

**ANTHEM MUNICIPAL
UTILITY DISTRICT**

HAYS COUNTY, TEXAS

FINANCIAL REPORT

September 30, 2022

Table of Contents

	<u>Schedule</u>	<u>Page</u>
Independent Auditor's Report		1
Management's Discussion and Analysis		7
BASIC FINANCIAL STATEMENTS		
Statement of Net Position and Governmental Funds Balance Sheet		16
Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances		17
Notes to Financial Statements		19
REQUIRED SUPPLEMENTARY INFORMATION		
Budgetary Comparison Schedule – General Fund		34
Notes to Required Supplementary Information		35
TEXAS SUPPLEMENTARY INFORMATION		
Services and Rates	TSI-1	38
General Fund Expenditures	TSI-2	40
Investments	TSI-3	41
Taxes Levied and Receivable	TSI-4	42
Long-Term Debt Service Requirements by Years	TSI-5	43
Change in Long-Term Bonded Debt	TSI-6	44
Comparative Schedule of Revenues and Expenditures – General Fund	TSI-7a	46
Comparative Schedule of Revenues and Expenditures – Debt Service Fund	TSI-7b	48
Board Members, Key Personnel and Consultants	TSI-8	49

McGRATH & CO., PLLC

Certified Public Accountants

2900 North Loop West, Suite 880

Houston, Texas 77092

Independent Auditor's Report

Board of Directors
Anthem Municipal Utility District
Hays County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Anthem Municipal Utility District (the "District"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Anthem Municipal Utility District, as of September 30, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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

***Board of Directors
Anthem Municipal Utility District
Hays County, Texas***

certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Texas Supplementary Information schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information 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 Texas Supplementary Information schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

McGuath & Co, P.C.

Houston, Texas
December 19, 2022

(This page intentionally left blank)

Management's Discussion and Analysis

(This page intentionally left blank)

***Anthem Municipal Utility District
Management's Discussion and Analysis
September 30, 2022***

Using this Annual Report

Within this section of the financial report of Anthem Municipal Utility District (the "District"), the District's Board of Directors provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended September 30, 2022. This analysis should be read in conjunction with the independent auditor's report and the basic financial statements that follow this section.

In addition to this discussion and analysis, this annual report consists of:

- The District's basic financial statements;
- Notes to the basic financial statements, which provide additional information essential to a full understanding of the data provided in the financial statements;
- Supplementary information required by the Governmental Accounting Standards Board (GASB) concerning the District's budget; and
- Other Texas supplementary information required by the District's state oversight agency, the Texas Commission on Environmental Quality (TCEQ).

Overview of the Financial Statements

The District prepares its basic financial statements using a format that combines fund financial statements and government-wide statements onto one financial statement. The combined statements are the *Statement of Net Position and Governmental Funds Balance Sheet* and the *Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances*. Each statement contains an adjustments column which quantifies the differences between the government-wide and fund level statements. Additional details of the adjustments are provided in Note 2 to the basic financial statements.

Government-Wide Financial Statements

The focus of government-wide financial statements is on the overall financial position and activities of the District, both long-term and short-term. The District's government-wide financial statements consist of the *Statement of Net Position* and the *Statement of Activities*, which are prepared using the accrual basis of accounting. The *Statement of Net Position* includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the residual reported as net position. Over time, changes in net position may provide a useful indicator of whether the financial position of the District as a whole is improving or deteriorating.

Accounting standards establish three components of net position. The net investment in capital assets component represents the District's investments in capital assets, less any outstanding debt or other borrowings used to acquire those assets. Resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The restricted component of net position consists of financial resources that are restricted for a specific purpose by enabling legislation or external parties. The unrestricted component of net position represents resources not included in the other components.

***Anthem Municipal Utility District
Management's Discussion and Analysis
September 30, 2022***

The *Statement of Activities* reports how the District's net position has changed during the fiscal year. All revenues and expenses are included on this statement, regardless of whether cash has been received or paid.

Fund Financial Statements

The fund financial statements include the *Governmental Funds Balance Sheet* and the *Governmental Funds Revenues, Expenditures and Changes in Fund Balances*. The focus of fund financial statements is on specific activities of the District rather than the District as a whole, reported using modified accrual accounting. These statements report on the District's use of available financial resources and the balances of available financial resources at the end of the year. Except for the General Fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties, governmental statutes or regulations.

For further discussion on the government-wide and fund financial statements, please refer to Note 1 in the financial statements.

Financial Analysis of the District as a Whole

The District's net position at September 30, 2022, was negative \$15,978,364. The District's net position is negative because the District incurs debt to construct water, sewer and drainage facilities which it conveys to the City of Kyle. A comparative summary of the District's overall financial position, as of September 30, 2022 and 2021, is as follows:

	2022	2021
Current and other assets	\$ 52,824	\$ 23,734
Capital assets	1,470,350	1,493,954
Total assets	<u>1,523,174</u>	<u>1,517,688</u>
Current liabilities	26,222	1,812
Long-term liabilities	17,475,316	16,854,900
Total liabilities	<u>17,501,538</u>	<u>16,856,712</u>
Net position		
Net investment in capital assets	(96,346)	(23,604)
Restricted	(9,601)	
Unrestricted	(15,872,417)	(15,315,420)
Total net position	<u>\$ (15,978,364)</u>	<u>\$ (15,339,024)</u>

***Anthem Municipal Utility District
Management's Discussion and Analysis
September 30, 2022***

The total net position of the District decreased during the current fiscal year by \$639,340. A comparative summary of the District's *Statement of Activities* for the current and prior fiscal year (unaudited) is as follows:

	2022	2021
Revenues		
Property taxes, penalties and interest	\$ 23,078	\$ 24,389
Other	362	
Total revenues	<u>23,440</u>	<u>24,389</u>
Expenses		
Operating and administrative	110,279	61,420
Debt interest and fees	37,251	
Developer interest	213,993	
Debt issuance costs	277,653	
Depreciation and amortization	23,604	23,604
Total expenses	<u>662,780</u>	<u>85,024</u>
Change in net position before other item	(639,340)	(60,635)
Other item		
Transfers to other governments		<u>(14,509,094)</u>
Change in net position	(639,340)	(14,569,729)
Net position, beginning of year	(15,339,024)	(769,295)
Net position, end of year	<u>\$ (15,978,364)</u>	<u>\$ (15,339,024)</u>

Financial Analysis of the District's Funds

The District's combined fund balances, as of September 30, 2022, were \$36,334, which consists of negative \$4,475 in the General Fund, \$131 in the Debt Service Fund, and \$40,678 in the Capital Projects Fund.

