

NEW CANEY MUNICIPAL UTILITY DISTRICT
MONTGOMERY COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
MAY 31, 2024

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-8
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET	9-12
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	13
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES	14-15
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES	16
NOTES TO THE FINANCIAL STATEMENTS	17-30
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL-GENERAL FUND	32
SUPPLEMENTARY INFORMATION – REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE	
NOTES REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE (Included in the notes to the financial statements)	
SERVICES AND RATES	34-36
GENERAL FUND EXPENDITURES	37
INVESTMENTS	38
TAXES LEVIED AND RECEIVABLE	39-40
LONG-TERM DEBT SERVICE REQUIREMENTS	41-48
CHANGES IN LONG-TERM BOND DEBT	49-50
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES GENERAL FUND AND DEBT SERVICE FUND - FIVE YEARS	51-54
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS	55-56

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
New Caney Municipal Utility District
Montgomery County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of New Caney Municipal Utility District (the "District") as of and for the year ended May 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 May 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.

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
New Caney Municipal Utility District

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, excluding that portion marked "Unaudited" on which we express no opinion or provide an assurance, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

A handwritten signature in black ink that reads "McCall Gibson Swedlund Barfoot PLLC". The signature is written in a cursive, flowing style.

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

September 19, 2024

NEW CANEY MUNICIPAL UTILITY DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED MAY 31, 2024

Management's discussion and analysis of the financial performance of New Caney Municipal Utility District (the "District") provides an overview of the District's financial activities for the fiscal year ended May 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 all of the District's assets, liabilities, and deferred 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 as a whole 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, customer service revenues, operating 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.

**NEW CANEY MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 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. A 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, assets and deferred outflows of resources exceeded liabilities by \$10,712,847 as of May 31, 2024. A portion of the District's net position reflects its net investment in capital assets which includes land, buildings and equipment as well as the water and wastewater facilities, less any debt used to acquire those assets that is still outstanding.

**NEW CANEY MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2024**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The following table presents a comparative analysis of government-wide changes in net position for the current and prior fiscal years.

	<u>Summary of Changes in the Statement of Net Position</u>		
	2024	2023	Change Positive (Negative)
Current and Other Assets	\$ 18,212,264	\$ 21,922,364	\$ (3,710,100)
Capital Assets (Net of Accumulated Depreciation)	<u>44,220,415</u>	<u>42,574,996</u>	<u>1,645,419</u>
Total Assets	<u>\$ 62,432,679</u>	<u>\$ 64,497,360</u>	<u>\$ (2,064,681)</u>
Deferred Outflows of Resources	<u>\$ 226,532</u>	<u>\$ 252,761</u>	<u>\$ (26,229)</u>
Bonds Payable	\$ 49,837,611	\$ 51,442,944	\$ 1,605,333
Other Liabilities	<u>2,108,753</u>	<u>1,536,725</u>	<u>(572,028)</u>
Total Liabilities	<u>\$ 51,946,364</u>	<u>\$ 52,979,669</u>	<u>\$ 1,033,305</u>
Net Position:			
Net Investment in Capital Assets	\$ 2,116,077	\$ 3,855,286	\$ (1,739,209)
Restricted	3,977,537	3,770,182	207,355
Unrestricted	<u>4,619,233</u>	<u>4,144,984</u>	<u>474,249</u>
Total Net Position	<u>\$ 10,712,847</u>	<u>\$ 11,770,452</u>	<u>\$ (1,057,605)</u>

The following table provides a summary of the District's operations for the years ended May 31, 2024, and May 31, 2023.

	<u>Summary of Changes in the Statement of Activities</u>		
	2024	2023	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 3,298,198	\$ 3,061,045	\$ 237,153
Charges for Services	5,586,472	5,187,843	398,629
Other Revenues	<u>543,331</u>	<u>305,848</u>	<u>237,483</u>
Total Revenues	<u>\$ 9,428,001</u>	<u>\$ 8,554,736</u>	<u>\$ 873,265</u>
Expenses for Services	<u>10,485,606</u>	<u>8,326,548</u>	<u>(2,159,058)</u>
Change in Net Position	<u>\$ (1,057,605)</u>	<u>\$ 228,188</u>	<u>\$ (1,285,793)</u>
Net Position, Beginning of Year	<u>11,770,452</u>	<u>11,542,264</u>	<u>228,188</u>
Net Position, End of Year	<u>\$ 10,712,847</u>	<u>\$ 11,770,452</u>	<u>\$ (1,057,605)</u>

**NEW CANEY MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2024**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of May 31, 2024, were \$16,073,175, a decrease of \$4,306,678 from the prior year.

The General Fund fund balance increased by \$477,271, primarily due to service revenues and investment revenues exceeding operating and capital expenditures.

The Debt Service Fund fund balance increased by \$149,423, primarily due to the structure of the District's outstanding debt.

