah Municipal Utility  
District of Hunt County  
Hunt County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Verandah Municipal Utility District of Hunt County (the "District"), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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





Board of Directors  
Verandah Municipal Utility  
District of Hunt County

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of September 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information, excluding that portion marked "Unaudited" on which we express no opinion or provide any assurance, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



McCall Gibson Swedlund Barfoot PLLC  
Certified Public Accountants  
Houston, Texas

January 12, 2022



**VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Management’s discussion and analysis of Verandah Municipal Utility District of Hunt County’s (the “District”) financial performance provides an overview of the District’s financial activities for the fiscal year ended September 30, 2021. Please read it in conjunction with the District’s financial statements.

**USING THIS ANNUAL REPORT**

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

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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

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

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

**FUND FINANCIAL STATEMENTS**

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

**VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

**FUND FINANCIAL STATEMENTS (Continued)**

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

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

**OTHER INFORMATION**

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, liabilities exceeded assets and deferred outflows of resources by \$7,537,684 as of September 30, 2021.

A portion of the District's net position reflects its net investment in capital assets (e.g. water, wastewater, and drainage facilities, streets and bridges, less any debt used to acquire those assets that is still outstanding).

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

**VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

	Summary of Changes in the Statement of Net Position		
	2021	2020	Change Positive (Negative)
Current and Other Assets	\$ 1,605,129	\$ 1,264,201	\$ 340,928
Capital Assets (Net of Accumulated Depreciation)	25,648,663	19,062,558	6,586,105
Total Assets	<u>\$ 27,253,792</u>	<u>\$ 20,326,759</u>	<u>\$ 6,927,033</u>
Deferred Outflows of Resources	\$ 194,544	\$ 209,591	\$ (15,047)
Long-Term Liabilities	\$ 22,700,841	\$ 12,618,612	\$ (10,082,229)
Due to Developers	11,828,639	13,438,541	1,609,902
Other Liabilities	456,540	421,972	(34,568)
Total Liabilities	<u>\$ 34,986,020</u>	<u>\$ 26,479,125</u>	<u>\$ (8,506,895)</u>
Net Position:			
Net Investment in Capital Assets	\$ (8,558,711)	\$ (6,818,130)	\$ (1,740,581)
Restricted	651,583	759,572	(107,989)
Unrestricted	369,444	115,783	253,661
Total Net Position	<u>\$ (7,537,684)</u>	<u>\$ (5,942,775)</u>	<u>\$ (1,594,909)</u>

\*

The following table provides a comparative analysis of the District's operations for the years ended September 30, 2021, and September 30, 2020.

	Summary of Changes in the Statement of Activities		
	2021	2020	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 1,200,747	\$ 1,082,699	\$ 118,048
Permit Fees	162,900		162,900
Other Revenues	9,815	31,918	(22,103)
Total Revenues	<u>\$ 1,373,462</u>	<u>\$ 1,114,617</u>	<u>\$ 258,845</u>
Expenses for Services	2,968,371	1,313,652	(1,654,719)
Change in Net Position	\$ (1,594,909)	\$ (199,035)	\$ (1,395,874)
Net Position, Beginning of Year	(5,942,775)	(5,743,740)	(199,035)
Net Position, End of Year	<u>\$ (7,537,684)</u>	<u>\$ (5,942,775)</u>	<u>\$ (1,594,909)</u>

\*

\* As Adjusted, See Note 13

**VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

**FINANCIAL ANALYSIS OF THE DISTRICT’S GOVERNMENTAL FUND**

The District’s combined fund balances as of the fiscal year ended September 30, 2021, were \$1,563,068, an increase of \$329,004 from the prior year.

The General Fund fund balance increased by \$253,446, primarily due to property tax revenues and permit fees exceeding operating expenditures.

The Debt Service Fund fund balance decreased by \$95,130, primarily due to the structure of the debt service requirements.

The Capital Projects Fund fund balance increased by \$170,688, primarily due to bond proceeds exceeding developer reimbursements during the current fiscal year.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Board of Directors did not amend the budget during the current fiscal year. Actual revenues exceeded budgeted revenues by \$173,985 primarily due to the collection of permit fees not budgeted and budgeted expenditures exceeded actual expenditures by \$13,461 primarily due to lower professional fees than anticipated.

**CAPITAL ASSETS**

The District operates as an alter-ego of the City of Royse City, Texas (the “City”). In this arrangement, the facilities constructed or acquired by the District are conveyed to the City. The City maintains and operates the facilities for the benefit of the residents of the District.

Capital Assets At Year-End, Net of Accumulated Depreciation

	2021	2020	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 857,973	\$	\$ 857,973
Construction in Progress	249,076		249,076
Capital Assets, Net of Accumulated Depreciation:			
Streets and Bridges	12,096,147	9,081,099	3,015,048
Water System	3,007,066	2,413,773	593,293
Wastewater System	4,254,491	3,680,720	573,771
Drainage System	<u>5,183,910</u>	<u>3,886,966</u>	<u>1,296,944</u>
Total Net Capital Assets	<u>\$ 25,648,663</u>	<u>\$ 19,062,558</u>	<u>\$ 6,586,105</u>

Additional information on the District’s capital assets can be found in Note 6 of this report.

**VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

**LONG-TERM DEBT ACTIVITY**

At the end of the current fiscal year, the District had total long-term debt payable of \$22,980,000.

The changes in the debt position of the District during the fiscal year ended September 30, 2021, are summarized as follows:

Bond Debt Payable, October 1, 2020	\$ 12,955,000
Add: Bond Sales Series 2020 and Series 2021	10,380,000
Less: Bond Principal Paid	<u>355,000</u>
Bond Debt Payable, September 30, 2021	<u>\$ 22,980,000</u>

The District’s Series 2020 Utility Bonds and 2021 Utility Road Bonds have an underlying rating of “Baa3” by Moody’s. The Series 2018 Utility Bonds carry an insured rating of “AA” by S&P based on a policy issued by Build America Mutual Assurance Company. The Series 2019 Road Bonds, Series 2020 Utility Bonds and Series 2021 Utility Road Bonds carry an insured rating of “AA” by S&P based on a policy issued by Assured Guaranty Municipal Corp.

**CONTACTING THE DISTRICT’S MANAGEMENT**

This financial report is designed to provide a general overview of the District’s finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Verandah Municipal Utility District of Hunt County, c/o Winstead PC, 2728 N. Harwood Street, Suite 500, Dallas, Texas 75201.

**VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY**  
**STATEMENT OF NET POSITION AND**  
**GOVERNMENTAL FUNDS BALANCE SHEET**  
**SEPTEMBER 30, 2021**

	General Fund	Debt Service Fund
<b>ASSETS</b>		
Cash	\$ 17,793	\$ 10,079
Investments	551,853	700,222
Receivables:		
Property Taxes	689	1,530
Penalty and Interest on Delinquent Taxes		
Due from Other Funds	23,837	
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
<b>TOTAL ASSETS</b>	\$ 594,172	\$ 711,831
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Charges on Refunding Bonds	\$ -0-	\$ -0-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	\$ 594,172	\$ 711,831
<b>LIABILITIES</b>		
Accounts Payable	\$ 36,022	\$
Accrued Interest Payable		
Due to Developers		
Due to Other Funds		4,837
Accrued Bond Interest Received at Time of Sale		3,713
Long-Term Liabilities:		
Due Within One Year		
Due After One Year		
<b>TOTAL LIABILITIES</b>	\$ 36,022	\$ 8,550
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property Taxes	\$ 689	\$ 1,530
<b>FUND BALANCES</b>		
Restricted for Authorized Construction	\$	\$
Restricted for Debt Service		701,751
Unassigned	557,461	
<b>TOTAL FUND BALANCES</b>	\$ 557,461	\$ 701,751
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	\$ 594,172	\$ 711,831
<b>NET POSITION</b>		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
<b>TOTAL NET POSITION</b>		

