

**ROCKWALL COUNTY MUNICIPAL
UTILITY DISTRICT NO. 7**

ROCKWALL COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

AUGUST 31, 2024

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Rockwall County Municipal Utility District No. 7
Rockwall County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Rockwall County Municipal Utility District No. 7 (the "District") as of and for the year ended August 31, 2024, 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 the District as of August 31, 2024, 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.

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.

Change in Accounting Principle

As described in Note 6 to the financial statements, the District's government-wide financial statements as of and for the year ended August 31, 2023 have been restated for certain accounting changes. Our opinions are not modified with respect to these matters.

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 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 is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information 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.

Board of Directors
Rockwall County Municipal Utility
District No. 7

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 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 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

December 17, 2024

**ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 7
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2024**

Management’s discussion and analysis of Rockwall County Municipal Utility District No. 7’s (the “District”) financial performance provides an overview of the District’s financial activities for the fiscal year ended August 31, 2024. 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 Funds 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 similar to 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.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 7
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2024

FUND FINANCIAL STATEMENTS (Continued)

Governmental funds are reported in each of the financial statements. The focus in the fund 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 Funds 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") and other supplementary information. 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 by \$2,235,467 as of August 31, 2024.

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

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 7
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2024

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	<u>Summary of Changes in the Statement of Net Position</u>		
	2024	2023	Change Positive (Negative)
Current Assets	\$ 1,135,755	\$ 803,746	\$ 332,009
Capital Assets (Net of Accumulated Depreciation)	<u>8,212,133</u>	<u>8,813,685</u>	<u>(601,552)</u>
Total Assets	<u>\$ 9,347,888</u>	<u>\$ 9,617,431</u>	<u>\$ (269,543)</u>
Due to Developers	\$ 2,533,622	\$ 4,799,797	\$ 2,266,175
Bonds Payable	8,923,908	6,412,492	(2,511,416)
Other Liabilities	<u>125,825</u>	<u>103,951</u>	<u>(21,874)</u>
Total Liabilities	<u>\$ 11,583,355</u>	<u>\$ 11,316,240</u>	<u>\$ (267,115)</u>
Net Position:			
Net Investment in Capital Assets	\$ (2,874,964)	\$ (2,128,648)	\$ (746,316)
Restricted	508,448	417,798	90,650
Unrestricted	<u>131,049</u>	<u>12,041</u>	<u>119,008</u>
Total Net Position	<u>\$ (2,235,467)</u>	<u>\$ (1,698,809)</u>	<u>\$ (536,658)</u>

The following table provides a summary of the District's operations for the year ended August 31, 2024 and August 31, 2023. The District's net position decreased by \$536,658.

	<u>Summary of Changes in the Statement of Activities</u>		
	2024	2023	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 591,602	\$ 484,700	\$ 106,902
Other Revenues	<u>51,310</u>	<u>43,743</u>	<u>7,567</u>
Total Revenues	<u>\$ 642,912</u>	<u>\$ 528,443</u>	<u>\$ 114,469</u>
Expenses for Services	<u>1,179,570</u>	<u>1,134,400</u>	<u>(45,170)</u>
Change in Net Position	\$ (536,658)	\$ (605,957)	\$ 69,299
Net Position, Beginning of Year	<u>(1,698,809)</u>	<u>(1,092,852)</u>	<u>(605,957)</u>
Net Position, End of Year	<u>\$ (2,235,467)</u>	<u>\$ (1,698,809)</u>	<u>\$ (536,658)</u>

**ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 7
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2024**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of August 31, 2024, were \$1,121,640, an increase of \$333,571 from the prior year.

The General Fund fund balance increased by \$120,706, primarily due to property tax revenues exceeding operating costs.

The Debt Service Fund fund balance increased by \$112,388, primarily due to the structure of the District's outstanding debt and the receipt of capitalized interest from the sale of the District's Series 2024 utility bonds issued in the current fiscal year.

The Capital Projects Fund fund balance increased by \$100,477, primarily due to unspent bond proceeds.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors did not amend the budget during the current fiscal year. Actual revenues were \$22,703 more than budgeted revenues. Actual expenditures were \$752 more than budgeted. This resulted in a positive budget variance of \$21,951. See the budget to actual comparison on page 29 for further information.

CAPITAL ASSETS

Capital Assets as of August 31, 2024, total \$8,212,133 (net of accumulated depreciation) and include the water, wastewater and drainage systems and paving.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2024	2023	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 446,106	\$ 446,106	\$
Capital Assets, Net of Accumulated Depreciation:			
Water	1,191,497	1,335,546	(144,049)
Sanitary	1,157,244	1,317,266	(160,022)
Storm Drainage	1,887,481	2,097,367	(209,886)
Paving	3,529,805	3,617,400	(87,595)
Total Net Capital Assets	\$ 8,212,133	\$ 8,813,685	\$ (601,552)

**ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 7
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2024**

CAPITAL ASSETS (Continued)

Certain water and wastewater facilities are conveyed to other entities for the purpose of providing water service and wastewater service to District residents. The District is entitled to significant residual interest in the facilities conveyed and continues to record these facilities as District assets and records depreciation on these facilities in accordance with GASB Statement No. 94.

LONG-TERM DEBT ACTIVITY

As of August 31, 2024, the District had total debt payable of \$8,950,000. The changes of the debt position of the District during fiscal year ended August 31, 2024, are summarized as follows:

Bond Debt Payable, September 1, 2023	\$	6,450,000
Add: Bond Sale - Series 2024 Utility		2,635,000
Less: Bond Principal Paid		<u>135,000</u>
Bond Debt Payable, August 31, 2024	\$	<u>8,950,000</u>

The District’s Series 2019 Road Bonds, Series 2021 Road Bonds and Series 2023 Utility Bonds do not carry an underlying rating or insured rating. The Series 2024 Utility Bonds carry an underlying rating of “Baa3” and an insured rating of “AA/A1” based on bond insurance 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 Rockwall County Municipal Utility District No. 7 c/o Winstead PC, 2728 N. Harwood Street, Suite 500, Dallas, Texas 75201.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 7
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
AUGUST 31, 2024