The Capital Projects Fund fund balance decreased by \$4,933,372, primarily due to capital expenditures paid from bond issues sold in the prior fiscal years.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors adopted a General Fund budget for the current fiscal year. Actual revenues were \$295,885 more than budgeted revenues and actual expenditures were \$181,386 less than budgeted expenditures which resulted in a positive variance of \$477,271. See the budget to actual comparison for more information.

LONG-TERM DEBT ACTIVITY

As of May 31, 2024, the District had total bond debt payable of \$49,278,524. The changes in the debt position of the District during the fiscal year ended May 31, 2024, are summarized as follows:

Bond Debt Payable, June 1, 2023	\$ 50,818,524
Less: Bond Principal Paid	<u>(1,540,000)</u>
Bond Debt Payable, May 31, 2024	<u>\$ 49,278,524</u>

The District carries an underlying rating of A3. The District's bonds carry insured ratings of AA and/or A-1 by virtue of bond insurance issued by Build America Mutual Assurance Company or Assured Guaranty Municipal Corp. Credit enhanced ratings provided through bond insurance policies are subject to change based on changes to the ratings of the insurers.

**NEW CANEY MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2024**

CAPITAL ASSETS

Capital assets as of May 31, 2024, total \$44,220,415 (net of accumulated depreciation) and include land, equipment and buildings as well as the water and wastewater systems. Capital asset additions during the current year included the purchase of vehicles and equipment as well as improvements to the District's water and wastewater systems.

Capital Assets At Year-End			
	2024	2023	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 4,164,276	\$ 4,164,276	\$
Construction in Progress	5,086,562	3,909,118	1,177,444
Capital Assets Subject to Depreciation:			
Building and Improvements	239,250	239,250	
Equipment	2,138,604	1,972,359	166,245
Water System	28,294,606	26,091,855	2,202,751
Wastewater System	30,034,497	30,034,497	
Less Accumulated Depreciation	(25,737,380)	(23,836,359)	(1,901,021)
Total Net Capital Assets	\$ 44,220,415	\$ 42,574,996	\$ 1,645,419

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 New Caney Municipal Utility District, P. O. Box 1799, New Caney, TX 77357.

NEW CANEY MUNICIPAL UTILITY DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
MAY 31, 2024

	General Fund	Debt Service Fund
ASSETS		
Cash	\$ 2,160,606	\$ 3,836,882
Investments	2,603,103	155,286
Receivables:		
Property Taxes		449,539
Penalty and Interest on Delinquent Taxes		
Service Accounts	399,517	
Due from Other Funds	249,850	
Prepaid Costs	38,244	
Materials and Supplies Inventory	195,210	
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	\$ 5,646,530	\$ 4,441,707
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Refunding Bonds	\$ -0-	\$ -0-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 5,646,530	\$ 4,441,707

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$ 2,709,287	\$ 8,706,775	\$	\$ 8,706,775
5,616,675	8,375,064		8,375,064
	449,539		449,539
		22,477	22,477
	399,517		399,517
	249,850	(249,850)	
	38,244	25,438	63,682
	195,210		195,210
		4,164,276	4,164,276
		5,086,562	5,086,562
		34,969,577	34,969,577
<u>\$ 8,325,962</u>	<u>\$ 18,414,199</u>	<u>\$ 44,018,480</u>	<u>\$ 62,432,679</u>
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 226,532</u>	<u>\$ 226,532</u>
<u>\$ 8,325,962</u>	<u>\$ 18,414,199</u>	<u>\$ 44,245,012</u>	<u>\$ 62,659,211</u>

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

NEW CANEY MUNICIPAL UTILITY DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
MAY 31, 2024

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	\$ 362,680	\$
Accrued Interest Payable		
Due to Other Funds		249,850
Security Deposits	690,055	
Accrued Interest Payable on Compound Interest Bonds		
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	\$ 1,052,735	\$ 249,850
 DEFERRED INFLOWS OF RESOURCES		
Property Taxes	\$ - 0 -	\$ 449,539
 FUND BALANCES		
Nonspendable:		
Prepaid Costs	\$ 38,244	\$
Inventory	195,210	
Restricted for Authorized Construction		
Restricted for Debt Service		3,616,913
Restricted for Defined Area	326,154	125,405
Unassigned	4,034,187	
TOTAL FUND BALANCES	\$ 4,593,795	\$ 3,742,318
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 5,646,530	\$ 4,441,707
 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
\$ 588,900	\$ 951,580	\$	\$ 951,580
		236,797	236,797
	249,850	(249,850)	
	690,055		690,055
		230,321	230,321
		1,585,000	1,585,000
		<u>48,252,611</u>	<u>48,252,611</u>
<u>\$ 588,900</u>	<u>\$ 1,891,485</u>	<u>\$ 50,054,879</u>	<u>\$ 51,946,364</u>
<u>\$ - 0 -</u>	<u>\$ 449,539</u>	<u>\$ (449,539)</u>	<u>\$ - 0 -</u>
\$	\$ 38,244	\$ (38,244)	\$
	195,210	(195,210)	
7,684,063	7,684,063	(7,684,063)	
	3,616,913	(3,616,913)	
52,999	504,558	(504,558)	
	<u>4,034,187</u>	<u>(4,034,187)</u>	
<u>\$ 7,737,062</u>	<u>\$ 16,073,175</u>	<u>\$ (16,073,175)</u>	<u>\$ - 0 -</u>
<u>\$ 8,325,962</u>	<u>\$ 18,414,199</u>		
		\$ 2,116,077	\$ 2,116,077
		3,977,537	3,977,537
		<u>4,619,233</u>	<u>4,619,233</u>
		<u>\$ 10,712,847</u>	<u>\$ 10,712,847</u>