***Anthem Municipal Utility District
Management's Discussion and Analysis
September 30, 2022***

General Fund

A comparative summary of the General Fund's financial position as of September 30, 2022 and 2021 is as follows:

	2022	2021
Total assets	<u>\$ 12,015</u>	<u>\$ 23,734</u>
Total liabilities	\$ 16,490	\$ 1,812
Total deferred inflows		18,001
Total fund balance	<u>(4,475)</u>	<u>3,921</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 12,015</u>	<u>\$ 23,734</u>

A comparative summary of the General Fund's activities for the current and prior fiscal year (unaudited) is as follows:

	2022	2021
Total revenues	\$ 41,079	\$ 6,388
Total expenditures	<u>(51,975)</u>	<u>(16,564)</u>
Revenues under expenditures	<u>(10,896)</u>	<u>(10,176)</u>
Other changes in fund balance	2,500	10,000
Net change in fund balance	<u>\$ (8,396)</u>	<u>\$ (176)</u>

The District manages its activities with the objectives of ensuring that expenditures will be adequately covered by revenues each year and that an adequate fund balance is maintained. The District's primary financial resources in the General Fund are from a property tax levy and developer advances. Financial resources are influenced by a variety of factors each year:

- Property tax revenues are dependent upon assessed values in the District and the maintenance tax rate set by the District. Property tax revenues increased from prior year because assessed values increased from prior year.
- The District's developer advances funds to the District as needed to pay operating costs.

The deficit fund balance in the General Fund is the result of timing differences between developer advances and expenditures for which those advances are intended to fund.

***Anthem Municipal Utility District
Management's Discussion and Analysis
September 30, 2022***

Debt Service Fund

The District issued bonded debt during the current fiscal year pursuant to a Bond Resolution adopted by the Board. As required by the Bond Resolution, a Debt Service Fund was established to account for the accumulation of financial resources restricted for debt service purposes. A summary of the financial position as of September 30, 2022 is as follows:

	2022
Total assets	<u>\$ 131</u>
Total fund balance	<u>\$ 131</u>

A summary of activities of the Debt Service Fund for the current year is as follows:

	2022
Total revenues	<u>\$ 131</u>
Total expenditures	<u>(27,519)</u>
Revenues under expenditures	<u>(27,388)</u>
Other changes in fund balance	<u>27,519</u>
Net change in fund balance	<u>\$ 131</u>

The District's financial resources in the Debt Service Fund in the current year are from capitalized interest from the sale of bonds.

Capital Projects Fund

A Capital Projects Fund was established to account for the expenditure of proceeds from the issuance of the District's Series 2022 Unlimited Tax Road Bonds. A summary of the financial position of the Capital Projects Fund as of September 30, 2022 is as follows:

	2022
Total assets	<u>\$ 40,678</u>
Total fund balance	<u>\$ 40,678</u>

A summary of activities of the Capital Projects Fund for the current year is as follows:

	2022
Total revenues	<u>\$ 231</u>
Total expenditures	<u>(2,702,034)</u>
Revenues under expenditures	<u>(2,701,803)</u>
Other changes in fund balance	<u>2,742,481</u>
Net change in fund balance	<u>\$ 40,678</u>

***Anthem Municipal Utility District
Management's Discussion and Analysis
September 30, 2022***

General Fund Budgetary Highlights

The Board of Directors adopts an annual unappropriated budget for the General Fund prior to the beginning of each fiscal year. The Board amended the budget during the year to reflect changes in anticipated expenditures and developer advances.

Since the District's budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was \$8,396 less than budgeted. The *Budgetary Comparison Schedule* on page 34 of this report provides variance information per financial statement line item.

Capital Assets

The District has entered into financing agreements with its developer for the financing of the construction of capital assets within the District. The developer will be reimbursed from proceeds of future bond issues or other lawfully available funds. These developer funded capital assets are recorded on the District's financial statements upon completion of construction.

Capital assets held by the District at September 30, 2022 and 2021 are summarized as follows:

	2022	2021
Capital assets not being depreciated		
Land and improvements	\$ 573,400	\$ 573,400
Capital assets being amortized		
Impact fees	944,158	944,158
Less accumulated amortization	(47,208)	(23,604)
Depreciable capital assets, net	896,950	920,554
Capital assets, net	\$ 1,470,350	\$ 1,493,954

The District and the City of Kyle (the "City") have entered into an agreement which obligates the District to construct certain facilities to serve the District and, when completed, to convey title to the facilities to the City. The value of these assets is recorded as transfers to other governments upon completion of construction and trued-up when the developer is reimbursed. Additional information is presented in Note 9.

Additionally, Hays County assumes responsibility (after a one-year maintenance period) for road facilities constructed within the extraterritorial jurisdiction of the County. Accordingly, these facilities are not considered assets of the District. The estimated value of these assets is recorded as transfers to other governments upon completion of construction. This estimated cost is trued-up when the developer is reimbursed.

***Anthem Municipal Utility District
Management's Discussion and Analysis
September 30, 2022***

Long-Term Debt and Related Liabilities

As of September 30, 2022, the District owes approximately \$14,705,316 to developers for completed projects, operating advances, and payments to consultants for engineering and legal fees. The initial cost of the completed project and related liability is estimated based on actual construction costs plus 10-15% for engineering and other fees and is recorded on the District's financial statements upon completion of construction. As discussed in Note 6, the District has an additional commitment in the amount of \$18,127,918 for projects under construction by the developers. As noted, the District will owe its developer for these projects upon completion of construction. The District intends to reimburse the developer from proceeds of future bond issues or other lawfully available funds. The estimated cost of amounts owed to the developer is trued up when the developer is reimbursed.