	General Fund	Debt Service Fund
ASSETS		
Cash	\$ 3,710	\$ 845
Investments	304,589	336,550
Cash with Fiscal Agent		272,435
Receivables:		
Property Taxes	940	1,879
Due from Other Funds	7,500	11,268
Prepaid Costs	4,224	
Land		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	\$ 320,963	\$ 622,977
LIABILITIES		
Accounts Payable	\$ 11,296	\$
Accrued Interest Payable		
Due to Other Funds	11,268	
Due to Developer		
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	\$ 22,564	\$ -0-
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	\$ 940	\$ 1,879
FUND BALANCES		
Nonspendable: Prepaid Costs	\$ 4,224	\$
Restricted for Authorized Construction		
Restricted for Debt Service		621,098
Unassigned	293,235	
TOTAL FUND BALANCES	\$ 297,459	\$ 621,098
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 320,963	\$ 622,977
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$ 291	\$ 4,846	\$	\$ 4,846
210,292	851,431		851,431
	272,435		272,435
	2,819		2,819
	18,768	(18,768)	
	4,224		4,224
		446,106	446,106
		<u>7,766,027</u>	<u>7,766,027</u>
<u>\$ 210,583</u>	<u>\$ 1,154,523</u>	<u>\$ 8,193,365</u>	<u>\$ 9,347,888</u>
\$	\$ 11,296	\$	\$ 11,296
		114,529	114,529
7,500	18,768	(18,768)	
		2,533,622	2,533,622
		135,000	135,000
		<u>8,788,908</u>	<u>8,788,908</u>
<u>\$ 7,500</u>	<u>\$ 30,064</u>	<u>\$ 11,553,291</u>	<u>\$ 11,583,355</u>
<u>\$ -0-</u>	<u>\$ 2,819</u>	<u>\$ (2,819)</u>	<u>\$ - 0 -</u>
\$	\$ 4,224	\$ (4,224)	\$
203,083	203,083	(203,083)	
	621,098	(621,098)	
	<u>293,235</u>	<u>(293,235)</u>	
<u>\$ 203,083</u>	<u>\$ 1,121,640</u>	<u>\$ (1,121,640)</u>	<u>\$ - 0 -</u>
<u>\$ 210,583</u>	<u>\$ 1,154,523</u>		
		\$ (2,874,964)	\$ (2,874,964)
		508,448	508,448
		<u>131,049</u>	<u>131,049</u>
		<u>\$ (2,235,467)</u>	<u>\$ (2,235,467)</u>

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

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 7
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AUGUST 31, 2024

Total Fund Balances - Governmental Funds \$ 1,121,640

Amounts reported for governmental activities in the Statement of Net Position are different because:

Deferred inflows of resources related to property tax revenues for the 2023 tax levy became part of recognized revenue in the governmental activities of the District. 2,819

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. 8,212,133

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 Developer	\$ (2,533,622)	
Accrued Interest Payable	(114,529)	
Bonds Payable	<u>(8,923,908)</u>	<u>(11,572,059)</u>

Total Net Position - Governmental Activities \$ (2,235,467)

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

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ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 7
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED AUGUST 31, 2024

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	\$ 206,793	\$ 389,773
Penalty and Interest		3,555
Investment Revenues	13,716	23,197
Miscellaneous Revenues		3,731
	<u>\$ 220,509</u>	<u>\$ 420,256</u>
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 67,828	\$
Contracted Services	14,646	9,845
Other	17,329	698
Depreciation		
Developer Interest		
Capital Outlay		
Debt Service:		
Bond Principal		135,000
Bond Interest		220,219
Bond Issuance Costs		
	<u>\$ 99,803</u>	<u>\$ 365,762</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 120,706</u>	<u>\$ 54,494</u>
OTHER FINANCING SOURCES (USES)		
Long-Term Debt Issued	\$	\$ 57,894
Bond Discount		
Bond Premium		
	<u>\$ -0-</u>	<u>\$ 57,894</u>
NET CHANGE IN FUND BALANCES	\$ 120,706	\$ 112,388
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - SEPTEMBER 1, 2023, AS REPORTED	176,753	508,710
CHANGE DUE TO NEW ACCOUNTING GUIDANCE		
SEPTEMBER 1, 2023, AS RESTATED	<u>176,753</u>	<u>508,710</u>
FUND BALANCES/NET POSITION - AUGUST 31, 2024	<u>\$ 297,459</u>	<u>\$ 621,098</u>

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 596,566	\$ (4,964)	\$ 591,602
	3,555		3,555
7,111	44,024		44,024
	3,731		3,731
<u>\$ 7,111</u>	<u>\$ 647,876</u>	<u>\$ (4,964)</u>	<u>\$ 642,912</u>
\$	\$ 67,828	\$	\$ 67,828
	24,491		24,491
	18,027		18,027
		209,292	209,292
302,879	302,879		302,879
1,873,915	1,873,915	(1,873,915)	
	135,000	(135,000)	
	220,219	19,954	240,173
<u>316,880</u>	<u>316,880</u>		<u>316,880</u>
<u>\$ 2,493,674</u>	<u>\$ 2,959,239</u>	<u>\$ (1,779,669)</u>	<u>\$ 1,179,570</u>
<u>\$ (2,486,563)</u>	<u>\$ (2,311,363)</u>	<u>\$ 1,774,705</u>	<u>\$ (536,658)</u>
\$ 2,577,106	\$ 2,635,000	\$ (2,635,000)	\$
(40,418)	(40,418)	40,418	
<u>50,352</u>	<u>50,352</u>	<u>(50,352)</u>	
<u>\$ 2,587,040</u>	<u>\$ 2,644,934</u>	<u>\$ (2,644,934)</u>	<u>\$ -0-</u>
\$ 100,477	\$ 333,571	\$ (333,571)	\$
		(536,658)	(536,658)
102,606	788,069	(3,066,677)	(2,278,608)
		579,799	579,799
<u>102,606</u>	<u>788,069</u>	<u>(2,486,878)</u>	<u>(1,698,809)</u>
<u>\$ 203,083</u>	<u>\$ 1,121,640</u>	<u>\$ (3,357,107)</u>	<u>\$ (2,235,467)</u>