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



Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$ 20,898	\$ 48,770	\$	\$ 48,770
301,958	1,554,033		1,554,033
	2,219		2,219
		107	107
	23,837	(23,837)	
		857,973	857,973
		249,076	249,076
		24,541,614	24,541,614
<u>\$ 322,856</u>	<u>\$ 1,628,859</u>	<u>\$ 25,624,933</u>	<u>\$ 27,253,792</u>
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 194,544</u>	<u>\$ 194,544</u>
<u>\$ 322,856</u>	<u>\$ 1,628,859</u>	<u>\$ 25,819,477</u>	<u>\$ 27,448,336</u>
\$	\$ 36,022	\$	\$ 36,022
		55,518	55,518
		11,828,639	11,828,639
19,000	23,837	(23,837)	
	3,713	(3,713)	
		365,000	365,000
		22,700,841	22,700,841
<u>\$ 19,000</u>	<u>\$ 63,572</u>	<u>\$ 34,922,448</u>	<u>\$ 34,986,020</u>
<u>\$ -0-</u>	<u>\$ 2,219</u>	<u>\$ (2,219)</u>	<u>\$ -0-</u>
\$ 303,856	\$ 303,856	\$ (303,856)	\$
	701,751	(701,751)	
	557,461	(557,461)	
<u>\$ 303,856</u>	<u>\$ 1,563,068</u>	<u>\$ (1,563,068)</u>	<u>\$ -0-</u>
<u>\$ 322,856</u>	<u>\$ 1,628,859</u>		
		\$ (8,558,711)	\$ (8,558,711)
		651,583	651,583
		369,444	369,444
		<u>\$ (7,537,684)</u>	<u>\$ (7,537,684)</u>

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

**VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2021**

Total Fund Balances - Governmental Funds	\$	1,563,068
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Amounts reported for governmental activities in the Statement of Net Position are different because:

The difference between the net carrying amount of the refunded bonds and the reacquisition price is recorded as a deferred outflow in the governmental activities and systematically charged to interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter.		194,544
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Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		25,648,663
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Deferred inflows of resources related to property tax revenues and penalty and interest receivables on delinquent taxes for the 2020 and prior tax levies became part of recognized revenues in the governmental activities of the District.		2,326
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Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year-end consist of:

Due to Developers	\$ (11,828,639)	
Accrued Interest Payable	(51,805)	
Bonds Payable Within One Year	<u>(23,065,841)</u>	<u>(34,946,285)</u>
Total Net Position - Governmental Activities		<u>\$ (7,537,684)</u>

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

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**VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY  
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	General Fund	Debt Service Fund
<b>REVENUES</b>		
Property Taxes	\$ 388,263	\$ 811,853
Penalty and Interest	3,207	
Permit Fees	162,900	
Miscellaneous and Investment Revenues	1,010	5,387
<b>TOTAL REVENUES</b>	<b>\$ 555,380</b>	<b>\$ 817,240</b>
<b>EXPENDITURES/EXPENSES</b>		
Service Operations:		
Professional Fees	\$ 126,511	\$
Contracted Services	25,205	25,477
Utilities	24,590	
Depreciation		
Other	125,628	10
Capital Outlay		
Developer Interest		
Debt Service:		
Bond Issuance Costs		
Bond Principal		355,000
Bond Interest		531,883
<b>TOTAL EXPENDITURES/EXPENSES</b>	<b>\$ 301,934</b>	<b>\$ 912,370</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ 253,446</b>	<b>\$ (95,130)</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Proceeds from Issuance of Bonds	\$	\$
Bond Premium		
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ -0-</b>	<b>\$ -0-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ 253,446</b>	<b>\$ (95,130)</b>
<b>CHANGE IN NET POSITION</b>		
<b>FUND BALANCES/NET POSITION - OCTOBER 1, 2020, AS ADJUSTED</b>	<b>304,015</b>	<b>796,881</b>
<b>FUND BALANCES/NET POSITION - SEPTEMBER 30, 2021</b>	<b>\$ 557,461</b>	<b>\$ 701,751</b>

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

<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
\$	\$ 1,200,116	\$ 631	\$ 1,200,747
	3,207	12	3,219
	162,900		162,900
<u>199</u>	<u>6,596</u>	<u></u>	<u>6,596</u>
\$ 199	\$ 1,372,819	\$ 643	\$ 1,373,462
\$	\$ 126,511	\$	\$ 126,511
	50,682		50,682
	24,590		24,590
		667,747	667,747
	125,638		125,638
8,863,754	8,863,754	(8,863,754)	
434,389	434,389		434,389
984,304	984,304		984,304
	355,000	(355,000)	
<u></u>	<u>531,883</u>	<u>22,627</u>	<u>554,510</u>
\$ 10,282,447	\$ 11,496,751	\$ (8,528,380)	\$ 2,968,371
\$ (10,282,248)	\$ (10,123,932)	\$ 10,123,932	\$ -0-
\$ 10,380,000	\$ 10,380,000	\$ (10,380,000)	\$
<u>72,936</u>	<u>72,936</u>	<u>(72,936)</u>	<u></u>
\$ 10,452,936	\$ 10,452,936	\$ (10,452,936)	\$ -0-
\$ 170,688	\$ 329,004	\$ (329,004)	\$
		(1,594,909)	(1,594,909)
<u>133,168</u>	<u>1,234,064</u>	<u>(7,176,839)</u>	<u>(5,942,775)</u>
\$ 303,856	\$ 1,563,068	\$ (9,100,752)	\$ (7,537,684)

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

**VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY  
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Net Change in Fund Balances - Governmental Funds	\$	329,004
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
Governmental funds report tax revenues when collected. However, in the government-wide financial statements, revenues are recorded in the accounting period for which the taxes are levied.		631
Governmental funds report penalty and interest revenues on delinquent property taxes when collected. However, in the government-wide financial statements, revenues are recorded when the penalty and interest are assessed.		12
Governmental funds do not account for depreciation. However, in the government-wide financial statements, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.		(667,747)
Governmental funds report capital expenditures as expenditures in the period purchased. However, in the government-wide financial statements, capital assets are increased by new purchases that meet the District's threshold for capitalization, and are owned and maintained by the District. All other capital asset purchases are expensed in the Statement of Activities.		8,863,754
Governmental funds report principal payments on long-term debt as expenditures. However, in the government-wide financial statements, principal payments decrease long-term liabilities and the Statement of Activities is not affected.		355,000
Governmental funds report interest payments on long-term debt as expenditures in the year paid. However, in the government-wide financial statements, interest is accrued on the debt through fiscal year-end.		(95,563)
Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in the government-wide financial statements.		<u>(10,380,000)</u>
Change in Net Position - Governmental Activities	\$	<u><u>(1,594,909)</u></u>

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

**VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**NOTE 1. CREATION OF DISTRICT**

Verandah Municipal Utility District of Hunt County, Texas (the “District”) was created by Hunt County Commissioners Court Order, effective April 28, 2003, as a fresh water supply district in accordance with the Texas Water Code, Chapter 53. Pursuant to H. B. No. 1141 passed by the 79<sup>th</sup> Texas Legislative and effective June 17, 2005, the District was converted to a municipal utility district with road powers. The District operates in accordance with Chapters 49 and 54 of the Texas Water Code and is subject to the continuing supervision of the Texas Commission on Environmental Quality (the “Commission”). The principal functions of the District are to finance, construct, own, and operate waterworks, wastewater, road and drainage facilities and to provide such facilities and services to the customers of the District. The District is governed by a Board of Directors consisting of five individuals who are residents or owners of property within the District and are elected by voters within the District.