During the current year, the District issued \$2,770,000 in unlimited tax road bonds, all of which were outstanding as of the end of the fiscal year. The District did not have any bonded debt as of September 30, 2021.

At September 30, 2022, the District had \$165,000,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District and \$214,500,000 for the refunding of such bonds; and \$114,230,000 for road improvements and \$152,100,000 for the refunding of such bonds.

Next Year's Budget

In establishing the budget for the next fiscal year, the Board considered various economic factors that may affect the District, most notably projected revenues from property taxes and the projected cost of operating the District. A comparison of next year's budget to current year actual amounts for the General Fund is as follows:

	2022 Actual	2023 Budget
Total revenues	\$ 41,079	\$ 203,768
Total expenditures	(51,975)	(165,880)
Revenues over/(under) expenditures	(10,896)	37,888
Other changes in fund balance	2,500	
Net change in fund balance	(8,396)	37,888
Beginning fund balance	3,921	(4,475)
Ending fund balance	<u>\$ (4,475)</u>	<u>\$ 33,413</u>

Property Taxes

The District's property tax base increased approximately \$39,066,000 for the 2022 tax year from \$2,307,790 to \$41,374,178. This increase was primarily due to new construction in the District. For the 2022 tax year, the District has levied a maintenance tax rate of \$0.4925 per \$100 of assessed value and a debt service tax rate of \$0.5075 per \$100 of assessed value, for a total combined tax rate of \$1.00 per \$100. The District's tax rate for the 2021 tax year was \$1.00 per \$100 of assessed value, all of which was allocated for maintenance and operations.

(This page intentionally left blank)

Basic Financial Statements

Anthem Municipal Utility District
Statement of Net Position and Governmental Funds Balance Sheet
September 30, 2022

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	\$ 8,863	\$ -	\$ -	\$ 8,863	\$ -	\$ 8,863
Investments		131	40,128	40,259		40,259
Prepaid expenses	3,702			3,702		3,702
Internal balances	(550)		550			
Capital assets not being depreciated					573,400	573,400
Capital assets, net					896,950	896,950
Total Assets	<u>\$ 12,015</u>	<u>\$ 131</u>	<u>\$ 40,678</u>	<u>\$ 52,824</u>	<u>1,470,350</u>	<u>1,523,174</u>
Liabilities						
Accounts payable	\$ 16,214	\$ -	\$ -	\$ 16,214		16,214
Other payables	276			276		276
Accrued interest payable					9,732	9,732
Due to developer					14,705,316	14,705,316
Long-term debt						
Due after one year					2,770,000	2,770,000
Total Liabilities	<u>16,490</u>			<u>16,490</u>	<u>17,485,048</u>	<u>17,501,538</u>
Fund Balances/Net Position						
Fund Balances						
Nonspendable	3,702			3,702	(3,702)	
Restricted		131	40,678	40,809	(40,809)	
Unassigned	(8,177)			(8,177)	8,177	
Total Fund Balances	<u>(4,475)</u>	<u>131</u>	<u>40,678</u>	<u>36,334</u>	<u>(36,334)</u>	
Total Liabilities and Fund Balances	<u>\$ 12,015</u>	<u>\$ 131</u>	<u>\$ 40,678</u>	<u>\$ 52,824</u>		
Net Position						
Net investment in capital assets					(96,346)	(96,346)
Restricted for debt service					(9,601)	(9,601)
Unrestricted					(15,872,417)	(15,872,417)
Total Net Position					<u>\$ (15,978,364)</u>	<u>\$ (15,978,364)</u>

See notes to basic financial statements.

Anthem Municipal Utility District**Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances****For the Year Ended September 30, 2022**

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Property taxes	\$ 41,079	\$ -	\$ -	\$ 41,079	\$ (18,001)	\$ 23,078
Investment earnings		131	231	362		362
Total Revenues	41,079	131	231	41,441	(18,001)	23,440
Expenditures/Expenses						
Operating and administrative						
Professional fees					58,304	58,304
Contracted services	19,354			19,354		19,354
Repairs and maintenance	18,233			18,233		18,233
Administrative	13,726			13,726		13,726
Other	662			662		662
Capital outlay			2,210,388	2,210,388	(2,210,388)	
Debt service						
Interest and fees		27,519		27,519	9,732	37,251
Developer interest			213,993	213,993		213,993
Debt issuance costs			277,653	277,653		277,653
Amortization					23,604	23,604
Total Expenditures/Expenses	51,975	27,519	2,702,034	2,781,528	(2,118,748)	662,780
Revenues Under Expenditures	(10,896)	(27,388)	(2,701,803)	(2,740,087)	2,100,747	
Other Financing Sources						
Proceeds from sale of bonds		27,519	2,742,481	2,770,000	(2,770,000)	
Developer advances	2,500			2,500	(2,500)	
Net Change in Fund Balances	(8,396)	131	40,678	32,413	(32,413)	
Change in Net Position					(639,340)	(639,340)
Fund Balance/Net Position						
Beginning of the year	3,921	-	-	3,921	(15,342,945)	(15,339,024)
End of the year	<u>\$ (4,475)</u>	<u>\$ 131</u>	<u>\$ 40,678</u>	<u>\$ 36,334</u>	<u>\$ (16,014,698)</u>	<u>\$ (15,978,364)</u>

See notes to basic financial statements.

(This page intentionally left blank)

Note 1 – Summary of Significant Accounting Policies

The accounting policies of Anthem Municipal Utility District (the “District”) conform with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (“GASB”). The following is a summary of the most significant policies:

Creation

The District was organized, created and established pursuant to an order of the Texas Commission on Environmental Quality, dated July 25, 2016, and operates in accordance with the Texas Water Code, Chapters 49 and 54. The District added additional road powers pursuant to House Bill 4270, 85th (R) Session on May 24, 2017. The Board of Directors held its first meeting on August 16, 2016 and the first bonds were issued on June 9, 2022. The boundaries of the District were amended pursuant to Senate Bill 1167, 87th (R) Session on May 26, 2021.