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

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 7
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2024

Net Change in Fund Balances - Governmental Funds \$ 333,571

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied. (4,964)

Governmental funds report bond premiums and discounts as other financing sources and uses in the year received or paid. However, in the Statement of Net Position, bond premiums and discounts are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities. (9,934)

Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities. 135,000

Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end. (19,954)

Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in the Statement of Net Position. (2,635,000)

Governmental funds do not account for depreciation. However in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities. (209,292)

Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, the amount paid to the Developer is recorded as a reduction to the amount previously recorded as due to developer. 1,873,915

Change in Net Position - Governmental Activities \$ (536,658)

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

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 7
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2024

NOTE 1. CREATION OF DISTRICT

Rockwall County Municipal Utility District No. 7 (the “District”) was created by Senate Bill 1855, passed by the 79th Legislature, Regular Session, of the State of Texas, operating pursuant to Article III, Section 52 and Article XVI, Section 59 of the Texas Constitution and by a confirmation election held within the District on November 7, 2006. The District operates under Chapters 49 and 54 of the Texas Water Code and other general laws of the State of Texas applicable to municipal utility districts. The District is vested with all the rights, privileges, authority and functions conferred by the laws of the State of Texas applicable to municipal utility districts, including without limitation those conferred by Chapters 49 and 54, Texas Water Code, as amended. The District is empowered to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply of water; the collection, transportation and treatment of wastewater; and the control and diversion of storm water, among other things. The District may also provide solid waste collection and disposal service and operate and maintain recreational facilities. Currently the District’s water and wastewater are provided by contract with the City of Fate, Texas (the “City”) as described under “Special District Agreements,” see Note 8. The District may operate and maintain a fire department, independently or with one or more other conservation and reclamation districts, if approved by the voters and the TCEQ. The District does not operate and/or maintain a fire department. The District is subject to the continuing supervision of the TCEQ and is located exclusively within the corporate limits of the City. The District held its organizational meeting on October 18, 2005, and sold its first series of bonds on December 18, 2019.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic 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.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 7
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

- 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.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 7
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements (Continued)

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 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 Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

Governmental Funds

The District has three governmental funds and considers each to be a major fund.

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 revenue 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 revenue 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.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 7
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

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 August 31, 2024, the General Fund owed the Debt Service Fund \$11,268 for debt service tax collections and the Capital Projects Fund owed the General Fund \$7,500 for bond issuance costs.

Capital Assets

Capital assets are reported in the government-wide Statement of Net Position and include land and improvements, utility systems and roads. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their acquisition value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset. Assets are capitalized, including infrastructure assets, if they have an original cost greater than \$5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation over periods ranging from 10 to 45 years.

Certain water and wastewater facilities are conveyed to other entities for the purpose of providing water service and wastewater service to District residents. The District is entitled to significant residual interest in the facilities conveyed and continues to record these facilities as District assets and records depreciation on these facilities in accordance with GASB Statement No. 94 (see Notes 6 and 8).

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.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 7
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 considered 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 and liabilities 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 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.

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 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.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 7
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

NOTE 3. LONG-TERM DEBT

	Road Series 2019	Road Series 2021	Utility Series 2023	Utility Series 2024
Amount Outstanding – August 31, 2024	\$ 2,355,000	\$ 1,675,000	\$ 2,285,000	\$ 2,635,000
Interest Rates	2.10% - 3.25%	1.80% - 3.00%	3.00% - 4.70%	4.00% - 6.50%
Maturity Dates – Serially Beginning/Ending	October 1, 2024/2044	October 1, 2024/2046	October 1, 2025/2048	October 1, 2025/2049
Interest Payment Dates	October 1/ April 1	October 1/ April 1	October 1/ April 1	October 1/ April 1
Callable Dates	October 1, 2024*	October 1, 2026*	February 1, 2029*	June 1, 2030*

* In whole or in part, or any date thereafter at par plus unpaid accrued interest. Series 2019 Road term bonds maturing October 1, 2033, October 1, 2035, October 1, 2037, October 1, 2040, and October 1, 2044 are subject to mandatory redemption beginning October 1, 2032, October 1, 2034, October 1, 2036, October 1, 2038 and October 1, 2041, respectively. Series 2021 Road term bonds maturing October 1, 2039 and October 1, 2046 are subject to mandatory redemption beginning October 1, 2038 and October 1, 2040, respectively. Series 2023 Utility term bonds maturing October 1, 2034, October 1, 2036, October 1, 2038, October 1, 2041 and October 1, 2048 are subject to mandatory redemption beginning October 1, 2033, October 1, 2035, October 1, 2037, October 1, 2039 and October 1, 2042, respectively. Series 2024 Utility term bonds maturing October 1, 2031, October 1, 2033, October 1, 2035, October 1, 2039, October 1, 2041, October 1, 2043, October 1, 2045, October 1, 2047 and October 1, 2049 are subject to mandatory redemption beginning October 1, 2030, October 1, 2032, October 1, 2034, October 1, 2036, October 1, 2040, October 1, 2042, October 1, 2044, October 1, 2046 and October 1, 2048, respectively.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 7
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2024

NOTE 3. LONG-TERM DEBT (Continued)

The following is a summary of transactions regarding bonds payable for the year ended August 31, 2024:

	September 1, 2023	Additions	Retirements	August 31, 2024
Bonds Payable	\$ 6,450,000	\$ 2,635,000	\$ 135,000	\$ 8,950,000
Unamortized Discounts	(40,371)	(40,418)	(2,003)	(78,786)
Unamortized Premiums	2,863	50,352	521	52,694
Bonds Payable, Net	\$ 6,412,492	\$ 2,644,934	\$ 133,518	\$ 8,923,908
		Amount Due Within One Year		\$ 135,000
		Amount Due After One Year		8,788,908
		Bonds Payable, Net		\$ 8,923,908

As of August 31, 2024, the District had authorized but unissued bonds in the amount of \$4,880,000 for water, sanitary sewer and drainage bonds, \$21,010,000 for refunding bonds and \$4,990,000 for road bonds.