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

NEW CANEY MUNICIPAL UTILITY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
MAY 31, 2024

Total Fund Balances - Governmental Funds \$ 16,073,175

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

Deferred charges on refunding bonds are recorded as deferred outflows of resources in the Statement of Net Position and amortized over the life of the bonds. 226,532

Prepaid bond insurance costs are amortized over the term of the outstanding bonds. 25,438

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. 44,220,415

Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2023 and prior tax levies became part of recognized revenue in the governmental activities of the District. 472,016

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:

Accrued Interest Payable	\$ (467,118)	
Bonds Payable	<u>(49,837,611)</u>	<u>(50,304,729)</u>

Total Net Position - Governmental Activities \$ 10,712,847

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

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NEW CANEY MUNICIPAL UTILITY DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MAY 31, 2024

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	\$ 129,951	\$ 3,121,059
Water Service	2,021,811	
Wastewater Service	1,431,242	
San Jacinto River Authority Fees	1,450,356	
Penalty and Interest	88,908	48,234
Connection, Inspection, and Other Service Fees	543,554	
Investment and Miscellaneous Revenues	113,702	47,534
TOTAL REVENUES	\$ 5,779,524	\$ 3,216,827
EXPENDITURES/EXPENSES		
Service Operations:		
Personnel	\$ 1,815,680	\$
Professional Fees	240,600	51,872
Utilities	368,874	
Repairs and Maintenance	671,951	
San Jacinto River Authority Costs	1,226,946	
Depreciation		
Other	751,177	4,951
Capital Outlay	227,025	
Debt Service:		
Bond Principal		1,540,000
Bond Interest		1,470,581
TOTAL EXPENDITURES/EXPENSES	\$ 5,302,253	\$ 3,067,404
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	\$ 477,271	\$ 149,423
OTHER FINANCING SOURCES (USES)		
Developer Contributions	\$ - 0 -	\$ - 0 -
NET CHANGE IN FUND BALANCES	\$ 477,271	\$ 149,423
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - JUNE 1, 2023	4,116,524	3,592,895
FUND BALANCES/NET POSITION - MAY 31, 2024	\$ 4,593,795	\$ 3,742,318

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 3,251,010	\$ 47,188	\$ 3,298,198
	2,021,811		2,021,811
	1,431,242		1,431,242
	1,450,356		1,450,356
	137,142	2,367	139,509
	543,554		543,554
<u>284,007</u>	<u>445,243</u>	<u>98,088</u>	<u>543,331</u>
\$ <u>284,007</u>	\$ <u>9,280,358</u>	\$ <u>147,643</u>	\$ <u>9,428,001</u>
\$	\$ 1,815,680	\$	\$ 1,815,680
	292,472		292,472
	368,874		368,874
38,700	710,651	1,954,780	2,665,431
	1,226,946		1,226,946
		1,901,021	1,901,021
2,572	758,700		758,700
5,274,195	5,501,220	(5,501,220)	
	1,540,000	(1,540,000)	
	1,470,581	(14,099)	1,456,482
\$ <u>5,315,467</u>	\$ <u>13,685,124</u>	\$ <u>(3,199,518)</u>	\$ <u>10,485,606</u>
\$ <u>(5,031,460)</u>	\$ <u>(4,404,766)</u>	\$ <u>3,347,161</u>	\$ <u>(1,057,605)</u>
\$ <u>98,088</u>	\$ <u>98,088</u>	\$ <u>(98,088)</u>	\$ <u>- 0 -</u>
\$ (4,933,372)	\$ (4,306,678)	\$ 4,306,678	\$
		(1,057,605)	(1,057,605)
<u>12,670,434</u>	<u>20,379,853</u>	<u>(8,609,401)</u>	<u>11,770,452</u>
\$ <u><u>7,737,062</u></u>	\$ <u><u>16,073,175</u></u>	\$ <u><u>(5,360,328)</u></u>	\$ <u><u>10,712,847</u></u>

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

NEW CANEY MUNICIPAL UTILITY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2024

Net Change in Fund Balances - Governmental Funds \$ (4,306,678)

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

Governmental funds report tax revenues when collected. However, in the government-wide financial statements, revenue is recorded in the accounting period for which the taxes are levied. 47,188

Governmental funds report penalty and interest revenue on property taxes when collected. However, in the government-wide financial statements, revenue is recorded when penalties and interest are assessed. 2,367