The District is responsible for providing water, sewer and drainage facilities within the District. As further discussed in Note 9, the District transfers water and sewer facilities to the City of Kyle for operation and maintenance upon completion of construction. The District has contracted with various consultants to provide services to operate and administer the affairs of the District. The District has no employees, related payroll or pension costs.

Reporting Entity

The District is a political subdivision of the State of Texas governed by an elected five-member board. The GASB has established the criteria for determining the reporting entity for financial statement reporting purposes. To qualify as a primary government, a government must have a separately elected governing body, be legally separate, and be fiscally independent of other state and local governments, while a component unit is a legally separate government for which the elected officials of a primary government are financially accountable. Fiscal independence implies that the government has the authority to adopt a budget, levy taxes, set rates, and/or issue bonds without approval from other 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 statements as component units.

Government-Wide and Fund Financial Statements

Government-wide financial statements display information about the District as a whole. These statements focus on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Interfund activity, if any, has been removed from these statements. These aggregated statements consist of the *Statement of Net Position* and the *Statement of Activities*.

Note 1 – Summary of Significant Accounting Policies (continued)

Government-Wide and Fund Financial Statements (continued)

Fund financial statements display information at the individual fund level. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for a specific purpose. Each fund is considered to be a separate accounting entity. Most governments typically have many funds; however, governmental financial statements focus on the most important or “major” funds with non-major funds aggregated in a single column. The District has three governmental funds, which are all considered major funds.

The following is a description of the various funds used by the District:

- The General Fund is used to account for the operations of the District and all other financial transactions not reported in other funds. The principal source of revenue is property taxes. Expenditures include costs associated with the daily operations of the District.
- The Debt Service Fund is used to account for the payment of interest and principal on the District’s general long-term debt. The primary source of revenue for debt service is property taxes. Expenditures include costs incurred in assessing and collecting these taxes.
- The Capital Projects Fund is used to account for the expenditures of bond proceeds for the construction of the District’s water, sewer, drainage, and road facilities.

As a special-purpose government engaged in a single governmental program, the District has opted to combine its government-wide and fund financial statements in a columnar format showing an adjustments column for reconciling items between the two.

Measurement Focus and Basis of Accounting

The government-wide financial statements use the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year for which they are levied.

The fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized in the accounting period in which it becomes both available and measurable to finance expenditures of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Revenues susceptible to accrual include property taxes and interest earned on investments. Property taxes receivable at the end of the fiscal year are treated as deferred inflows because they are not considered available to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due.

Note 1 – Summary of Significant Accounting Policies (continued)

Measurement Focus and Basis of Accounting (continued)

Note 2 further details the adjustments from the governmental fund presentation to the government-wide presentation.

Use of Restricted Resources

When both restricted and unrestricted resources are available for use, the District uses restricted resources first, then unrestricted resources as they are needed.

Prepaid Items

Certain payments made by the District reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Receivables from and payables to external parties are reported separately and are not offset, unless a legal right of offset exists. At September 30, 2022, an allowance for uncollectible accounts was not considered necessary.

Interfund Activity

During the course of operations, transactions occur between individual funds. This can include internal transfers, payables and receivables. This activity is combined as internal balances and is eliminated in both the government-wide and fund financial statement presentation.

Capital Assets

Capital assets do not provide financial resources at the fund level, and, therefore, are reported only in the government-wide statements. The District defines capital assets as assets with an initial cost of \$50,000 or more and an estimated useful life in excess of one year. Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire the asset on the acquisition date. The District has not capitalized interest incurred during the construction of its capital assets. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Depreciable capital assets, which primarily consist of impact fees paid to the City of Kyle, which are amortized using the straight-line method over the remaining life of the contract with the City. The District's detention facilities and drainage channels are considered improvements to land and are non-depreciable.

Note 1 – Summary of Significant Accounting Policies (continued)

Deferred Inflows and Outflows of Financial Resources

A deferred inflow of financial resources is the acquisition of resources in one period that is applicable to a future period, while a deferred outflow of financial resources is the consumption of financial resources in one period that is applicable to a future period. A deferred inflow results from the acquisition of an asset without a corresponding revenue or assumption of a liability. A deferred outflow results from the use of an asset without a corresponding expenditure or reduction of a liability.

At the fund level, property taxes receivable not collected within 60 days of fiscal year end do not meet the availability criteria required for revenue recognition and are recorded as deferred inflows of financial resources.

Net Position – Governmental Activities

Governmental accounting standards establish the following three components of net position:

Net investment in capital assets – represents the District’s investments in capital assets, less any outstanding debt or other borrowings used to acquire those assets.

Restricted – consists of financial resources that are restricted for a specific purpose by enabling legislation or external parties.

Unrestricted – resources not included in the other components.

Fund Balances – Governmental Funds

Governmental accounting standards establish the following fund balance classifications:

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’s nonspendable fund balance consists of prepaid items.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. The District’s restricted fund balances consist of unspent bond proceeds in the Capital Projects Fund and property taxes levied for debt service in the Debt Service Fund.

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Balances – Governmental Funds (continued)

Committed – amounts that can be used only for specific purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. 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 – deficit balance in the General Fund.

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses/expenditures during the period reported. These estimates include, among others, the collectability of receivables; the useful lives and impairment of capital assets; the value of amounts due to developer; the value of capital assets transferred to the City of Kyle and the value of capital assets for which the developer has not been fully reimbursed. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

Anthem Municipal Utility District
Notes to Financial Statements
September 30, 2022

Note 2 – Adjustment from Governmental to Government-wide Basis

Reconciliation of the *Governmental Funds Balance Sheet* to the *Statement of Net Position*

Total fund balance, governmental funds	\$ 36,334
--	-----------

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.