As of August 31, 2024, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2025	\$ 135,000	\$ 298,944	\$ 433,944
2026	255,000	318,823	573,823
2027	265,000	310,145	575,145
2028	270,000	301,031	571,031
2029	280,000	291,439	571,439
2030-2034	1,565,000	1,303,111	2,868,111
2035-2039	1,885,000	1,009,675	2,894,675
2040-2044	2,255,000	634,025	2,889,025
2045-2049	1,875,000	213,390	2,088,390
2050	165,000	3,405	168,405
	\$ 8,950,000	\$ 4,683,988	\$ 13,633,988

During the current year, the District levied an ad valorem debt service tax rate of \$0.49 per \$100 of assessed valuation, which resulted in a tax levy of \$386,810 on the adjusted taxable valuation of \$78,940,806 for the 2023 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 collection 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 are levied around October/November, are due upon receipt and are delinquent the following February 1. Penalty and interest attach thereafter.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 7
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2024

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS

The bond orders state 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 certain information repositories. 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.

For the bonds sold, 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 be rebated to the federal government, within the meaning of Section 148(f) of the Internal Revenue Code.

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 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 \$4,846 and the bank balance was \$18,964. The bank balance was covered by federal depository insurance.

	Cash
GENERAL FUND	\$ 3,710
DEBT SERVICE FUND	845
CAPITAL PROJECTS FUND	291
TOTAL DEPOSITS	\$ 4,846

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 7
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2024

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

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.

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 all of its portfolio assets at amortized cost for financial reporting purposes and, therefore, the District measures its investments in LOGIC at amortized cost. There are no limitations or restrictions on withdrawals from LOGIC.

As of August 31, 2024, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
LOGIC	\$ 304,589	\$ 304,589
<u>DEBT SERVICE FUND</u>		
LOGIC	336,550	336,550
<u>CAPITAL PROJECTS FUND</u>		
LOGIC	210,292	210,292
TOTAL INVESTMENTS	\$ 851,431	\$ 851,431

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 7
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2024

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. As of August 31, 2024, the District's investment in LOGIC was rated AAAM by Standard and Poor's.

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.

Restrictions

All cash and investments of the Debt Service Fund are restricted for the payment of debt service and 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 August 31, 2024:

	September 1, 2023*	Increases	Decreases	August 31, 2024
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 446,106	\$	\$	\$ 446,106
Capital Assets Subject to Depreciation				
Water System	\$ 1,455,976	\$	\$ 109,430	\$ 1,346,546
Sanitary	1,426,614		128,673	1,297,941
Storm Drainage	2,309,627		154,157	2,155,470
Paving	3,930,989			3,930,989
Total Capital Assets Subject to Depreciation	\$ 9,123,206	\$ - 0 -	\$ 392,260	\$ 8,730,946
Less Accumulated Depreciation				
Water System	\$ 120,430	\$ 34,619	\$	\$ 155,049
Sanitary	109,348	31,349		140,697
Storm Drainage	212,260	55,729		267,989
Paving	313,589	87,595		401,184
Total Accumulated Depreciation	\$ 755,627	\$ 209,292	\$ - 0 -	\$ 964,919
Total Depreciable Capital Assets, Net of Accumulated Depreciation	\$ 8,367,579	\$ (209,292)	\$ 392,260	\$ 7,766,027
Total Capital Assets, Net of Accumulated Depreciation	\$ 8,813,685	\$ (209,292)	\$ 392,260	\$ 8,212,133

* As Restated

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 7
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2024

NOTE 6. CAPITAL ASSETS (Continued)

Certain water and wastewater facilities are conveyed to other entities for the purpose of providing water service and wastewater service to District residents. The District is entitled to significant residual interest in the facilities conveyed and continues to record these facilities as District assets and records depreciation on these facilities in accordance with GASB Statement No. 94. The reclassification of these assets from intangible to capital resulted in an adjustment to prior year accumulated depreciation of \$579,799.

NOTE 7. MAINTENANCE TAX

On November 7, 2006, the voters of the District approved the levy and collection of a maintenance tax in an unlimited amount per \$100 of assessed valuation of taxable property within the District. This maintenance tax is to be used by the General Fund to pay expenditures of operating the District's waterworks and wastewater systems. During the current fiscal year, the District levied an ad valorem maintenance tax at the rate of \$0.26 per \$100 of assessed valuation, which resulted in a tax levy of \$205,246 on the adjusted taxable valuation of \$78,940,806 for the 2023 tax year.

NOTE 8. SPECIAL DISTRICT AGREEMENT

Rockwall County Consolidated Municipal Utility District No. 1 (District No. 1), Rockwall County Consolidated Municipal Utility District No. 2 (District No. 2), the City of Fate, Texas (the "City") and PRA/Fate Development Corp., the Developer within the District, have entered into the Special District Agreement dated December 1, 2003. Pursuant to the terms of the agreement, the City agrees to provide retail water capacity to 1,300 residential units and sewer capacity to 700 residential units within the districts. The City agrees to own, operate and maintain the facilities and charge user fees equal to those charged others within its boundaries. Under the agreement, the Developer agrees to finance and construct on behalf of the districts the internal water, sewer and drainage facilities.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 7
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2024

NOTE 8. SPECIAL DISTRICT AGREEMENT (Continued)

On May 17, 2006, the District, District No. 1, Rockwall County Municipal Utility District’s No. 6, 8 and 9 (District’s No. 6, 8 and 9), the City, and PRA/Fate Development Corp. entered into the Special District Agreement No. 2. This agreement noted that District No. 2 has become dormant and that the District and District’s No. 6, 8 and 9 have been created over land comprising of District No. 2 and are now party to the original agreement in the place of District No. 2. It was also noted that the newly created districts have certain road powers that the District does not have and that the construction and acquisition of roads will be subject to the same rights and obligations as the water, sewer and drainage facilities referenced in the original agreement. Pursuant to the terms of the agreement, the City agrees to provide additional retail water capacity to 1,000 residential units and sewer capacity to 500 residential units with the districts.