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES**

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

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

Financial Statement Presentation

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

The GASB Codification sets forth standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Position and a Statement of Activities. It requires the classification of net position into three components: Net Investment in Capital Assets; Restricted; and Unrestricted. These classifications are defined as follows:

**VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Financial Statement Presentation (Continued)

- Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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



**VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Financial Statement Presentation (Continued)

Fund Financial Statements (Continued)

Governmental Funds

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

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

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

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

Basis of Accounting

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

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

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. As of September 30, 2021, the Debt Service Fund owed the General Fund \$4,837 for maintenance tax collections and the Capital Projects Fund owed the General Fund \$19,000 for Series 2021 bond expenses.

**VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Capital Assets

The District operates as an alter-ego of the City of Royse City, Texas (the ‘City’). In this arrangement, the facilities constructed or acquired by the District are conveyed to the City. The City maintains and operates the facilities for the benefit of the residents of the District. The District records the capital assets and depreciates them using no salvage value and estimated useful lives of 40-45 years until they are conveyed to the City.

Budgeting

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

Pensions

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

Measurement Focus

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

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

*Nonspendable*: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The District does not have any nonspendable fund balances.

**VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Measurement Focus (Continued)

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

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

*Assigned:* amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances and does not have any assigned fund balances.

*Unassigned:* all other spendable amounts in the General Fund.

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

Accounting Estimates

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

**VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**NOTE 3. LONG-TERM DEBT**

	Series 2013	Series 2015
Amount Outstanding – September 30, 2021	\$ 2,645,000	\$ 1,290,000
Interest Rates	4.00% - 5.05%	2.75% - 4.00%
Maturity Dates - Serially Beginning/Ending	September 1, 2022/2038	September 1, 2022/2040
Interest Payment Dates	March 1, September 1	March 1, September 1
Callable Dates	September 1, 2023*	September 1, 2025*
	Refunding Series 2017	Series 2018
Amount Outstanding – September 30, 2021	\$ 2,540,000	\$ 3,125,000
Interest Rates	2.30% - 3.625%	3.125% - 4.50%
Maturity Dates - Serially Beginning/Ending	September 1, 2022/2034	September 1, 2022/2040
Interest Payment Dates	March 1, September 1	March 1, September 1
Callable Dates	September 1, 2027*	September 1, 2028*

\* Or on any date thereafter, callable at par plus unpaid accrued interest in whole or in part at the option of the District. Series 2013 term bonds due September 1, 2023, September 1, 2025, September 1, 2027, September 1, 2029, September 1, 2032 and September 1, 2038 are subjected to mandatory redemption beginning September 1, 2022, September 1, 2024, September 1, 2026, September 1, 2028, September 1, 2030 and September 1, 2033, respectively. Series 2015 term bonds due September 1, 2030, September 1, 2033, September 1, 2037 and September 1, 2040 are subjected to mandatory redemption beginning September 1, 2029, September 1, 2031, September 1, 2034 and September 1, 2038, respectively. Series 2017 Refunding term bonds due September 1, 2032 and September 1, 2034 are subjected to mandatory redemption beginning September 1, 2031 and September 1, 2033, respectively. Series 2018 term bonds due September 1, 2030, September 1, 2032, September 1, 2034, September 1, 2036, September 1, 2038 and September 1, 2040 are subjected to mandatory redemption beginning September 1, 2029, September 1, 2031, September 1, 2033, September 1, 2035, September 1, 2037, and September 1, 2039, respectively.

**VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**NOTE 3. LONG-TERM DEBT (Continued)**

	Series 2019	Series 2020
Amount Outstanding – September 30, 2021	\$ 3,000,000	\$ 4,600,000
Interest Rates	2.00% - 3.50%	2.00% - 4.00%
Maturity Dates - Serially Beginning/Ending	September 1, 2023/2044	September 1, 2023/2045
Interest Payment Dates	March 1, September 1	March 1, September 1
Callable Dates	September 1, 2029*	September 1, 2026*
		Series 2021
Amount Outstanding – September 30, 2021		\$ 5,780,000
Interest Rates		2.00% - 2.25%
Maturity Dates - Serially Beginning/Ending		September 1, 2023/2046
Interest Payment Dates		March 1, September 1
Callable Dates		September 1, 2027*

\* Or on any date thereafter, callable at par plus unpaid accrued interest in whole or in part at the option of the District. Series 2019 term bonds due September 1, 2040, September 1, 2042, and September 1, 2044 are subjected to mandatory redemption beginning September 1, 2039, September 1, 2041, and September 1, 2043, respectively. Series 2020 term bonds due September 1, 2032, September 1, 2034, September 1, 2036, September 1, 2038, September 1, 2041 and September 1, 2045 are subjected to mandatory redemption beginning September 1, 2033, September 1, 2035, September 1, 2037, September 1, 2039, September 1, 2042 and September 1, 2046, respectively. Series 2021 term bonds due September 1, 2046 are subjected to mandatory redemption beginning September 1, 2042, respectively.

**VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**NOTE 3. LONG-TERM DEBT (Continued)**

The following is a summary of transactions regarding bonds payable for the year ended September 30, 2021:

	October 1, 2020	Additions	Retirements	September 30, 2021
Bonds Payable	\$ 12,955,000	\$ 10,380,000	\$ 355,000	\$ 22,980,000
Unamortized Discounts	(25,183)		(1,343)	(23,840)
Unamortized Premiums	43,795	72,936	7,050	109,681
Bonds Payable, Net	<u>\$ 12,973,612</u>	<u>\$ 10,452,936</u>	<u>\$ 360,707</u>	<u>\$ 23,065,841</u>
			Amount Due Within One Year	\$ 365,000
			Amount Due After One Year	<u>22,700,841</u>
			Bonds Payable, Net	<u>\$ 23,065,841</u>

As of September 30, 2021, the District had authorized but unissued bonds in the amount of \$56,585,000 for utility facilities, \$96,840,000 for refunding utility bonds, \$54,895,000 for road facilities and \$107,240,000 for road facilities refunding bonds.

As of September 30, 2021, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2022	\$ 365,000	\$ 679,950	\$ 1,044,950
2023	780,000	661,806	1,441,806
2024	805,000	636,938	1,441,938
2025	835,000	611,417	1,446,417
2026	860,000	586,288	1,446,288
2027-2031	4,720,000	2,545,234	7,265,234
2032-2036	5,510,000	1,818,220	7,328,220
2037-2041	5,845,000	861,924	6,706,924
2042-2046	3,260,000	201,807	3,461,807
	<u>\$ 22,980,000</u>	<u>\$ 8,603,584</u>	<u>\$ 31,583,584</u>

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

**VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**NOTE 3. LONG-TERM DEBT (Continued)**

During the year ended September 30, 2021, The District levied an ad valorem debt service tax rate of \$0.5750 per \$100 of assessed valuation, which resulted in a tax levy of \$812,328 on the adjusted taxable valuation of \$141,274,301 for the 2020 tax year. The bond orders require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for maintenance tax levy.

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

**NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS**

The bond order states that the District is required by the Securities and Exchange Commission to provide continuing disclosure of certain general financial information and operating data with respect to the District to the Municipal Securities Rulemaking Board through its Electric Municipal Market Access (“EMMA”) system. This information, along with the audited annual financial statements, is to be provided within six months after the end of each fiscal year and shall continue to be provided through the life of the bonds.