Historical cost	\$ 1,517,558	
Less accumulated depreciation	<u>(47,208)</u>	
Change due to capital assets		1,470,350

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. The difference consists of:

Bonds payable	(2,770,000)	
Interest payable on bonds	<u>(9,732)</u>	
Change due to long-term debt		(2,779,732)

Amounts due to the District's developer for prefunded construction, operating advances and professional fees are recorded as a liability in the *Statement of Net Position*.

(14,705,316)

Total net position - governmental activities	<u><u>\$ (15,978,364)</u></u>
--	-------------------------------

Anthem Municipal Utility District
Notes to Financial Statements
September 30, 2022

Note 2 – Adjustment from Governmental to Government-wide Basis (continued)

Reconciliation of the *Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances* to the *Statement of Activities*

Net change in fund balances - total governmental funds	\$ 32,413
--	-----------

Governmental funds do not report revenues that are not available to pay current obligations. In contrast, such revenues are reported in the *Statement of Activities* when earned. The difference is for property taxes.

(18,001)

Governmental funds report capital outlays for developer reimbursements as expenditures in the funds; however, in the *Statement of Activities*, impact fees paid to the City of Kyle are capitalized and charged to expense over the remaining life of the contract.

Capital outlays	\$ 2,210,388	
Amortization expense	<u>(23,604)</u>	
		2,186,784

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal uses current financial resources. However, neither transaction has any effect on net assets. Other elements of debt financing are reported differently between the fund and government wide statements.

Issuance of long term debt	(2,770,000)	
Interest expense accrual	<u>(9,732)</u>	
		(2,779,732)

Amounts received from the District's developer for operating advances provide financial resources at the fund level, but are recorded as a liability in the *Statement of Net Position*.

(2,500)

Amounts paid to the district's consultants for professional fees do not use resources at the fund level but are recorded as a liability on the *Statement of Net Position*.

(58,304)

Change in net position of governmental activities	<u><u>\$ (639,340)</u></u>
---	----------------------------

Note 3 – Deposits and Investments

Deposit Custodial Credit Risk

Custodial credit risk as it applies to deposits (i.e. cash) is the risk that, in the event of the failure of the depository institution, a government will not be able to recover its deposits or will not be able to recover collateral securities. The *Public Funds Collateral Act* (Chapter 2257, Texas Government Code) requires that all of the District's deposits with financial institutions be covered by federal depository insurance and, if necessary, pledged collateral held by a third-party custodian. The act further specifies the types of securities that can be used as collateral. The District's written investment policy establishes additional requirements for collateralization of deposits.

Investments

The District is authorized by the *Public Funds Investment Act* (Chapter 2256, Texas Government Code) to invest in the following: (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including Federal Home Loan Banks, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) certain collateralized mortgage obligations, (4) other obligations, which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies or instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States, (5) certain A rated or higher obligations of states and political subdivisions of any state, (6) bonds issued, assumed or guaranteed by the State of Israel, (7) certain insured or collateralized certificates of deposit and share certificates, (8) certain fully collateralized repurchase agreements, (9) bankers' acceptances with limitations, (10) commercial paper rated A-1 or P-1 or higher and a maturity of 270 days or less, (11) no-load money market mutual funds and no-load mutual funds, with limitations, (12) certain guaranteed investment contracts, (13) certain qualified governmental investment pools and (14) a qualified securities lending program.

The District has adopted a written investment policy to establish the principles by which the District's investment program should be managed. This policy further restricts the types of investments in which the District may invest.

As of September 30, 2022, the District's investments consist of the following:

Type	Fund	Carrying Value	Percentage of Total	Rating	Weighted Average Maturity
TexPool	Debt Service	\$ 131	100%	AAAm	25 days
	Capital Projects	40,128			
		<u>\$ 40,259</u>			

Anthem Municipal Utility District
Notes to Financial Statements
September 30, 2022

Note 3 – Deposits and Investments (continued)

TexPool

The District participates in TexPool, the Texas Local Government Investment Pool. The State Comptroller of Public Accounts exercises oversight responsibility of TexPool, which includes (1) the ability to significantly influence operations, (2) designation of management and (3) accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure.

As permitted by GAAP, TexPool uses amortized cost (which excludes unrealized gains and losses) rather than market value to compute share price and seeks to maintain a constant dollar value per share. Accordingly, the fair value of the District's position in TexPool is the same as the value of TexPool shares. Investments in TexPool may be withdrawn on a same day basis, as long as the transaction is executed by 3:30 p.m.

Investment Credit and Interest Rate Risk

Investment credit risk is the risk that the investor may not recover the value of an investment from the issuer, while interest rate risk is the risk that the value of an investment will be adversely affected by changes in interest rates. The District's investment policies do not address investment credit and interest rate risk beyond the rating and maturity restrictions established by state statutes.

Note 4 – Interfund Balances and Transactions

Amounts due to/from other funds at September 30, 2022, consist of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amounts</u>	<u>Purpose</u>
Capital Projects Fund	General Fund	\$ 550	Refund of debt issuance costs deposited in the General Fund

Amounts reported as internal balances between funds are considered temporary balances and will be paid during the following fiscal year.

Anthem Municipal Utility District
Notes to Financial Statements
September 30, 2022

Note 5 – Capital Assets

A summary of changes in capital assets, for the year ended September 30, 2022, is as follows:

	Beginning Balances	Additions	Ending Balances
Capital assets not being depreciated			
Land and improvements	\$ 573,400	\$ -	\$ 573,400
Capital assets being amortized			
Impact fees	944,158		944,158
Less accumulated amortization	(23,604)	(23,604)	(47,208)
Subtotal depreciable capital assets, net	920,554	(23,604)	896,950
Capital assets, net	\$ 1,493,954	\$ (23,604)	\$ 1,470,350

Amortization expense for the current year was \$23,604.

Note 6 – Due to Developers

The District has entered into financing agreements with its developer for the financing of the construction of water, sewer, and drainage facilities and road improvements. Under the agreements, the developers will advance funds for the construction of facilities to serve the District. The developers will be reimbursed from proceeds of future bond issues or other lawfully available funds, subject to approval by TCEQ, as applicable. The District does not record the capital asset and related liability on the government-wide statements until construction of the facilities is complete. The initial cost is estimated based on construction costs plus 10-15% for engineering and other fees. Estimates are trued up when the developer is reimbursed.