Pursuant to the Capacity Allocation Agreement between the District, District No. 1 and District’s No. 6, 8 and 9 approved on September 19, 2006, the districts have agreed that all the water and sewer capacity mentioned in the Special District Agreement and the Special District Agreement No. 2 will be allocated to District No. 1. The districts will cooperate with the Developer and the City for any additional water and sewer capacity that will be needed by any of the districts. PRA/Fate Development Corp., the original developer, has assigned the agreements to Southstar Woodcreek Developer, LLC.

NOTE 9. UNREIMBURSED COSTS

The District has executed development financing agreements with Developers within the District. These agreements call for the Developers to fund costs associated with water, sewer and drainage facilities and to advance monies to fund operations until such time as the District can sell bonds to reimburse the Developers. As reflected in the Statement of Net Position, \$2,533,622 has been recorded as a liability for completed facilities financed by Developers and for developer advances. Reimbursement to the Developers will come from future bond sales.

Due to Developers, September 1, 2023	\$ 4,799,797
Current Year Reimbursements	<u>(2,266,175)</u>
Due to Developers, August 31, 2024	<u>\$ 2,533,622</u>

NOTE 10. RISK MANAGEMENT

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

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 7
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2024

NOTE 11 WATER AND WASTEWATER CAPACITY

On June 24, 2003, the City and PRA/Fate Development Corp (“PRA/Fate”) entered into an agreement for certain off-site water and sewer improvements to serve the District (the “2003 Agreement”). PRA/Fate agreed to pay the entire cost for the design and construction of the improvements and, as consideration for the construction of the improvements, the City shall provide access, capacity and rights to water and sewer services for PRA/Fate to be used on the property provided by the improvements.

In order to adequately serve the property with sewer service, the City has become a member of the Sabine Creek Wastewater System, which is owned and operated by North Texas Municipal Water District (“NTMWD”). The City’s capacity contracts with NTMWD require annual debt service payments from the City to NTMWD. Any shortfall between the City’s sewer revenue and the debt service payment to NTMWD related to District No. 1 would be paid by PRA/Fate pursuant to the 2003 Agreement.

On November 15, 2010, the 2003 Agreement was amended. On September 24, 2013, PRA/Fate assigned the reimbursement rights to Southstar Woodcreek Developer, LLC (“the Developer”). The City will remain obligated to fully reimburse the Developer for remaining unreimbursed project costs. In consideration for the Developer funding the project costs and project improvements, the City agrees to provide the Developer, and in turn District No. 1, with 2,300 residential units of water capacity and 1,200 residential units of wastewater capacity.

In consideration for the provisions of wastewater service to District No. 1 and reservation of wastewater capacity for District No. 1 the Developer had made and shall make annual payments to the City according to the following schedule; \$400,000, 200,000, and \$152,525 due on November 30, 2010, September 30, 2011 and September 30, 2012 respectively, for the debt service payments to NTMWD. District No. 1 paid these amounts to the City, in lieu of Developer payment or as reimbursement to the Developer for prior payments which are of benefit to District No. 1, in a prior fiscal year. After payment of these amounts, the Developer and District No. 1 have no other obligation to pay such shortfall amounts to the City. The term of the agreement is the earlier of 20 years or satisfaction of all terms and conditions by the parties to the agreement.

NOTE 12. BOND SALE

On June 20, 2024, the District closed on the sale of its Unlimited Tax Utility Bonds, Series 2024 in the amount of \$2,635,000. Proceeds from the bonds were used to reimburse Developers for construction and engineering costs for water, wastewater and drainage facilities to serve Reserve at Chamberlain Crossing, Phases 1, 2, 3 and 4. Additional proceeds were used to pay for capitalized interest, developer interest and issuance costs of the bonds.

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**ROCKWALL COUNTY MUNICIPAL
UTILITY DISTRICT NO. 7**

REQUIRED SUPPLEMENTARY INFORMATION

AUGUST 31, 2024

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 7
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2024

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Property Taxes	\$ 194,806	\$ 206,793	\$ 11,987
Investment Revenues	<u>3,000</u>	<u>13,716</u>	<u>10,716</u>
TOTAL REVENUES	<u>\$ 197,806</u>	<u>\$ 220,509</u>	<u>\$ 22,703</u>
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 65,500	\$ 67,828	\$ (2,328)
Contracted Services	16,000	14,646	1,354
Other	<u>17,551</u>	<u>17,329</u>	<u>222</u>
TOTAL EXPENDITURES	<u>\$ 99,051</u>	<u>\$ 99,803</u>	<u>\$ (752)</u>
NET CHANGE IN FUND BALANCE	\$ 98,755	\$ 120,706	\$ 21,951
FUND BALANCE - SEPTEMBER 1, 2023	<u>176,753</u>	<u>176,753</u>	<u>_____</u>
FUND BALANCE - AUGUST 31, 2024	<u>\$ 275,508</u>	<u>\$ 297,459</u>	<u>\$ 21,951</u>

See accompanying independent auditor's report.

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**ROCKWALL COUNTY MUNICIPAL
UTILITY DISTRICT NO. 7**

**SUPPLEMENTARY INFORMATION REQUIRED BY THE
WATER DISTRICT FINANCIAL MANAGEMENT GUIDE**

AUGUST 31, 2024

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 7
SERVICES AND RATES
FOR THE YEAR ENDED AUGUST 31, 2024

5. LOCATION OF DISTRICT: (Continued)

City in which District is located:

City of Fate, Texas

Are Board Members appointed by an office outside the District?