Governmental funds do not account for depreciation. However, in the government-wide financial statements, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities. (1,901,021)

Governmental funds report capital outlay as expenditures in the period purchased. However, in the government-wide financial statements, capital assets are increased by new purchases and the Statement of Activities is not affected. 3,546,440

Governmental funds report bond principal payments as expenditures. However, in the government-wide financial statements, bond principal payments are reported as decreases in long-term liabilities. 1,540,000

Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the government-wide financial statements, interest is accrued on the long-term debt through fiscal year-end. 14,099

Change in Net Position - Governmental Activities \$ (1,057,605)

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

NEW CANEY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2024

NOTE 1. CREATION OF DISTRICT

New Caney Municipal Utility District (the “District”) was originally created effective June 1, 1978, by an order of the Texas Water Commission, now known as the Texas Commission of Environmental Quality (the “Commission”). Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, sanitary sewer service, storm sewer drainage, irrigation, solid waste collection and disposal, including recycling, and to construct parks and recreational facilities for the residents of the District. The District is also empowered to contract for or employ its own peace officers with powers to make arrests and to establish, operate and maintain a fire department to perform all fire-fighting activities within the District. The Board of Directors held its first meeting on June 5, 1978.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

Financial Statement Presentation

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

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

NEW CANEY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

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

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

Government-Wide Financial Statements

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

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

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense.

Fund Financial Statements

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

NEW CANEY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, customer service revenues, operating 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 collectible within the current period or soon enough thereafter to pay current liabilities. The District considers revenues reported in the governmental funds to be available if they are collectible 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.

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 May 31, 2024, the Debt Service Fund owed the General Fund \$249,850 for the operating portion of the Defined Area tax levy.

NEW CANEY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide Statement of Net Position. 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 fair market 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.

Infrastructure assets are capitalized if they have an original cost greater than \$5,000 and a useful life over two years, and other type assets are capitalized if they have a total cost of \$500 or more. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Buildings are amortized over a period of 40 years. Water and wastewater facilities are amortized over periods ranging from 10 to 45 years. All other equipment is amortized over periods ranging from 3 to 20 years.

Inventory

Inventory is recorded at current replacement cost and has a May 31, 2024, balance of \$195,210. Current replacement cost is obtained from a third-party source for each specific item on hand at the end of the fiscal year.

Budgeting

An annual 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 budgeted amounts compared to the actual amounts of revenues and expenditures for the current year.

Pensions

The District employees make payments into an IRS code Section 457 plan for their benefit (see Note 8). The Internal Revenue Service has determined that the directors are considered to be employees for federal payroll tax purposes only. Directors do not participate in the pension plan.

NEW CANEY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 regarding the assignment of fund balances and does not have any assigned fund balances.

Unassigned: all other spendable amounts in the General Fund.

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

NEW CANEY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
MAY 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

Bonds payable activity for the current fiscal year is summarized in the following table:

	June 1, 2023	Additions	Retirements	May 31, 2024
Bonds Payable	\$ 50,818,524	\$	\$ 1,540,000	\$ 49,278,524
Unamortized Discounts	(47,576)		(2,042)	(45,534)
Unamortized Premiums	671,996		67,375	604,621
Bonds Payable, Net	\$ 51,442,944	\$ -0-	\$ 1,605,333	\$ 49,837,611
		Amount Due Within One Year		\$ 1,585,000
		Amount Due After One Year		48,252,611
		Bonds Payable, Net		\$ 49,837,611

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

Fiscal Year	Principal	Interest	Total
2025	\$ 1,585,000	\$ 1,420,782	\$ 3,005,782
2026	1,640,000	1,371,129	3,011,129
2027	1,685,000	1,319,319	3,004,319
2028	1,725,000	1,272,831	2,997,831
2029	1,765,000	1,224,689	2,989,689
2030-2034	8,838,524	6,108,155	14,946,679
2035-2039	10,790,000	4,219,708	15,009,708
2040-2044	12,775,000	2,241,107	15,016,107
2045-2047	8,475,000	432,215	8,907,215
	\$ 49,278,524	\$ 19,609,935	\$ 68,888,459

NEW CANEY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2024

NOTE 3. LONG TERM-DEBT (Continued)

	Series 2015 Refunding		Series 2016	Series 2016-A
	Current Interest Bonds	Premium Compound Interest Bonds		
Amount Outstanding – May 31, 2024	\$ 3,615,000	\$ 533,524	\$ 1,395,000	\$ 5,225,000
Interest Rates	3.25% - 4.00%	4.09%	2.00% - 3.00%	2.00% - 3.00%
Maturity Dates – Serially Beginning/Ending	April 1, 2025/2033, 2035,2036	April 1, 2034	April 1, 2025/2036	April 1, 2025/2038
Interest Payment Dates	October 1/ April 1	At Maturity	October 1/ April 1	October 1 / April 1
Callable Dates	April 1, 2023 *	Non-Callable **	April 1, 2023 *	April 1, 2023 *
	Series 2019	Series 2021 Refunding	Series 2021	Hendricks Defined Area Series 2022
Amount Outstanding – May 31, 2024	\$ 11,310,000	\$ 7,650,000	\$ 18,260,000	\$ 1,290,000
Interest Rates	3.00% - 5.00%	2.00% - 3.00%	2.00% - 2.50%	5.00% - 5.35%
Maturity Dates – Serially Beginning/Ending	April 1, 2025/2042	April 1, 2025/2033	April 1, 2025/2047	April 1, 2025/2046
Interest Payment Dates	October 1 / April 1	October 1 / April 1	October 1 / April 1	October 1 / April 1
Callable Dates	April 1, 2026 *	April 1, 2028 *	October 1, 2028 *	October 1, 2028 *