The District has covenanted that it will take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross proceeds of the bonds, within the meaning of Section 148(f) of the Internal Revenue Code, be rebated to the federal government. The minimum requirement for determination of the rebatable amount is on the each 5<sup>th</sup> year anniversary of each issue.

**NOTE 5. DEPOSITS AND INVESTMENTS**

Deposits

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

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid

**VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**NOTE 5. DEPOSITS AND INVESTMENTS (Continued)**

Deposits (Continued)

pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year-end, the carrying amount of the District’s deposits was \$421,975 and the bank balance was \$423,670. The District was not exposed to custodial credit risk at year-end.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at September 30, 2021, as listed below:

	Cash	Certificates of Deposit	Total
GENERAL FUND	\$ 17,793	\$ 125,623	\$ 143,416
DEBT SERVICE FUND	10,079	247,582	257,661
CAPITAL PROJECTS FUND	20,898		20,898
TOTAL DEPOSITS	\$ 48,770	\$ 373,205	\$ 421,975

Investments

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

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



**VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**NOTE 5. DEPOSITS AND INVESTMENTS (Continued)**

Investments (Continued)

The District invests in LOGIC (Local Government Investment Cooperative), an external public fund investment pool that is not SEC-registered. LOGIC is organized and existing as a business trust under the laws of the State of Texas with all participant funds and all investment assets held and managed in trust by a Board of Trustees for the benefit of the participants. Hilltop Securities, Inc. and J.P. Morgan Investment Management, Inc. serve as co-administrators of the pool. LOGIC measures its portfolio assets at amortized cost for financial reporting purposes. The District measures its investments in LOGIC at amortized cost. There are no limitations or restrictions on withdrawals from LOGIC.

Certificates of deposit are valued at acquisition cost at the date of purchase.

As of September 30, 2021, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities in Years			
		Less Than 1	1-5	6-10	More Than 10
<u>GENERAL FUND</u>					
LOGIC	\$ 426,230	\$ 426,230	\$	\$	\$
Certificates of Deposit	125,623	125,623			
<u>DEBT SERVICE FUND</u>					
LOGIC	452,640	452,640			
Certificates of Deposit	247,582	247,582			
<u>CAPITAL PROJECTS FUND</u>					
LOGIC	301,958	301,958			
<b>TOTAL INVESTMENTS</b>	<u>\$ 1,554,033</u>	<u>\$ 1,554,033</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. As of September 30, 2021, the District's investment in LOGIC was rated AAAM by Standard and Poor's. The District also manages credit risk by investing in certificates of deposit with balances secured in accordance with Texas statutes.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investment in LOGIC to have a maturity of less than one year due to the fact that the share position can usually be redeemed each day at the discretion of the District unless there has been a significant change in value. The District also manages interest rate risk by investing in certificates of deposit with maturities of approximately 1-year or less.

**VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**NOTE 5. DEPOSITS AND INVESTMENTS (Continued)**

Restrictions

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

**NOTE 6. CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2021:

	October 1, 2020	Increases	Decreases	September 30, 2021
<b>Capital Assets Not Being Depreciated</b>				
Land and Land Improvements	\$	\$ 857,973	\$	\$ 857,973
Construction in Progress		7,253,852	7,004,776	249,076
<b>Total Capital Assets Not Being Depreciated</b>	<b>\$ - 0 -</b>	<b>\$ 8,111,825</b>	<b>\$ 7,004,776</b>	<b>\$ 1,107,049</b>
<b>Capital Assets Subject to Depreciation</b>				
Streets and Bridges	\$ 10,528,097	\$ 3,366,098	\$	\$ 13,894,195
Water System	2,667,091	665,919		3,333,010
Wastewater System	4,464,308	690,209		5,154,517
Drainage System	4,460,516	1,424,577		5,885,093
<b>Total Capital Assets Subject to Depreciation</b>	<b>\$ 22,120,012</b>	<b>\$ 6,146,803</b>	<b>\$ - 0 -</b>	<b>\$ 28,266,815</b>
<b>Less Accumulated Depreciation</b>				
Streets and Bridges	\$ 1,446,998	\$ 351,050	\$	\$ 1,798,048
Water System	253,318	72,626		325,944
Wastewater System	783,588	116,438		900,026
Drainage System	573,550	127,633		701,183
<b>Total Accumulated Depreciation</b>	<b>\$ 3,057,454</b>	<b>\$ 667,747</b>	<b>\$ - 0 -</b>	<b>\$ 3,725,201</b>
<b>Total Depreciable Capital Assets, Net of Accumulated Depreciation</b>	<b>\$ 19,062,558</b>	<b>\$ 5,479,056</b>	<b>\$ - 0 -</b>	<b>\$ 24,541,614</b>
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<b>\$ 19,062,558</b>	<b>\$ 13,590,881</b>	<b>\$ 7,004,776</b>	<b>\$ 25,648,663</b>

The District has financed the above facilities which will be conveyed to the City of Royse City, Texas.

**VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**NOTE 7. MAINTENANCE TAX**

On September 13, 2003, voters of the District approved the levy and collection of a maintenance tax at an unlimited rate on all taxable property within the District. The maintenance tax will be used for maintenance and other authorized purposes including, but not limited to, planning, constructing, acquiring, maintaining, repairing and operating all necessary land, works, improvements, facilities, plants, equipment and appliances, and for the payment of proper services, engineering fees, legal fees, and organization and administrative costs in accordance with Section 49.107 of the Texas Water Code.

During the year ended September 30, 2021, the District levied an ad valorem maintenance tax at the rate of \$0.2750 per \$100 of assessed valuation which resulted in tax levy of \$388,504 on the taxable valuation of \$141,274,301 for the 2020 tax year.

**NOTE 8. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. There has been no significant reduction in coverage from the prior year and settlements have not exceeded coverage in the past three years.

**NOTE 9. DUE TO DEVELOPERS**

The District has executed development financing agreements with developers within the District. The agreements call for the developers to fund costs associated with water, wastewater and drainage facilities, bridges, street paving and grading until such time as the District can sell bonds. As of September 30, 2021, the District recorded an estimated liability of \$11,639,933 in relation to these agreements for facilities that have been completed. The developers have also been required to advance monies to the District's General Fund for the District to meet its ongoing financial obligations. Through September 30, 2021, the developers advanced directly to the District a total of \$415,118 to help cover the operating deficits of the District, of which \$226,412 has been reimbursed. The total amount recorded as Due to Developers in the Statement of Net Position at September 30, 2021, was \$11,828,639.

	Beginning Balance	Additions	Reimbursements	Ending Balance
Due to Developer	\$ 13,438,541	\$ 4,570,943	\$ 6,180,845	\$ 11,828,639

**VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**NOTE 10. STRATEGIC PARTNERSHIP AGREEMENT**

Effective March 14, 2007, the District entered into a Strategic Partnership Agreement with the City of Royse City, Texas (the “City”). The agreement provides that in accordance with Subchapter F of Chapter 43 of the Local Government Code and Act, the City shall annex a tract of land defined as the “Limited Purpose Annexation Property” for the limited purposes of charging and collecting sales and use taxes on sales generated from businesses operating within such commercial use areas.

All taxable property within the District shall not be liable for any present or future debts of the City, and current and future taxes levied by the City shall not be levied on taxable property within the District. The District retains all rights to assess and collect an ad valorem tax in all the areas within the District Boundaries, including the Limited Purpose Annexation Property, as long as the District continues to exist. The District’s assets, liabilities, indebtedness, and obligations will remain the responsibility of the District during the period preceding full-purpose annexation.