Yes No X

See accompanying independent auditor’s report.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 7
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED AUGUST 31, 2024

PROFESSIONAL FEES:	
Auditing	\$ 14,250
Engineering	4,560
Legal	<u>49,018</u>
TOTAL PROFESSIONAL FEES	<u>\$ 67,828</u>
CONTRACTED SERVICES:	
Bookkeeping	<u>\$ 14,646</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 10,079
Insurance	4,269
Payroll Taxes	794
Travel and Meetings	2,035
Other	<u>152</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 17,329</u>
TOTAL EXPENDITURES	<u>\$ 99,803</u>

See accompanying independent auditor’s report.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 7
INVESTMENTS
AUGUST 31, 2024

<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	XXXX0001	Varies	Daily	\$ 304,589	\$ - 0 -
<u>DEBT SERVICE FUND</u>					
LOGIC	XXXX0003	Varies	Daily	\$ 336,550	\$ - 0 -
<u>CAPITAL PROJECTS FUND</u>					
LOGIC	XXXX0002	Varies	Daily	\$ 210,292	\$ - 0 -
TOTAL - ALL FUNDS				<u>\$ 851,431</u>	<u>\$ - 0 -</u>

See accompanying independent auditor’s report.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 7
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2024

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
SEPTEMBER 1, 2023	\$ 2,638		\$ 5,145	
Adjustments to Beginning				
Balance	<u>(151)</u>	\$ 2,487	<u>(303)</u>	\$ 4,842
Original 2023 Tax Levy	\$ 206,569		\$ 389,304	
Adjustment to 2023 Tax Levy	<u>(1,323)</u>	<u>205,246</u>	<u>(2,494)</u>	<u>386,810</u>
TOTAL TO BE				
ACCOUNTED FOR		\$ 207,733		\$ 391,652
TAX COLLECTIONS:				
Prior Years	\$ 1,552		\$ 2,971	
Current Year	<u>205,241</u>	<u>206,793</u>	<u>386,802</u>	<u>389,773</u>
TAXES RECEIVABLE -				
AUGUST 31, 2024		<u>\$ 940</u>		<u>\$ 1,879</u>
TAXES RECEIVABLE BY				
YEAR:				
2023		\$ 5		\$ 8
2022		<u>935</u>		<u>1,871</u>
TOTAL		<u>\$ 940</u>		<u>\$ 1,879</u>

See accompanying independent auditor's report.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 7
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2024

	2023	2022	2021	2020
PROPERTY VALUATIONS:				
Land	\$ 33,876,703	\$ 23,021,581	\$ 15,349,119	\$ 11,280,089
Improvements	51,087,911	47,996,742	22,828,819	19,850,978
Personal Property	471,274	349,220	247,840	22,480
Exemptions	(6,495,082)	(6,409,863)	(2,781,348)	(2,934,276)
TOTAL PROPERTY VALUATIONS	\$ 78,940,806	\$ 64,957,680	\$ 35,644,430	\$ 28,219,271
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.49	\$ 0.50	\$ 0.47	\$ 0.49
Maintenance	0.26	0.25	0.28	0.26
TOTAL TAX RATES PER \$100 VALUATION	\$ 0.75	\$ 0.75	\$ 0.75	\$ 0.75
ADJUSTED TAX LEVY*	\$ 592,056	\$ 484,701	\$ 267,335	\$ 211,644
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	99.99 %	99.42 %	100.00 %	100.00 %

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

Maintenance Tax – Maximum tax rate of unlimited amount per \$100 of assessed valuation approved by voters on November 7, 2006.

See accompanying independent auditor’s report.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 7
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2024

SERIES - 2019 ROAD

Due During Fiscal Years Ending August 31	Principal Due October 1	Interest Due October 1/ April 1	Total
2025	\$ 80,000	\$ 68,312	\$ 148,312
2026	80,000	66,592	146,592
2027	85,000	64,735	149,735
2028	85,000	62,738	147,738
2029	90,000	60,593	150,593
2030	90,000	58,298	148,298
2031	95,000	55,845	150,845
2032	100,000	53,162	153,162
2033	100,000	50,262	150,262
2034	105,000	47,187	152,187
2035	110,000	43,962	153,962
2036	115,000	40,587	155,587
2037	120,000	36,987	156,987
2038	120,000	33,237	153,237
2039	125,000	29,409	154,409
2040	130,000	25,425	155,425
2041	135,000	21,285	156,285
2042	140,000	16,901	156,901
2043	145,000	12,270	157,270
2044	150,000	7,476	157,476
2045	155,000	2,519	157,519
2046			
2047			
2048			
2049			
2050			
	<u>\$ 2,355,000</u>	<u>\$ 857,782</u>	<u>\$ 3,212,782</u>

See accompanying independent auditor's report.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 7
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2024

SERIES - 2021 ROAD

Due During Fiscal Years Ending August 31	Principal Due October 1	Interest Due October 1/ April 1	Total
2025	\$ 55,000	\$ 41,755	\$ 96,755
2026	60,000	40,720	100,720
2027	60,000	39,640	99,640
2028	60,000	38,560	98,560
2029	60,000	37,450	97,450
2030	65,000	36,230	101,230
2031	65,000	34,930	99,930
2032	65,000	33,598	98,598
2033	70,000	32,145	102,145
2034	70,000	30,570	100,570
2035	70,000	28,925	98,925
2036	70,000	27,210	97,210
2037	70,000	25,425	95,425
2038	75,000	23,503	98,503
2039	75,000	21,440	96,440
2040	80,000	19,270	99,270
2041	80,000	16,950	96,950
2042	80,000	14,550	94,550
2043	80,000	12,150	92,150
2044	85,000	9,675	94,675
2045	85,000	7,125	92,125
2046	95,000	4,425	99,425
2047	100,000	1,500	101,500
2048			
2049			
2050			
	<u>\$ 1,675,000</u>	<u>\$ 577,746</u>	<u>\$ 2,252,746</u>

See accompanying independent auditor's report.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 7
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2024

SERIES - 2023 UTILITY

Due During Fiscal Years Ending August 31	Principal Due October 1	Interest Due October 1/ April 1	Total
2025		\$ 98,498	\$ 98,498
2026	55,000	97,673	152,673
2027	55,000	95,995	150,995
2028	60,000	94,183	154,183
2029	60,000	92,233	152,233
2030	65,000	90,138	155,138
2031	65,000	87,895	152,895
2032	70,000	85,498	155,498
2033	75,000	82,738	157,738
2034	75,000	79,700	154,700
2035	80,000	76,523	156,523
2036	85,000	73,076	158,076
2037	90,000	69,358	159,358
2038	95,000	65,308	160,308
2039	100,000	60,920	160,920
2040	100,000	56,370	156,370
2041	105,000	51,655	156,655
2042	110,000	46,710	156,710
2043	115,000	41,478	156,478
2044	120,000	35,955	155,955
2045	130,000	30,080	160,080
2046	135,000	23,853	158,853
2047	140,000	17,390	157,390
2048	145,000	10,693	155,693
2049	155,000	3,643	158,643
2050			
	<u>\$ 2,285,000</u>	<u>\$ 1,567,563</u>	<u>\$ 3,852,563</u>