* In whole or in part on the callable date or any date thereafter, at a price equal to the principal amount plus accrued interest to the date fixed for redemption. The Series 2015 Refunding Bonds maturing on April 1, 2030 and 2033 are term bonds and subject to mandatory redemption beginning on April 1, 2027 and 2031. The Series 2016-A Bonds maturing on April 1, 2025, 2027, 2029, 2031, 2033, 2036 and 2038 are term bonds and are subject to mandatory redemption beginning on April 1, 2024, 2026, 2028, 2030, 2032, 2034 and 2037. The Series 2019 Bonds maturing on April 1, 2029 and 2039 are term bonds and subject to mandatory redemption beginning on April 1, 2028 and 2037. Series 2021 bonds maturing on April 1, 2036, 2038, 2040, 2043, and 2047 are term bonds and are subject to mandatory redemption beginning on April 1, 2033, 2037, 2039, 2041, and 2044, respectively. Series 2022 bonds maturing on April 1, 2034, 2036, 2038, 2041, and 2046 are term bonds and are subject to mandatory redemption beginning on April 1, 2031, 2035, 2037, 2039, and 2042, respectively

** The Series 2015 Compound Interest Bonds par value is \$533,524 and the maturity value is \$1,145,000. Interest will be paid at maturity. As of May 31, 2024, accrued interest is \$230,321 and the accreted value of these bonds is approximately \$763,845.

NEW CANEY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2024

NOTE 3. LONG TERM-DEBT (Continued)

The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount. As of May 31, 2024, the District had \$268,855,000 in authorized but unissued bonds for utilities and \$69,511,476 in authorized but unissued bonds for refunding purposes.

During the year ended May 31, 2024, the District levied an ad valorem debt service tax rate of \$0.375 per \$100 of assessed valuation, which resulted in a tax levy of \$3,121,174 on the adjusted taxable valuation of \$831,499,888 for the 2023 tax year. The bond resolutions require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes.

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.

NOTE 4. SIGNIFICANT BOND RESOLUTIONS AND LEGAL REQUIREMENTS

The bond resolutions state that the District is required by the Securities and Exchange Commission to provide continuing disclosure of certain general financial information and operating data 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.

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

NEW CANEY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2024

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 \$8,706,775 and the bank balance was \$8,958,328. The District was not exposed to custodial credit risk at year-end.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at May 31, 2024, as listed below:

	Cash
GENERAL FUND	\$ 2,160,606
DEBT SERVICE FUND	3,836,882
CAPITAL PROJECTS FUND	2,709,287
TOTAL DEPOSITS	\$ 8,706,775

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.”

NEW CANEY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2024

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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 TexPool, an external investment pool that is not SEC-registered. The State Comptroller of Public Accounts of the State of Texas has oversight of the pool. Federated Hermes, Inc. manages the daily operations of the pool under a contract with the Comptroller. TexPool measures all of its portfolio assets at amortized cost. As a result, the District also measures its investments in TexPool at amortized cost for financial reporting purposes. There are no limitations on withdrawals from TexPool.

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

Funds and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
TexPool	\$ 2,603,103	\$ 2,603,103
<u>DEBT SERVICE FUND</u>		
TexPool	155,286	155,286
<u>CAPITAL PROJECTS FUND</u>		
TexPool	5,616,675	5,616,675
TOTAL INVESTMENTS	\$ 8,375,064	\$ 8,375,064

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At May 31, 2024, the District’s investment in TexPool 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 TexPool to have a maturity of less than one year due to the fact the share position can usually be redeemed each day at the discretion of the District, unless there has been a significant change in value.

NEW CANEY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2024

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Restrictions

Hendricks Defined Area maintenance tax revenues recorded in the General Fund have been restricted for purposes discussed in Note 12.

All cash and investments of the Debt Service Fund are restricted for the payment of debt service and the cost of assessing and collecting taxes. Certain Debt Service Fund monies are also restricted for the future retirement of the Hendricks Define Area bond debt.