The District and the City agree that the Limited Purpose Annexation Property under this agreement may be converted to full purpose annexation. Notwithstanding the foregoing, the City agrees that it will not annex the Limited Purpose Annexation Property for full purposes except as provided for annexation of the entire District in Article III and V of that certain Development and Facilities Agreement (“Development Agreement”) entered into among the City, the District and One Verandah, LP on March 14, 2007.

The District agrees it shall not issue debt or incur contractual indebtedness for purpose of reimbursing One Verandah, LP for any cost or expenses paid by One Verandah, LP after the thirteenth (13<sup>th</sup>) anniversary of the effective date of the Development Agreement. The District may issue bonds between the thirteenth (13<sup>th</sup>) and fifteenth (15<sup>th</sup>) anniversaries of the effective date of the Development Agreement in the amount not to exceed \$5,000,000 for cost and expenses incurred by One Verandah, LP prior to the 13<sup>th</sup> anniversary date. As of September 30, 2021, the District has not received or recorded any revenues in accordance with this agreement.

**NOTE 11. BOND SALES**

On December 22, 2020, the District issued its Unlimited Tax Utility Bonds, Series 2020 in the amount of \$4,600,000. Proceeds were used to reimburse developers for the construction of utilities serving the following: Verandah Phases 2A & 2B, Verandah Phase 1E, Verandah Phase 3B and Verandah Phase 5. Proceeds were also used to pay certain bond issuance costs.

**VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**NOTE 11. BOND SALES (Continued)**

On August 12, 2021, the District issued \$5,780,000 of Unlimited Tax Road Bonds, Series 2021. Proceeds were used to reimburse developers for the paving and excavation construction serving Verandah Phase 1E, Verandah Phase 2C, Verandah Phase 4, Verandah Phase 5 and the Right-of-Way Acquisition. Proceeds were also used to pay certain bond issuance costs

**NOTE 12. ECONOMIC UNCERTAINTIES**

On March 11, 2020, the World Health Organization declared the COVID-19 virus a global pandemic. Since that time, the District has not experienced any decrease in property values, unusual tax delinquencies, or interruptions to service as a result of COVID-19. The District will continue to carefully monitor the situation and evaluate the financial statement impact, if any, that results from the pandemic.

**NOTE 13. PRIOR PERIOD ADJUSTMENT**

During the current fiscal year, it was determined that deferred tap revenues recorded in a prior fiscal year should be reclassified as revenue. The effect of this adjustment is as follows:

General Fund Fund Balance - October 1, 2020	\$ 224,015
Effect of Adjustment	<u>80,000</u>
General Fund Fund Balance - October 1, 2020, As Adjusted	<u>\$ 304,015</u>
Net Position - October 1, 2020	\$ (6,022,775)
Effect of Adjustment	<u>80,000</u>
Net Position - October 1, 2020, As Adjusted	<u>\$ (5,942,775)</u>

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**VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SEPTEMBER 30, 2021**





**VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>			
Property Taxes	\$ 379,775	\$ 388,263	\$ 8,488
Penalty and Interest		3,207	3,207
Permit Fees		162,900	162,900
Miscellaneous and Investment Revenues	<u>1,620</u>	<u>1,010</u>	<u>(610)</u>
<b>TOTAL REVENUES</b>	<u>\$ 381,395</u>	<u>\$ 555,380</u>	<u>\$ 173,985</u>
<b>EXPENDITURES</b>			
Services Operations:			
Professional Fees	\$ 155,925	\$ 126,511	\$ 29,414
Contracted Services	18,250	25,205	(6,955)
Utilities	23,820	24,590	(770)
Other	<u>117,400</u>	<u>125,628</u>	<u>(8,228)</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 315,395</u>	<u>\$ 301,934</u>	<u>\$ 13,461</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ 66,000	\$ 253,446	\$ 187,446
<b>FUND BALANCE - OCTOBER 1, 2020</b>	<u>304,015</u>	<u>304,015</u>	<u></u>
<b>FUND BALANCE - SEPTEMBER 30, 2021</b>	<u>\$ 370,015</u>	<u>\$ 557,461</u>	<u>\$ 187,446</u>

See accompanying independent auditor's report.

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**VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY**  
**SUPPLEMENTARY INFORMATION REQUIRED BY THE**  
**WATER DISTRICT FINANCIAL MANAGEMENT GUIDE**  
**SEPTEMBER 30, 2021**





**VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY  
SERVICES AND RATES  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

**5. LOCATION OF DISTRICT:** (Continued)

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:

Royse City, Texas

Are Board Members appointed by an office outside the District?

Yes \_\_\_\_\_ No   X  

See accompanying independent auditor's report.

**VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY  
GENERAL FUND EXPENDITURES  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

PROFESSIONAL FEES:	
Auditing	\$ 13,000
Engineering	24,974
Legal	88,014
Delinquent Tax Attorney	<u>523</u>
TOTAL PROFESSIONAL FEES	<u>\$ 126,511</u>
CONTRACTED SERVICES:	
Bookkeeping	<u>\$ 25,205</u>
UTILITIES	<u>\$ 24,590</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 9,150
Insurance	6,288
Office Supplies and Postage	90
Payroll Taxes	700
Contract Payment to Royse City	100,000
Other	<u>9,400</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 125,628</u>
TOTAL EXPENDITURES	<u>\$ 301,934</u>

See accompanying independent auditor's report.

**VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY**  
**INVESTMENTS**  
**SEPTEMBER 30, 2021**

<u>Funds</u>	<u>Identification or Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Accrued Interest Receivable at End of Year</u>
<u>GENERAL FUND</u>					
LOGIC	XXXX7001	Varies	Daily	\$ 426,230	\$
Certificate of Deposit	XXXX5006	0.50%	09/22/22	<u>125,623</u>	<u>                    </u>
TOTAL GENERAL FUND				<u>\$ 551,853</u>	<u>\$ -0-</u>
<u>DEBT SERVICE FUND</u>					
LOGIC	XXXX3002	Varies	Daily	\$ 452,640	\$
Certificate of Deposit	XXXX8715	0.35%	09/08/22	<u>247,582</u>	<u>                    </u>
TOTAL DEBT SERVICE FUND				<u>\$ 700,222</u>	<u>\$ -0-</u>
<u>CAPITAL PROJECTS FUND</u>					
LOGIC	XXXX3003	Varies	Daily	<u>\$ 301,958</u>	<u>\$ -0-</u>
TOTAL - ALL FUNDS				<u><u>\$ 1,554,033</u></u>	<u><u>\$ -0-</u></u>

See accompanying independent auditor's report.



**VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY**  
**TAXES LEVIED AND RECEIVABLE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
OCTOBER 1, 2020	\$	474	\$	1,114
Adjustments to Beginning				
Balance		<u>(26)</u>	\$	1,055
		\$	448	
Original 2020 Tax Levy	\$	391,555	\$	818,707
Adjustment to 2020 Tax Levy		<u>(3,051)</u>	<u>388,504</u>	<u>812,328</u>
TOTAL TO BE				
ACCOUNTED FOR		\$	388,952	\$
				813,383
TAX COLLECTIONS:				
Prior Years	\$	350	\$	762
Current Year		<u>387,913</u>	<u>388,263</u>	<u>811,091</u>
				<u>811,853</u>
TAXES RECEIVABLE -				
SEPTEMBER 30, 2021		<u>\$</u>	<u>689</u>	<u>\$</u>
				<u>1,530</u>
TAXES RECEIVABLE BY				
YEAR:				
2020	\$	591	\$	1,237
2019		53		116
2018		39		89
2010		19		88
2009		<u>(13)</u>		<u>88</u>
TOTAL	\$	<u>689</u>	\$	<u>1,530</u>

See accompanying independent auditor's report.

**VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY**  
**TAXES LEVIED AND RECEIVABLE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	2020	2019	2018	2017
<b>PROPERTY VALUATIONS:</b>				
Land	\$ 40,719,830	\$ 36,936,483	\$ 29,574,110	\$ 25,709,370
Improvements	104,596,716	94,215,925	87,570,798	77,653,835
Personal Property	948,120	564,870	304,450	
Exemptions	(4,990,365)	(4,335,862)	(3,985,641)	(3,437,010)
<b>TOTAL PROPERTY VALUATIONS</b>	<b>\$ 141,274,301</b>	<b>\$ 127,381,416</b>	<b>\$ 113,463,717</b>	<b>\$ 99,926,195</b>
<b>TAX RATES PER \$100 VALUATION:</b>				
Debt Service	\$ 0.5750	\$ 0.5830	\$ 0.5919	\$ 0.6950
Maintenance**	0.2750	0.2670	0.2581	0.1550
<b>TOTAL TAX RATES PER \$100 VALUATION</b>	<b>\$ 0.8500</b>	<b>\$ 0.8500</b>	<b>\$ 0.8500</b>	<b>\$ 0.8500</b>
<b>ADJUSTED TAX LEVY*</b>	<b>\$ 1,200,832</b>	<b>\$ 1,082,742</b>	<b>\$ 964,442</b>	<b>\$ 849,373</b>
<b>PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED</b>				
	<b>99.85 %</b>	<b>99.98 %</b>	<b>99.99 %</b>	<b>99.99 %</b>

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

\*\* Maintenance Tax – Unlimited tax rate per \$100 of assessed valuation approved by voters on September 13, 2003.

See accompanying independent auditor's report.

**VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**SEPTEMBER 30, 2021**

S E R I E S - 2 0 1 3

Due During Fiscal Years Ending September 30	Principal Due September 1	Interest Due March 1/ September 1	Total
2022	\$ 55,000	\$ 129,773	\$ 184,773
2023	60,000	127,573	187,573
2024	60,000	125,172	185,172
2025	65,000	122,652	187,652
2026	70,000	119,922	189,922
2027	75,000	116,807	191,807
2028	75,000	113,470	188,470
2029	75,000	109,945	184,945
2030	85,000	106,420	191,420
2031	90,000	102,170	192,170
2032	95,000	97,670	192,670
2033	95,000	92,920	187,920
2034	100,000	88,122	188,122
2035	380,000	83,072	463,072
2036	400,000	63,882	463,882
2037	420,000	43,682	463,682
2038	445,000	22,472	467,472
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
	<u>\$ 2,645,000</u>	<u>\$ 1,665,724</u>	<u>\$ 4,310,724</u>

See accompanying independent auditor's report.

**VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**SEPTEMBER 30, 2021**

S E R I E S - 2 0 1 5

Due During Fiscal Years Ending September 30	Principal Due September 1	Interest Due March 1/ September 1	Total
2022	\$ 45,000	\$ 48,678	\$ 93,678
2023	50,000	47,440	97,440
2024	50,000	45,940	95,940
2025	50,000	44,390	94,390
2026	55,000	42,790	97,790
2027	55,000	40,920	95,920
2028	55,000	38,995	93,995
2029	60,000	36,960	96,960
2030	60,000	34,680	94,680
2031	65,000	32,400	97,400
2032	70,000	29,800	99,800
2033	70,000	27,000	97,000
2034	75,000	24,200	99,200
2035	80,000	21,200	101,200
2036	80,000	18,000	98,000
2037	85,000	14,800	99,800
2038	90,000	11,400	101,400
2039	95,000	7,800	102,800
2040	100,000	4,000	104,000
2041			
2042			
2043			
2044			
2045			
2046			
	<u>\$ 1,290,000</u>	<u>\$ 571,393</u>	<u>\$ 1,861,393</u>

See accompanying independent auditor's report.

**VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**SEPTEMBER 30, 2021**

SERIES - 2017 REFUNDING

Due During Fiscal Years Ending September 30	Principal Due September 1	Interest Due March 1/ September 1	Total
2022	\$ 165,000	\$ 79,568	\$ 244,568
2023	165,000	75,774	240,774
2024	175,000	71,732	246,732
2025	180,000	67,182	247,182
2026	180,000	62,232	242,232
2027	185,000	57,011	242,011
2028	190,000	51,462	241,462
2029	200,000	45,476	245,476
2030	205,000	38,876	243,876
2031	210,000	31,906	241,906
2032	220,000	24,556	244,556
2033	230,000	16,856	246,856
2034	235,000	8,518	243,518
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
	<u>\$ 2,540,000</u>	<u>\$ 631,149</u>	<u>\$ 3,171,149</u>

See accompanying independent auditor's report.

**VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**SEPTEMBER 30, 2021**

S E R I E S - 2 0 1 8

Due During Fiscal Years Ending September 30	Principal Due September 1	Interest Due March 1/ September 1	Total
2022	\$ 100,000	\$ 115,950	\$ 215,950
2023	100,000	111,450	211,450
2024	100,000	106,950	206,950
2025	100,000	102,450	202,450
2026	105,000	97,950	202,950
2027	105,000	93,225	198,225
2028	115,000	88,500	203,500
2029	115,000	84,906	199,906
2030	120,000	81,169	201,169
2031	120,000	77,269	197,269
2032	120,000	73,219	193,219
2033	130,000	69,169	199,169
2034	135,000	64,619	199,619
2035	110,000	59,893	169,893
2036	115,000	56,043	171,043
2037	120,000	52,019	172,019
2038	115,000	47,669	162,669
2039	590,000	43,500	633,500
2040	610,000	22,112	632,112
2041			
2042			
2043			
2044			
2045			
2046			
	<u>\$ 3,125,000</u>	<u>\$ 1,448,062</u>	<u>\$ 4,573,062</u>

See accompanying independent auditor's report.

**VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**SEPTEMBER 30, 2021**

S E R I E S - 2 0 1 9

Due During Fiscal Years Ending September 30	Principal Due September 1	Interest Due March 1/ September 1	Total
2022	\$	\$	\$
2023	95,000	77,344	172,344
2024	100,000	74,019	174,019
2025	100,000	71,018	171,018
2026	105,000	68,019	173,019
2027	110,000	64,868	174,868
2028	115,000	61,569	176,569
2029	120,000	58,118	178,118
2030	120,000	55,719	175,719
2031	125,000	53,318	178,318
2032	125,000	50,819	175,819
2033	130,000	48,319	178,319
2034	135,000	45,556	180,556
2035	140,000	42,519	182,519
2036	145,000	39,193	184,193
2037	145,000	35,569	180,569
2038	155,000	31,943	186,943
2039	155,000	28,071	183,071
2040	160,000	24,000	184,000
2041	170,000	19,800	189,800
2042	175,000	15,125	190,125
2043	185,000	10,313	195,313
2044	190,000	5,225	195,225
2045			
2046			
	<u>\$ 3,000,000</u>	<u>\$ 1,057,788</u>	<u>\$ 4,057,788</u>

See accompanying independent auditor's report.

**VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**SEPTEMBER 30, 2021**

S E R I E S - 2 0 2 0

Due During Fiscal Years Ending September 30	Principal Due September 1	Interest Due March 1/ September 1	Total
2022	\$	\$	\$
2023	145,000	100,725	245,725
2024	150,000	94,925	244,925
2025	155,000	88,925	243,925
2026	160,000	84,275	244,275
2027	165,000	81,075	246,075
2028	165,000	77,775	242,775
2029	170,000	74,475	244,475
2030	175,000	71,075	246,075
2031	180,000	67,575	247,575
2032	185,000	63,975	248,975
2033	190,000	60,275	250,275
2034	195,000	56,475	251,475
2035	205,000	52,575	257,575
2036	210,000	48,475	258,475
2037	215,000	44,275	259,275
2038	220,000	39,975	259,975
2039	225,000	35,575	260,575
2040	230,000	31,075	261,075
2041	240,000	26,475	266,475
2042	245,000	21,675	266,675
2043	250,000	16,468	266,468
2044	260,000	11,156	271,156
2045	265,000	5,632	270,632
2046			
	<u>\$ 4,600,000</u>	<u>\$ 1,355,631</u>	<u>\$ 5,955,631</u>

See accompanying independent auditor's report.



**VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**SEPTEMBER 30, 2021**

S E R I E S - 2 0 2 1

Due During Fiscal Years Ending September 30	Principal Due September 1	Interest Due March 1/ September 1	Total
2022	\$	\$	\$
2023	165,000	127,912	286,500
2024	170,000	121,500	288,200
2025	185,000	118,200	299,800
2026	185,000	114,800	296,100
2027	185,000	111,100	302,400
2028	195,000	107,400	303,500
2029	200,000	103,500	304,500
2030	205,000	99,500	300,400
2031	205,000	95,400	301,300
2032	210,000	91,300	307,100
2033	220,000	87,100	302,700
2034	220,000	82,700	303,300
2035	225,000	78,300	293,800
2036	225,000	73,800	294,400
2037	225,000	69,400	294,900
2038	230,000	64,900	295,306
2039	235,000	60,300	295,306
2040	240,000	55,306	295,206
2041	245,000	50,206	355,000
2042	310,000	45,000	358,026
2043	320,000	38,026	360,825
2044	330,000	30,825	358,400
2045	335,000	23,400	360,862
2046	345,000	15,862	368,100
	<u>360,000</u>	<u>8,100</u>	<u>368,100</u>
	<u>\$ 5,780,000</u>	<u>\$ 1,873,837</u>	<u>\$ 7,653,837</u>

See accompanying independent auditor's report.

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**VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY  
LONG-TERM DEBT SERVICE REQUIREMENTS  
SEPTEMBER 30, 2021**

ANNUAL REQUIREMENTS  
FOR ALL SERIES

Due During Fiscal Years Ending September 30	Total Principal Due	Total Interest Due	Total Principal Interest Due
2022	\$ 365,000	\$ 679,950	\$ 1,044,950
2023	780,000	661,806	1,441,806
2024	805,000	636,938	1,441,938
2025	835,000	611,417	1,446,417
2026	860,000	586,288	1,446,288
2027	890,000	561,306	1,451,306
2028	915,000	535,271	1,450,271
2029	945,000	509,380	1,454,380
2030	970,000	483,339	1,453,339
2031	1,000,000	455,938	1,455,938
2032	1,035,000	427,139	1,462,139
2033	1,065,000	397,239	1,462,239
2034	1,100,000	365,790	1,465,790
2035	1,135,000	333,059	1,468,059
2036	1,175,000	294,993	1,469,993
2037	1,215,000	255,245	1,470,245
2038	1,260,000	213,759	1,473,759
2039	1,305,000	170,252	1,475,252
2040	1,345,000	131,393	1,476,393
2041	720,000	91,275	811,275
2042	740,000	74,826	814,826
2043	765,000	57,606	822,606
2044	785,000	39,781	824,781
2045	610,000	21,494	631,494
2046	360,000	8,100	368,100
	<u>\$ 22,980,000</u>	<u>\$ 8,603,584</u>	<u>\$ 31,583,584</u>

See accompanying independent auditor's report.

**VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY  
CHANGE IN LONG-TERM BOND DEBT  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Description	Original Bonds Issued	Bonds Outstanding October 1, 2020
Verandah Municipal Utility District of Hunt County Unlimited Tax Bonds - Series 2013	\$ 3,000,000	\$ 2,700,000
Verandah Municipal Utility District of Hunt County Unlimited Tax Road Bonds - Series 2015	1,500,000	1,335,000
Verandah Municipal Utility District of Hunt County Unlimited Tax Road Refunding Bonds - Series 2017	3,040,000	2,700,000
Verandah Municipal Utility District of Hunt County Unlimited Tax Utility Bonds - Series 2018	3,375,000	3,220,000
Verandah Municipal Utility District of Hunt County Unlimited Tax Road Bonds - Series 2019	3,000,000	3,000,000
Verandah Municipal Utility District of Hunt County Unlimited Tax Utility Bonds - Series 2020	4,600,000	
Verandah Municipal Utility District of Hunt County Unlimited Tax Road Bonds - Series 2020	<u>5,780,000</u>	
<b>TOTAL</b>	<u>\$ 24,295,000</u>	<u>\$ 12,955,000</u>
	*	

Bond Authority:	Tax Bonds*	Refunding Bonds	Road Bonds	Refunding Road Bonds
Amount Authorized by Voters	\$ 64,560,000	\$ 96,840,000	\$ 71,675,000	\$ 107,510,000
Amount Issued	<u>7,975,000</u>	<u>- 0 -</u>	<u>16,780,000</u>	<u>270,000</u>
Remaining to be Issued	<u>\$ 56,585,000</u>	<u>\$ 96,840,000</u>	<u>\$ 54,895,000</u>	<u>\$ 107,240,000</u>

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

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

See accompanying independent auditor's report.

<u>Bonds Sold</u>	<u>Retirements</u>		<u>Bonds Outstanding September 30, 2021</u>	
	<u>Principal</u>	<u>Interest</u>		
\$	\$ 55,000	\$ 131,835	\$ 2,645,000	Wells Fargo Bank N.A. Houston, TX
	45,000	49,803	1,290,000	Wells Fargo Bank N.A. Houston, TX
	160,000	83,009	2,540,000	Wells Fargo Bank N.A. Houston, TX
	95,000	120,225	3,125,000	Wells Fargo Bank N.A. Houston, TX
		77,344	3,000,000	Wells Fargo Bank N.A. Houston, TX
4,600,000		69,667	4,600,000	BOKF, NA Dallas, Texas
<u>5,780,000</u>			<u>5,780,000</u>	BOKF, NA Dallas, Texas
<u>\$ 10,380,000</u>	<u>\$ 355,000</u>	<u>\$ 531,883</u>	<u>\$ 22,980,000</u>	

Debt Service Fund cash and investment balances as of September 30, 2021: \$ 710,301

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 1,263,343

See accompanying independent auditor's report.

**VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY  
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES  
GENERAL FUND - FIVE YEARS**

	Amounts		
	2021	2020	2019
<b>REVENUES</b>			
Property Taxes	\$ 388,263	\$ 339,759	\$ 292,555
Penalty and Interest	3,207	3,046	7,333
Permit Fees	162,900		
Miscellaneous and Investment Revenues	<u>1,010</u>	<u>7,067</u>	<u>7,608</u>
<b>TOTAL REVENUES</b>	<u>\$ 555,380</u>	<u>\$ 349,872</u>	<u>\$ 307,496</u>
<b>EXPENDITURES</b>			
Professional Fees	\$ 126,511	\$ 131,067	\$ 190,472
Contracted Services	25,205	18,406	19,933
Utilities	24,590	23,984	16,268
Repairs and Maintenance			
Other	<u>125,628</u>	<u>117,785</u>	<u>117,707</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 301,934</u>	<u>\$ 291,242</u>	<u>\$ 344,380</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ 253,446</u>	<u>\$ 58,630</u>	<u>\$ (36,884)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In(Out)	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ 253,446	\$ 58,630	\$ (36,884)
<b>BEGINNING FUND BALANCE</b>	<u>304,015</u>	<u>245,385</u>	<u>282,269</u>
<b>ENDING FUND BALANCE</b>	<u><u>\$ 557,461</u></u>	<u><u>\$ 304,015</u></u>	<u><u>\$ 245,385</u></u>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2018	2017	2021	2020	2019	2018	2017
\$ 154,880	\$ 194,882	69.9 %	97.1 %	95.1 %	97.0 %	64.8 %
2,806	104,835	0.6	0.9	2.4	1.8	34.8
1,891	1,593	29.3				(0.1)
<u>159,577</u>	<u>301,310</u>	<u>0.2</u>	<u>2.0</u>	<u>2.5</u>	<u>1.2</u>	<u>0.5</u>
		<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 253,923	\$ 177,611	22.8 %	37.5 %	61.9 %	159.1 %	58.9 %
18,196	11,613	4.5	5.3	6.5	11.4	3.9
20,260	22,216	4.4	6.9	5.3	12.7	7.4
831					0.5	
<u>14,329</u>	<u>13,203</u>	<u>22.6</u>	<u>33.7</u>	<u>38.3</u>	<u>9.0</u>	<u>4.4</u>
<u>\$ 307,539</u>	<u>\$ 224,643</u>	<u>54.3 %</u>	<u>83.4 %</u>	<u>112.0 %</u>	<u>192.7 %</u>	<u>74.6 %</u>
\$ (147,962)	\$ 76,667	<u>45.7 %</u>	<u>16.6 %</u>	<u>(12.0) %</u>	<u>(92.7) %</u>	<u>25.4 %</u>
\$ 26,028	\$ - 0 -					
\$ 26,028	\$ - 0 -					
\$ (121,934)	\$ 76,667					
<u>404,203</u>	<u>327,536</u>					
<u>\$ 282,269</u>	<u>\$ 404,203</u>					

See accompanying independent auditor's report.

**VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY  
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES  
DEBT SERVICE FUND - FIVE YEARS**

	Amounts		
	2021	2020	2019
<b>REVENUES</b>			
Property Taxes	\$ 811,853	\$ 741,879	\$ 670,564
Miscellaneous and Investment Revenues	<u>5,387</u>	<u>20,152</u>	<u>26,112</u>
<b>TOTAL REVENUES</b>	<u>\$ 817,240</u>	<u>\$ 762,031</u>	<u>\$ 696,676</u>
<b>EXPENDITURES</b>			
Tax Collection Expenditures	\$ 21,662	\$ 21,752	\$ 15,980
Debt Service Principal	355,000	345,000	410,000
Debt Service Interest and Fees	535,708	474,826	426,972
Payment to Refunded Bond Escrow Agent			
Bond Issuance Costs			
<b>TOTAL EXPENDITURES</b>	<u>\$ 912,370</u>	<u>\$ 841,578</u>	<u>\$ 852,952</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ (95,130)</u>	<u>\$ (79,547)</u>	<u>\$ (156,276)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Payment to Refunded Bond Escrow Agent	\$	\$	\$
Long-Term Debt Issued			
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ (95,130)	\$ (79,547)	\$ (156,276)
<b>BEGINNING FUND BALANCE</b>	<u>796,881</u>	<u>876,428</u>	<u>1,032,704</u>
<b>ENDING FUND BALANCE</b>	<u>\$ 701,751</u>	<u>\$ 796,881</u>	<u>\$ 876,428</u>
<b>TOTAL ACTIVE RETAIL WATER CONNECTIONS</b>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
<b>TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS</b>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

See accompanying independent auditor's report.



		Percentage of Total Revenues				
2018	2017	2021	2020	2019	2018	2017
\$ 694,784	\$ 679,487	99.3 %	97.4 %	96.3 %	99.1 %	99.9 %
6,036	696	0.7	2.6	3.7	0.9	0.1
<u>\$ 700,820</u>	<u>\$ 680,183</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 11,367	\$ 11,430	2.7 %	2.9 %	2.3 %	1.6 %	1.7 %
215,000	180,000	43.4	45.3	58.9	30.7	26.5
298,290	369,635	65.6	62.3	61.3	42.6	54.3
	80,000					11.8
	65,200					9.6
<u>\$ 524,657</u>	<u>\$ 706,265</u>	<u>111.7 %</u>	<u>110.5 %</u>	<u>122.5 %</u>	<u>74.9 %</u>	<u>103.9 %</u>
\$ 176,163	\$ (26,082)	(11.7) %	(10.5) %	(22.5) %	25.1 %	(3.9) %
\$ 259,012	\$ (2,889,780)					
	2,954,980					
<u>\$ 259,012</u>	<u>\$ 65,200</u>					
\$ 435,175	\$ 39,118					
597,529	558,411					
<u>\$ 1,032,704</u>	<u>\$ 597,529</u>					
<u>N/A</u>	<u>N/A</u>					
<u>N/A</u>	<u>N/A</u>					

See accompanying independent auditor's report.

**VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY  
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS  
SEPTEMBER 30, 2021**

District Mailing Address - Verandah Municipal Utility District of Hunt County  
c/o Winstead PC  
2728 N. Harwood Street, Suite 500  
Dallas, TX 75201

District Telephone Number - (214) 745-5400

<b>Board Members</b>	<u>Term of Office (Elected or Appointed)</u>	<u>Fees of Office for the year ended September 30, 2021</u>	<u>Expense Reimbursements for the year ended September 30, 2021</u>	<u>Title</u>
David Brown	03/20 10/21 (Elected)	\$ 1,500	\$ -0-	President (Resigned)
Glenn Purcell	05/20 05/24 (Elected)	\$ 1,950	\$ -0-	Vice President
Jon Mitchell	04/20 05/22 (Elected)	\$ 1,650	\$ -0-	Secretary
Jeff Dean	05/18 05/22 (Elected)	\$ 1,950	\$ -0-	Assistant Secretary
Doug Dickerson	05/18 05/22 (Elected)	\$ 2,100	\$ -0-	Assistant Secretary

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

Submission date of most recent District Registration Form: August 11, 2021

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200 as set by Board Resolution (TWC Section 49.060) on April 21, 2005. Fees of Office are the amounts paid to a Director during the District's current fiscal year.

See accompanying independent auditor's report.

**VERANDAH MUNICIPAL UTILITY DISTRICT OF HUNT COUNTY  
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS  
SEPTEMBER 30, 2021**

<b>Consultants:</b>	<u>Date Hired</u>	<u>Fees for the year ended September 30, 2021</u>	<u>Title</u>
Winstead PC	09/16/15	\$ 88,014 \$ 271,330	General Counsel Bond Counsel
McCall Gibson Swedlund Barfoot PLLC	10/09/07	\$ 13,000 \$ 22,250	Audit Related AUP Services
Dye & Toverly, LLC	06/11/03	\$ 25,295	Bookkeeper
Linebarger Goggan Blair & Sampson, LLP	10/07/07	\$ 523	Delinquent Tax Attorney
Barraza Consulting, LLC	11/13/19	\$ 24,974	Engineer
Hilltop Securities	06/11/03	\$ 251,376	Financial Advisor
Kathi Dye	08/10/16	\$ -0-	Investment Officer
Hunt County Tax Assessor/Collector	10/07/07	\$ 1,018	Tax Assessor/ Collector

See accompanying independent auditor's report.