See accompanying independent auditor's report.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 7
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2024

SERIES - 2024 UTILITY

Due During Fiscal Years Ending August 31	Principal Due October 1	Interest Due October 1/ April 1	Total
2025		90,379	90,379
2026	60,000	113,838	173,838
2027	65,000	109,775	174,775
2028	65,000	105,550	170,550
2029	70,000	101,163	171,163
2030	70,000	96,613	166,613
2031	75,000	92,509	167,509
2032	80,000	88,731	168,731
2033	80,000	85,181	165,181
2034	85,000	81,881	166,881
2035	90,000	78,381	168,381
2036	95,000	74,681	169,681
2037	95,000	70,881	165,881
2038	100,000	66,981	166,981
2039	105,000	62,881	167,881
2040	110,000	58,581	168,581
2041	115,000	54,081	169,081
2042	120,000	49,381	169,381
2043	125,000	44,481	169,481
2044	130,000	39,381	169,381
2045	135,000	34,081	169,081
2046	140,000	28,581	168,581
2047	145,000	22,791	167,791
2048	155,000	16,603	171,603
2049	160,000	10,106	170,106
2050	165,000	3,405	168,405
	<u>\$ 2,635,000</u>	<u>\$ 1,680,897</u>	<u>\$ 4,315,897</u>

See accompanying independent auditor's report.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 7
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2024

ANNUAL REQUIREMENTS
FOR ALL SERIES

Due During Fiscal Years Ending August 31	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2025	\$ 135,000	\$ 298,944	\$ 433,944
2026	255,000	318,823	573,823
2027	265,000	310,145	575,145
2028	270,000	301,031	571,031
2029	280,000	291,439	571,439
2030	290,000	281,279	571,279
2031	300,000	271,179	571,179
2032	315,000	260,989	575,989
2033	325,000	250,326	575,326
2034	335,000	239,338	574,338
2035	350,000	227,791	577,791
2036	365,000	215,554	580,554
2037	375,000	202,651	577,651
2038	390,000	189,029	579,029
2039	405,000	174,650	579,650
2040	420,000	159,646	579,646
2041	435,000	143,971	578,971
2042	450,000	127,542	577,542
2043	465,000	110,379	575,379
2044	485,000	92,487	577,487
2045	505,000	73,805	578,805
2046	370,000	56,859	426,859
2047	385,000	41,681	426,681
2048	300,000	27,296	327,296
2049	315,000	13,749	328,749
2050	165,000	3,405	168,405
	<u>\$ 8,950,000</u>	<u>\$ 4,683,988</u>	<u>\$ 13,633,988</u>

See accompanying independent auditor's report.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 7
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED AUGUST 31, 2024

Description	Original Bonds Issued	Bonds Outstanding September 1, 2023
Rockwall County Municipal Utility No. 7 Unlimited Tax Road Bonds - Series 2019	\$ 2,575,000	\$ 2,430,000
Rockwall County Municipal Utility No. 7 Unlimited Tax Road Bonds - Series 2021	1,735,000	1,735,000
Rockwall County Municipal Utility No. 7 Unlimited Tax Utility Bonds - Series 2023	2,285,000	2,285,000
Rockwall County Municipal Utility No. 7 Unlimited Tax Utility Bonds - Series 2024	<u>2,635,000</u>	<u> </u>
TOTAL	<u>\$ 9,230,000</u>	<u>\$ 6,450,000</u>
Bond Authority:	<u>Water, Sewer and Drainage Bonds</u>	<u>Refunding Bonds*</u>
Amount Authorized by Voters	\$ 9,800,000	\$ 21,010,000
Amount Issued	<u>4,920,000</u>	<u> </u>
Remaining to be Issued	<u>\$ 4,880,000</u>	<u>\$ 21,010,000</u>
Debt Service Fund cash, investments and cash with paying agent balances as of August 31, 2024:		<u>\$ 609,830</u>
Average annual debt service payment (principal and interest) for remaining term of all debt:		<u>\$ 524,384</u>

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

See accompanying independent auditor's report.

<u>Current Year Transactions</u>				
<u>Bonds Sold</u>	<u>Retirements</u>		<u>Bonds Outstanding</u>	<u>Paying Agent</u>
	<u>Principal</u>	<u>Interest</u>	<u>August 31, 2024</u>	
\$	\$ 75,000	\$ 69,903	\$ 2,355,000	Regions Bank Houston, TX
	60,000	42,790	1,675,000	Regions Bank Houston, TX
		107,526	2,285,000	Regions Bank Houston, TX
<u>2,635,000</u>			<u>2,635,000</u>	Regions Bank Houston, TX
<u>\$ 2,635,000</u>	<u>\$ 135,000</u>	<u>\$ 220,219</u>	<u>\$ 8,950,000</u>	
<u>Road Bonds</u>				
\$ 9,300,000				
<u>4,310,000</u>				
<u>\$ 4,990,000</u>				