All cash and investments of the Capital Projects Fund are restricted for the purchase of capital assets. Certain Capital Projects Fund monies are also restricted for the payment of Hendricks Define Area construction related costs.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the current fiscal year is summarized in the following table:

	June 1, 2023	Increases	Decreases	May 31, 2024
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 4,164,276	\$	\$	\$ 4,164,276
Construction in Progress	3,909,118	3,546,440	2,368,996	5,086,562
Total Capital Assets Not Being Depreciated	<u>\$ 8,073,394</u>	<u>\$ 3,546,440</u>	<u>\$ 2,368,996</u>	<u>\$ 9,250,838</u>
Capital Assets Subject to Depreciation				
Building and Improvements	\$ 239,250	\$	\$	\$ 239,250
Equipment	1,972,359	166,245		2,138,604
Water System	26,091,855	2,202,751		28,294,606
Wastewater System	30,034,497			30,034,497
Total Capital Assets Subject to Depreciation	<u>\$ 58,337,961</u>	<u>\$ 2,368,996</u>	<u>\$ - 0 -</u>	<u>\$ 60,706,957</u>
Accumulated Depreciation				
Building and Improvements	\$ 161,523	\$ 6,239	\$	\$ 167,762
Equipment	1,672,356	86,450		1,758,806
Water System	9,978,382	745,807		10,724,189
Wastewater System	12,024,098	1,062,525		13,086,623
Total Accumulated Depreciation	<u>\$ 23,836,359</u>	<u>\$ 1,901,021</u>	<u>\$ - 0 -</u>	<u>\$ 25,737,380</u>
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 34,501,602</u>	<u>\$ 467,975</u>	<u>\$ - 0 -</u>	<u>\$ 34,969,577</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 42,574,996</u>	<u>\$ 4,014,415</u>	<u>\$ 2,368,996</u>	<u>\$ 44,220,415</u>

NEW CANEY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2024

NOTE 7. MAINTENANCE TAX

The Board of Directors of the District have the statutory authority to levy and collect an annual ad valorem tax for planning, maintaining, repairing and operating of the District's improvements, if such maintenance tax is authorized by a vote of the District's electorate. Such tax would be in addition to taxes which the District is authorized to levy for paying principal and interest on outstanding bonds, and any tax bonds which may be issued in the future.

NOTE 8. RETIREMENT PLAN

In February 1991, the District approved a deferred compensation plan, which was created in accordance with Internal Revenue Code Section 457. The plan, available to all qualified employees, permits the employees to defer a portion of their salaries. The deferred compensation is not paid to employees until retirement, cessation of employment, death, or unforeseeable emergencies. Contributions to the plan are comprised of voluntary employee withholding and District contributions. Each individual employee's pension account is maintained by an independent third-party administrator to manage the plan. Vesting is immediate upon funding.

NOTE 9. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The District carries commercial insurance for its fidelity bonds and participates in the Texas Water Conservation Association Risk Management Fund (TWCA) to provide property, general liability, errors and omissions, automobile, and workers compensation coverage. The District, along with other participating entities, contributes annual amounts determined by TWCA's management. As claims arise they are submitted and paid by TWCA. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 10. LONE STAR GROUNDWATER CONSERVATION DISTRICT

The District is a part of the Lone Star Groundwater Conservation District ("Conservation District"). The Conservation District was created for purposes including the acquisition and provision of surface water and groundwater for residential, commercial, industrial, agricultural, and other uses, the reduction of groundwater withdrawals, the conservation, preservation, protection, recharge, and prevention of waste of groundwater, and of groundwater reservoirs or their subdivisions, and the control of subsidence caused by withdrawal of water from those groundwater reservoirs of their subdivisions. The Conservation District charges a fee to enable it to fulfill its purpose and regulatory functions.

NEW CANEY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2024

NOTE 11. SAN JACINTO RIVER AUTHORITY

On June 17, 2010, the District entered into a contract for Groundwater Reduction Planning, Alternative Water Supply, and Related Goods and Services with the San Jacinto River Authority (the “Authority”). The District and the Authority operate within the boundaries of the Lone Star Ground Water Conservation District. The Authority has developed supplies of surface water that, when taken together with groundwater withdrawals to be permitted by the Conservation District, are reasonably believed to be adequate to satisfy the total water demands of Montgomery County. A surface water treatment and transmission system (the “Project”) is proposed to be designed, constructed, operated, and maintained by the Authority in order to provide phased treatment, transmission, and delivery of the Authority’s surface water to regulated users for blending with underground water supplies, so that regulated users may continue to pump groundwater. The Authority charges a fee, currently \$2.99 per 1,000 gallons, based on the amount of groundwater and surface water used. The terms of this contract expire on December 31, 2045. During the current fiscal year, the District recorded expenditures of \$1,226,946 in relation to this contract.

NOTE 12. HENDRICKS DEFINED AREA

The District’s Hendricks Defined Area (the “Defined Area”) was established pursuant to Texas Water Code Sections 54.801 through 54.812 and was confirmed by election held within the Defined Area on May 9, 2015. The Defined Area is comprised of approximately 83.6595 acres, located entirely within the District.