The District's developer has also advanced funds to the District for operating expenses and has made direct payments to the District's consultants for legal and engineering fees.

Changes in the estimated amounts due to developers during the year are as follows:

Due to developer, beginning of year	\$ 16,854,900
Developer reimbursements	(2,210,388)
Developer funded professional fees	58,304
Operating advances from developer	2,500
Due to developer, end of year	<u>\$ 14,705,316</u>

Anthem Municipal Utility District
Notes to Financial Statements
September 30, 2022

Note 6 – Due to Developers (continued)

In addition, the District will owe the developers approximately \$18,127,918, which is included in the following schedule of contractual commitments. The exact amount is not known until approved by the TCEQ and verified by the District's auditor. As previously noted, these projects will be reported in the government-wide financial statements upon completion of construction.

	Contract Amount	Percent Complete
Anthem Phase 1C-2 Subvision	\$ 1,449,870	70%
Anthem Phase 1C-3 Subvision	4,262,496	89%
Anthem Phase 2 and 3 Subvision	8,572,606	89%
Anthem Phase 4 Subvision	3,842,946	81%
	<u>\$ 18,127,918</u>	

Note 7 – Long-Term Debt

Long-term debt is comprised of the following:

Bonds payable	<u>\$ 2,770,000</u>
Due within one year	<u>\$ -</u>

The District's bonds payable at September 30, 2022, consists of unlimited tax bonds as follows:

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/ Ending	Interest Payment Dates	Call Dates
2022 Road	\$ 2,770,000	\$ 2,770,000	3.00% - 4.75%	September 1, 2024/2047	March 1, September 1	September 1, 2031

Payments of principal and interest on all series of bonds are to be provided from taxes levied on all properties within the District. Investment income realized by the Debt Service Fund from investment of idle funds will be used to pay outstanding bond principal and interest. The District is in compliance with the terms of its bond resolutions.

At September 30, 2022, the District had authorized but unissued bonds in the amount of \$165,000,000 for water, sewer and drainage facilities and \$214,500,000 for the refunding of such bonds; and \$114,230,000 for road improvements and \$152,100,000 for the refunding of such bonds.

Anthem Municipal Utility District
Notes to Financial Statements
September 30, 2022

Note 7 – Long-Term Debt (continued)

On June 9, 2022, the District issued its \$2,770,000 Series 2022 Unlimited Tax Road Bonds at a net effective interest rate of 4.731241%. Proceeds of the bonds were used to (1) reimburse developers for the cost of roads constructed within the District plus interest expense at the net effective interest rate of the bonds; (2) the acquisition of land for certain District facilities and (3) to pay capitalized interest into the Debt Service Fund.

The change in the District's long-term debt during the year is as follows:

Bonds payable, beginning of year	\$ -
Bonds issued	2,770,000
Bonds payable, end of year	<u><u>\$ 2,770,000</u></u>

As of September 30, 2022, annual debt service requirements on bonds outstanding are as follows:

Year	Principal	Interest	Totals
2023	\$ -	\$ 120,816	\$ 120,816
2024	65,000	120,816	185,816
2025	65,000	118,866	183,866
2026	70,000	116,819	186,819
2027	75,000	114,456	189,456
2028	75,000	111,738	186,738
2029	80,000	108,924	188,924
2030	85,000	105,825	190,825
2031	90,000	102,424	192,424
2032	90,000	98,825	188,825
2033	95,000	95,113	190,113
2034	100,000	91,194	191,194
2035	105,000	86,944	191,944
2036	110,000	82,481	192,481
2037	115,000	77,669	192,669
2038	125,000	72,637	197,637
2039	130,000	67,013	197,013
2040	135,000	61,163	196,163
2041	145,000	54,919	199,919
2042	150,000	48,213	198,213
2043	155,000	41,088	196,088
2044	165,000	33,725	198,725
2045	175,000	25,888	200,888
2046	180,000	17,574	197,574
2047	190,000	9,025	199,025
	<u><u>\$ 2,770,000</u></u>	<u><u>\$ 1,984,155</u></u>	<u><u>\$ 4,754,155</u></u>

Note 8 – Property Taxes

On November 8, 2016, the voters of the District authorized the District's Board of Directors to levy taxes annually for use in financing general operations limited to \$1.00 per \$100 of assessed value. The District's bond resolutions require that property taxes be levied for use in paying interest and principal on long-term debt and for use in paying the cost of assessing and collecting taxes. Taxes levied to finance debt service requirements on long-term debt are without limitation as to rate or amount.

All property values and exempt status, if any, are determined by the Hays Central 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 are levied around October/November, are due upon receipt and are delinquent the following February 1. Penalty and interest attach thereafter.

Property taxes are collected based on rates adopted in the year of the levy. The District's 2022 fiscal year was financed through the 2021 tax levy, pursuant to which the District levied property taxes of \$1.00 per \$100 of assessed value, all of which was allocated to maintenance and operations. The resulting tax levy was \$23,078 on the adjusted taxable value of \$2,307,790.

Note 9 – Utility Agreement with the City of Kyle

On November 16, 2016, the District entered into a utility agreement with the City of Kyle (the "City") for construction and extension of water distribution lines and sanitary sewer collection systems to serve the District. As the system is acquired or constructed, the District shall transfer the system to the City but will reserve a security interest in the system. The agreement entitles the District up to 1,987 living unit equivalents of water and wastewater treatment capacity. The term of the agreement is 45 years.

Water and sewer rates charged by the City to users in the District, shall be the same rates charged to similar users within the City. All revenue derived from these charges belongs to the City.

Note 10 – 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 personal injuries. The risk of loss is covered by commercial insurance. There have been no significant reductions in insurance coverage from the prior year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Note 11 – Economic Dependency

The District is dependent upon its developers for operating advances. The developers continue to own a substantial portion of the taxable property within the District. The developers' willingness to make future operating advances and to pay property taxes will directly affect the District's ability to meet its future obligations.