See accompanying independent auditor's report.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 7
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2024	2023	2022
REVENUES			
Property Taxes	\$ 206,793	\$ 164,293	\$ 100,312
Penalty and Interest			
Investment Revenues	13,716	5,770	664
Miscellaneous Revenues		16,000	
TOTAL REVENUES	<u>\$ 220,509</u>	<u>\$ 186,063</u>	<u>\$ 100,976</u>
EXPENDITURES			
Professional Fees	\$ 67,828	\$ 54,788	\$ 77,413
Contracted Services	14,646	15,074	12,546
Other	17,329	16,691	13,713
TOTAL EXPENDITURES	<u>\$ 99,803</u>	<u>\$ 86,553</u>	<u>\$ 103,672</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 120,706</u>	<u>\$ 99,510</u>	<u>\$ (2,696)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In(Out)	\$	\$	\$
Developer Advances			
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
NET CHANGE IN FUND BALANCE	\$ 120,706	\$ 99,510	\$ (2,696)
BEGINNING FUND BALANCE	<u>176,753</u>	<u>77,243</u>	<u>79,939</u>
ENDING FUND BALANCE	<u>\$ 297,459</u>	<u>\$ 176,753</u>	<u>\$ 77,243</u>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2021	2020	2024	2023	2022	2021	2020
\$ 67,744	\$ 132,123	93.7 %	88.2 %	99.2 %	99.8 %	98.7 %
99	477	6.3	3.2	0.8	0.2	0.5
	<u>1,082</u>		<u>8.6</u>			<u>0.8</u>
<u>\$ 67,843</u>	<u>\$ 133,682</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 38,825	\$ 65,341	30.8 %	29.4 %	76.7 %	57.2 %	48.9 %
9,171	11,808	6.6	8.1	12.4	13.5	8.8
<u>12,995</u>	<u>13,128</u>	<u>7.9</u>	<u>9.0</u>	<u>13.6</u>	<u>19.2</u>	<u>9.8</u>
<u>\$ 60,991</u>	<u>\$ 90,277</u>	<u>45.3 %</u>	<u>46.5 %</u>	<u>102.7 %</u>	<u>89.9 %</u>	<u>67.5 %</u>
\$ 6,852	\$ 43,405	54.7 %	53.5 %	(2.7) %	10.1 %	32.5 %
\$	\$ 109					
	<u>24,535</u>					
<u>\$</u>	<u>\$ 24,644</u>					
\$ 6,852	\$ 68,049					
<u>73,087</u>	<u>5,038</u>					
<u>\$ 79,939</u>	<u>\$ 73,087</u>					

See accompanying independent auditor's report.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 7
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2024	2023	2022
REVENUES			
Property Taxes	\$ 389,773	\$ 327,623	\$ 167,816
Penalty and Interest	3,555	11,604	3,058
Investment Revenues	23,197	7,478	1,065
Miscellaneous Revenues	3,731	420	
TOTAL REVENUES	\$ 420,256	\$ 347,125	\$ 171,939
EXPENDITURES			
Tax Collection Expenditures	\$ 8,124	\$ 7,393	\$ 3,242
Debt Service Principal	135,000	75,000	70,000
Debt Service Interest and Fees	222,638	116,308	90,311
TOTAL EXPENDITURES	\$ 365,762	\$ 198,701	\$ 163,553
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 54,494	\$ 148,424	\$ 8,386
OTHER FINANCING SOURCES (USES)			
Long-Term Debt Issued	\$ 57,894	\$ 148,567	\$ 64,995
NET CHANGE IN FUND BALANCE	\$ 112,388	\$ 296,991	\$ 73,381
BEGINNING FUND BALANCE	508,710	211,719	138,338
ENDING FUND BALANCE	\$ 621,098	\$ 508,710	\$ 211,719
TOTAL ACTIVE RETAIL WATER CONNECTIONS	N/A	N/A	N/A
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	N/A	N/A	N/A

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2021	2020	2024	2023	2022	2021	2020
\$ 127,666	\$	92.8 %	94.5 %	97.6 %	100.0 %	%
93	300	0.8	3.3	1.8		
		5.5	2.2	0.6		100.0
		0.9				
<u>\$ 127,759</u>	<u>\$ 300</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 3,193	\$ 1,400	1.9 %	2.1 %	1.9 %	2.5 %	466.7 %
74,109	20,973	32.1	21.6	40.7		
		53.0	33.5	52.5	58.0	6,991.0
<u>\$ 77,302</u>	<u>\$ 22,373</u>	<u>87.0 %</u>	<u>57.2 %</u>	<u>95.1 %</u>	<u>60.5 %</u>	<u>7,457.7 %</u>
\$ 50,457	\$ (22,073)	13.0 %	42.8 %	4.9 %	39.5 %	(7,357.7) %
\$	\$ 109,954					
\$ 50,457	\$ 87,881					
87,881						
<u>\$ 138,338</u>	<u>\$ 87,881</u>					
<u>N/A</u>	<u>N/A</u>					
<u>N/A</u>	<u>N/A</u>					

See accompanying independent auditor's report.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 7
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
AUGUST 31, 2024

District Mailing Address - Rockwall County Municipal Utility District No. 7
c/o Winstead PC
2728 N. Harwood Street, Suite 500
Dallas, TX 75201

District Telephone Number - (214) 745-5400

Board Members:	Term of Office (Elected or Appointed)	Fees of Office for the year ended August 31, 2024	Expense Reimbursements for the year ended August 31, 2024	Title
Michael W. Skinner	05/2024 05/2028 (Elected)	\$ 2,502	\$ 320	President
Sandy Sinks	05/2022 05/2026 (Elected)	\$ 734	\$ 27	Vice President
Terry Jones	05/2024 05/2028 (Elected)	\$ 2,502	\$ 80	Secretary
Martha Ann Cook	05/2022 05/2026 (Elected)	\$ 2,502	\$ 327	Assistant Secretary
Randy Watson	03/2024 05/2026 (Appointed)	\$ 1,547	\$ 251	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: November 13, 2024

The limit on Fees of Office that a Director may receive during a fiscal year is \$3,500 as set by Board Resolution on August 15, 2023. Fees of Office are the amounts actually paid to a Director during the District’s current fiscal year.

See accompanying independent auditor’s report.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 7
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
AUGUST 31, 2024

Consultants:	<u>Date Hired</u>	<u>Fees / Compensation for the year ended August 31, 2024</u>	<u>Title</u>
Winstead PC	09/22/15	\$ 46,368 \$ 69,510	General Counsel Bond Counsel
McCall Gibson Swedlund Barfoot PLLC	10/22/19	\$ 14,250 \$ 16,500	Auditor Bond Related
Dye & Toverly, LLC	02/26/08	\$ 14,657	Bookkeeper
LJA Engineering, Inc.	02/19/19	\$ 57,060	Engineer
Rockwall Central Appraisal District	08/16/16	\$ 7,426	Tax Assessor/ Collector
Robert W. Baird & Co. Incorporated	08/25/15	\$ 57,492	Financial Advisor
Kathi Dye	02/26/08	\$ -0-	Investment Officer

See accompanying independent auditor's report.