The District has \$9,410,000 in authorized but unissued bonds for utilities for water, sewer and drainage improvements to serve the Defined Area. Any bonds issued for the Defined Area are payable solely from a tax levied within the boundaries of the Defined Area and not on any other part of the District. During the year ended May 31, 2024, the District levied an ad valorem Defined Area debt service tax rate of \$0.20 per \$100 of assessed valuation, which resulted in a tax levy of \$86,583 on the adjusted taxable valuation of \$43,291,220 for the 2023 tax year. See Note 3 for additional information related to outstanding Defined Area bonds.

Although the District does not own or maintain any stormwater drainage or detention facilities outside the Defined Area, it has contracted to acquire the stormwater drainage and detention facilities constructed to serve the Defined Area and will maintain such facilities with proceeds of the Defined Area's maintenance tax. The District will set the Defined Area maintenance tax annually at a level sufficient to provide annual maintenance of the stormwater drainage and detention facilities constructed to serve the Defined Area and to provide an adequate reserve for any major renovation or replacement of such facilities.

NEW CANEY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2024

NOTE 12. HENDRICKS DEFINED AREA (Continued)

On May 9, 2015, voters authorized implementation of an operations and maintenance tax not to exceed \$1.50 per \$100 valuation of taxable property within the Defined Area. During the fiscal year ended May 31, 2024, the District levied an ad valorem maintenance tax of \$0.30 per \$100 of assessed valuation within the Defined Area, which resulted in a total tax levy of \$129,874 on the adjusted taxable valuation of \$43,291,220 for the 2023 tax year.

NOTE 13. ESCROW REQUIREMENTS

By Order dated August 31, 2021, the District was required to properly escrow \$8,345,942 of the proceeds from the Series 2021 Unlimited Tax Bonds. On August 6, 2024, subsequent to year end, the Commission authorized the release from escrow of \$1,700,402. Following this release, no funds will remain in escrow.

NOTE 14. SUBSEQUENT EVENT - BOND SALE

On July 9, 2024, subsequent to year-end, the District closed on the sale of its \$26,635,000 Series 2024 Unlimited Tax Bonds. Proceeds of the bonds are will be used to fund construction and engineering costs for the following projects: elevated storage tank no. 2; water plant no. 4; administration building; sanitary sewer rehabilitation; waterline extensions - phase E; and property acquisitions. Bond proceeds were also used to pay for bond issuance costs.

NEW CANEY MUNICIPAL UTILITY DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

MAY 31, 2024

NEW CANEY MUNICIPAL UTILITY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED MAY 31, 2024

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Property Taxes (Defined Area)	\$	\$ 129,951	\$ 129,951
Water Service	3,431,375	3,472,167	40,792
Wastewater Service	1,471,100	1,431,242	(39,858)
Penalty and Interest	75,000	88,908	13,908
Connection, Inspection, and Service Fees	441,164	543,554	102,390
Investment and Miscellaneous Revenues	<u>65,000</u>	<u>113,702</u>	<u>48,702</u>
TOTAL REVENUES	<u>\$ 5,483,639</u>	<u>\$ 5,779,524</u>	<u>\$ 295,885</u>
EXPENDITURES			
Service Operations:			
Personnel	\$ 1,968,550	\$ 1,815,680	\$ 152,870
Professional Fees	106,000	240,600	(134,600)
Utilities	459,000	368,874	90,126
Repairs and Maintenance	463,600	671,951	(208,351)
San Jacinto River Authority Costs	1,500,000	1,226,946	273,054
Other	775,970	751,177	24,793
Capital Outlay	<u>210,519</u>	<u>227,025</u>	<u>(16,506)</u>
TOTAL EXPENDITURES	<u>\$ 5,483,639</u>	<u>\$ 5,302,253</u>	<u>\$ 181,386</u>
NET CHANGE IN FUND BALANCE	\$ -0-	\$ 477,271	\$ 477,271
FUND BALANCE - JUNE 1, 2023	<u>4,116,524</u>	<u>4,116,524</u>	<u> </u>
FUND BALANCE - MAY 31, 2024	<u>\$ 4,116,524</u>	<u>\$ 4,593,795</u>	<u>\$ 477,271</u>

See accompanying independent auditor's report.

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NEW CANEY MUNICIPAL UTILITY DISTRICT
SUPPLEMENTARY INFORMATION – REQUIRED BY THE
WATER DISTRICT FINANCIAL MANAGEMENT GUIDE
MAY 31, 2024

**NEW CANEY MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED MAY 31, 2024**

1. SERVICES PROVIDED BY THE DISTRICT DURING THE FISCAL YEAR:

<u> X </u>	Retail Water	_____	Wholesale Water	_____	Drainage
<u> X </u>	Retail Wastewater	_____	Wholesale Wastewater	_____	Irrigation
_____	Parks/Recreation	_____	Fire Protection	_____	Security
_____	Solid Waste/Garbage	_____	Flood Control	_____	Roads
_____	Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)				
_____	Other (specify): _____				

2. RETAIL SERVICE PROVIDERS

a. RETAIL RATES FOR A 5/8" METER (OR EQUIVALENT):

The following rates are based on the rate order effective March 17, 2022.