(This page intentionally left blank)

Required Supplementary Information

Anthem Municipal Utility District
Required Supplementary Information - Budgetary Comparison Schedule - General Fund
For the Year Ended September 30, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Property taxes	\$ 22,617	\$ 22,617	\$ 41,079	\$ 18,462
Expenditures				
Current service operations				
Professional fees	29,400	29,400		29,400
Contracted services	9,500	21,500	19,354	2,146
Repairs and maintenance			18,233	(18,233)
Administrative	14,780	14,780	13,726	1,054
Other	600	600	662	(62)
Total Expenditures	54,280	66,280	51,975	14,305
Revenues Under Expenditures	(31,663)	(43,663)	(10,896)	32,767
Other Financing Sources				
Developer advances	31,663	43,663	2,500	(41,163)
Net Change in Fund Balance			(8,396)	(8,396)
Fund Balance				
Beginning of the year	3,921	3,921	3,921	
End of the year	\$ 3,921	\$ 3,921	\$ (4,475)	\$ (8,396)

Anthem Municipal Utility District
Notes to Required Supplementary Information
September 30, 2022

Budgets and Budgetary Accounting

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 budget was amended during the year to reflect changes in anticipated expenditures and developer advances.

(This page intentionally left blank)

Texas Supplementary Information

Anthem Municipal Utility District
TSI-1. Services and Rates
September 30, 2022

1. Services provided by the District During the Fiscal Year:

- | | | | |
|--|---|--|-------------------------------------|
| <input type="checkbox"/> Retail Water | <input type="checkbox"/> Wholesale Water | <input type="checkbox"/> Solid Waste/Garbage | <input type="checkbox"/> Drainage |
| <input type="checkbox"/> Retail Wastewater | <input type="checkbox"/> Wholesale Wastewater | <input type="checkbox"/> Flood Control | <input type="checkbox"/> Irrigation |
| <input type="checkbox"/> Parks/Recreation | <input type="checkbox"/> Fire Protection | <input checked="" type="checkbox"/> Roads | <input type="checkbox"/> Security |
| <input type="checkbox"/> Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect) | | | |
| <input checked="" type="checkbox"/> Other (Specify): <u>Water and wastewater accepted by City of Kyle for operation and maintenance.</u> | | | |

2. Retail Service Providers

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

	Minimum Charge	Minimum Usage	Flat Rate (Y / N)	Rate per 1,000 Gallons Over Minimum Usage	Usage Levels
Water:					to
Wastewater:					to
Surcharge:					to
District employs winter averaging for wastewater usage?				<input type="checkbox"/> Yes <input type="checkbox"/> No	
Total charges per 10,000 gallons usage:				Water	Wastewater

b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC'S
Unmetered			x 1.0	
less than 3/4"			x 1.0	
1"			x 2.5	
1.5"			x 5.0	
2"			x 8.0	
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water				
Total Wastewater			x 1.0	

See accompanying auditor's report.

Anthem Municipal Utility District
TSI-1. Services and Rates
September 30, 2022

3. Total Water Consumption during the fiscal year (rounded to the nearest thousand):

Gallons pumped into system:	<u>N/A</u>	Water Accountability Ratio:
Gallons billed to customers:	<u>N/A</u>	(Gallons billed / Gallons pumped)
		<u>N/A</u>

4. Standby Fees (authorized only under TWC Section 49.231):

Does the District have Debt Service standby fees? Yes ☐ No ☒

If yes, Date of the most recent commission Order: _____

Does the District have Operation and Maintenance standby fees? Yes ☐ No ☒

If yes, Date of the most recent commission Order: _____

5. Location of District:

Is the District located entirely within one county? Yes ☒ No ☐

County(ies) in which the District is located: _____

Is the District located within a city? Entirely ☐ Partly ☐ Not at all ☒

City(ies) in which the District is located: _____

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

Entirely ☒ Partly ☐ Not at all ☐

ETJs in which the District is located: _____ City of Kyle

Are Board members appointed by an office outside the district? Yes ☐ No ☒

If Yes, by whom? _____

See accompanying auditors' report.

Anthem Municipal Utility District
TSI-2. General Fund Expenditures
For the Year Ended September 30, 2022

Contracted services	
Bookkeeping	\$ 10,900
Operator	8,000
Tax collector	454
	<u>19,354</u>
Repairs and maintenance	<u>18,233</u>
Administrative	
Directors fees	8,973
Insurance	4,145
Other	608
	<u>13,726</u>
Other	<u>662</u>
Total expenditures	<u><u>\$ 51,975</u></u>

See accompanying auditors' report.

Anthem Municipal Utility District
TSI-3. Investments
September 30, 2022

<u>Fund</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>
Debt Service			
TexPool	Variable	N/A	<u>\$ 131</u>
Capital Projects			
TexPool	Variable	N/A	<u> 40,128</u>
Total - All Funds			<u><u>\$ 40,259</u></u>

See accompanying auditors' report.

***Anthem Municipal Utility District
TSI-4. Taxes Levied and Receivable
September 30, 2022***

	Maintenance Taxes
Taxes Receivable, Beginning of Year	\$ 18,001
Adjustments to Prior Year Tax Levy	(1)
Adjusted Receivable	18,000
2021 Original Tax Levy	23,079
Adjustments	(1)
Adjusted Tax Levy	23,078
Total to be accounted for	41,078
Tax collections:	
Current year	23,078
Prior years	18,000
Total Collections	41,078
Taxes Receivable, End of Year	\$ -

	2021	2020
Property Valuations:		
Land	\$ 11,380,520	\$ 9,372,200
Improvements		516,300
Exemptions	(9,072,730)	(9,249,690)
Total Property Valuations	\$ 2,307,790	\$ 638,810
Tax Rates per \$100 Valuation:		
Maintenance tax rates	\$ 1.00	\$ 1.00
Adjusted Tax Levy:	\$ 23,078	\$ 6,388
Percentage of Taxes Collected to Taxes Levied **	100.00%	100.00%

* Maximum Maintenance Tax Rate Approved by Voters: \$1.00 on November 8, 2016

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

See accompanying auditors' report.

Anthem Municipal Utility District
TSI-5. Long-Term Debt Service Requirements
Series 2022 Road--by Years
September 30, 2022

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2023	\$ -	\$ 120,816	\$ 120,816
2024	65,000	120,816	185,816
2025	65,000	118,866	183,866
2026	70,000	116,819	186,819
2027	75,000	114,456	189,456
2028	75,000	111,738	186,738
2029	80,000	108,924	188,924
2030	85,000	105,825	190,825
2031	90,000	102,424	192,424
2032	90,000	98,825	188,825
2033	95,000	95,113	190,113
2034	100,000	91,194	191,194
2035	105,000	86,944	191,944
2036	110,000	82,481	192,481
2037	115,000	77,669	192,669
2038	125,000	72,637	197,637
2039	130,000	67,013	197,013
2040	135,000	61,163	196,163
2041	145,000	54,919	199,919
2042	150,000	48,213	198,213
2043	155,000	41,088	196,088
2044	165,000	33,725	198,725
2045	175,000	25,888	200,888
2046	180,000	17,574	197,574
2047	190,000	9,025	199,025
	<u>\$ 2,770,000</u>	<u>\$ 1,984,155</u>	<u>\$ 4,754,155</u>

See accompanying auditors' report.

Anthem Municipal Utility District
TSI-6. Change in Long-Term Bonded Debt
September 30, 2022

	<u>Bond Issue</u> <u>Series 2022 Road</u>
Interest rate	3.00% - 4.75%
Dates interest payable	3/1; 9/1
Maturity dates	9/1/24 - 9/1/47
Beginning bonds outstanding	\$ -
Bonds issued	<u>2,770,000</u>
Ending bonds outstanding	<u>\$ 2,770,000</u>
Interest paid during fiscal year	<u>\$ 35,574</u>

Paying agent's name and city
Series 2022 Road

BOKF, N.A., Dallas, TX

	Water, Sewer and Drainage Bonds	Road Bonds	Road Refunding Bonds	Water, Sewer and Drainage Refunding Bonds
Bond Authority:				
Amount Authorized by Voters	\$ 165,000,000	\$ 117,000,000	\$ 152,100,000	\$ 214,500,000
Amount Issued		(2,770,000)		
Remaining To Be Issued	<u>\$ 165,000,000</u>	<u>\$ 114,230,000</u>	<u>\$ 152,100,000</u>	<u>\$ 214,500,000</u>

All bonds are secured with tax revenues. Bonds may also be secured with other revenues in combination with taxes.

Debt Service Fund cash and investment balance as of September 30, 2022: \$ 131

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 190,166

See accompanying auditors' report.

(This page intentionally left blank)

Anthem Municipal Utility District

*TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund
For the Last Five Fiscal Years*

	Amounts				
	2022	2021**	2020**	2019**	2018**
Revenues					
Property taxes	\$ 41,079	\$ 6,388	\$ -	\$ -	\$ -
Expenditures					
Operating and administrative					
Contracted services	19,354	6,893	4,170		
Repairs and maintenance	18,233				
Administrative	13,726	8,517	12,293	714	1,966
Other	662	1,154	1,221	157	117
Total Expenditures	51,975	16,564	17,684	871	2,083
Revenues Under Expenditures	\$ (10,896)	\$ (10,176)	\$ (17,684)	\$ (871)	\$ (2,083)

*Percentage is negligible

** Unaudited

See accompanying auditors' report.

Percent of Fund Total Revenues				
2022	2021**	2020**	2019**	2018**
100%	100%			
47%	108%	N/A		
44%				
33%	133%	N/A	N/A	N/A
2%	18%	N/A	N/A	N/A
126%	259%	N/A	N/A	N/A
(26%)	(159%)	N/A	N/A	N/A

Anthem Municipal Utility District

*TSI-7b. Comparative Schedule of Revenues and Expenditures - Debt Service Fund
For the Last Five Fiscal Years*

	Amounts	Percent of Fund Total Revenues
	2022	2022
Revenues		
Investment earnings	\$ 131	100%
Expenditures		
Debt service		
Interest and fees	27,519	21007%
Total Expenditures	27,519	21007%
Revenues Under Expenditures	\$ (27,388)	(20,907%)

*Percentage is negligible

See accompanying auditors' report.

***Anthem Municipal Utility District
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended September 30, 2022***

Complete District Mailing Address: 401 Congress Avenue, Suite 2100, Austin, Texas 78701
District Business Telephone Number: (512) 370-2923
Submission Date of the most recent District Registration Form
(TWC Sections 36.054 and 49.054): June 13, 2022
Limit on Fees of Office that a Director may receive during a fiscal year: \$ 7,200
(Set by Board Resolution -- TWC Section 49.060)

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimburse- ments	Title at Year End
Board Members				
Brandon Brydson	5/22 to 5/26	\$ 1,950	\$ -	President
Matt Jacobs	5/22 to 5/26	1,650	32	Vice President
Andrew Schreck	8/22 to 5/24	300		Secretary
Tammy Weber	5/20 to 5/24	1,950	688	Treasurer/ Assistant Secretary
Eric B. Storm	5/22 to 5/26	1,800	193	Assistant Secretary
Cole Scott	5/20 to 8/22	300	12	Former Director
Consultants				
		Amounts Paid		
Andy Barrett & Associates, PLLC	2016	\$ 41,500		Attorney
Winstead PC	2016	45,320		Attorney
Capital Area Utility Management	2022	11,519		Operator
Bott & Douhitt, PLLC	2020	10,878		Bookkeeper
Hays County Tax Assessor-Collector	2020	1		Tax Collector
Hays County Central Appraisal District	Legislation	153		Property Valuation
Atwell, LLC	2019			Engineer
McGrath & Co., PLLC	2022	8,500		Auditor
GMS Group	2022			Financial Advisor
Hilltop Securities		78,302		Former Financial Advisor

* *Fees of Office* are the amounts actually paid to a director during the District's fiscal year.
See accompanying auditors' report.