	Minimum Charge	Minimum Usage	Flat Rate	Rate per 1,000 Gallons over Minimum Use	Usage Levels
WATER:	\$ 12.00	3,000	N	\$ 2.50	3,001 to 4,000
				\$ 2.75	4,001 to 5,000
				\$ 3.00	5,001 to 6,000
				\$ 3.25	6,001 to 10,000
				\$ 3.75	10,001 to 12,000
				\$ 4.00	12,001 to 15,000
				\$ 4.25	15,001 to 20,000
				\$ 4.75	20,001 to 50,000
				\$ 5.75	50,001 and up
WASTEWATER:	\$ 14.00	3,000	N	\$ 2.50	3,001 to 20,000
				\$ 3.00	20,001 and up

SURCHARGE:

Water	
Conservation	
District Fees	current rate + 15% per 1,000 gallons
Commission	
Regulatory	
Assessments	0.5% of water and wastewater bill
San Jacinto River	
Authority Fees	current rate + 15% per 1,000 gallons

District employs winter averaging for wastewater usage?

_____ X
Yes No

Total monthly charges per 10,000 gallons usage: Water: \$33.25 Wastewater: \$31.50 Surcharge: \$34.63

See accompanying independent auditor's report.

**NEW CANEY MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED MAY 31, 2024**

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS (Unaudited):

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered -				
(hydrants)	<u>9</u>	<u>9</u>	x 1.0	<u>9</u>
5/8"	<u>4,120</u>	<u>4,120</u>	x 1.0	<u>4,120</u>
1"	<u>140</u>	<u>140</u>	x 2.5	<u>350</u>
1½"	<u>21</u>	<u>21</u>	x 5.0	<u>105</u>
2"	<u>169</u>	<u>169</u>	x 8.0	<u>1,352</u>
3"	<u>5</u>	<u>5</u>	x 15.0	<u>75</u>
4"	<u>7</u>	<u>7</u>	x 25.0	<u>175</u>
6"	<u>4</u>	<u>4</u>	x 50.0	<u>200</u>
8"	<u>4</u>	<u>4</u>	x 80.0	<u>320</u>
10"	<u>1</u>	<u>1</u>	x 115.0	<u>115</u>
Total Water Connections	<u><u>4,480</u></u>	<u><u>4,480</u></u>		<u><u>6,821</u></u>
Total Wastewater Connections	<u><u>4,223</u></u>	<u><u>4,223</u></u>	x 1.0	<u><u>4,223</u></u>

3. TOTAL WATER CONSUMPTION DURING THE FISCAL YEAR ROUNDED TO THE NEAREST THOUSAND: (Unaudited)

Gallons pumped into system: 480,067,000 Water Accountability Ratio: 92%
(Gallons billed/Gallons pumped)

Gallons billed to customers: 441,566,000

See accompanying independent auditor's report.

**NEW CANEY MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED MAY 31, 2024**

4. STANDBY FEES (authorized only under TWC Section 49.231):

Does the District have Debt Service standby fees? Yes ___ No X

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

Does the District have Operation and Maintenance standby fees? Yes ___ No X

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

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes X No _____

County in which District is located:

Montgomery County, Texas

Is the District located within a city?

Entirely _____ Partly _____ Not at all X

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

Entirely _____ Partly X Not at all _____

ETJ in which District is located:

City of Houston, Texas and City of Conroe, Texas

Are Board Members appointed by an office outside the District?

Yes _____ No X

See accompanying independent auditor's report.

NEW CANEY MUNICIPAL UTILITY DISTRICT
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED MAY 31, 2024

PERSONNEL EXPENDITURES (Including Benefits)	\$ 1,815,680
PROFESSIONAL FEES:	
Auditing	\$ 28,000
Engineering	124,702
Legal	68,329
Management and Consulting	<u>19,569</u>
TOTAL PROFESSIONAL FEES	<u>\$ 240,600</u>
UTILITIES:	
Electricity	\$ 325,603
Telephone	<u>43,271</u>
TOTAL UTILITIES	<u>\$ 368,874</u>
REPAIRS AND MAINTENANCE	<u>\$ 671,951</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 10,950
Election Costs	8,561
Insurance	59,667
Office Supplies and Postage	71,243
Travel, Meals and Entertainment	9,328
Bank Charges	24,978
Other	<u>18,128</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 202,855</u>
CAPITAL OUTLAY	<u>\$ 227,025</u>
OTHER EXPENDITURES:	
Bad Debt Expense	\$ 10,544
Chemicals	132,060
Fuels and Lubricants	64,179
Equipment Rental	31,383
Permit Fees	29,062
Laboratory Fees	32,533
Sludge Hauling	81,987
San Jacinto River Authority Costs	1,226,946
Lone Star Groundwater	41,225
TCEQ Regulatory Assessment	18,716
Supplies, Small Tools, and Equipment	<u>106,633</u>
TOTAL OTHER EXPENDITURES	<u>\$ 1,775,268</u>
TOTAL EXPENDITURES	<u><u>\$ 5,302,253</u></u>

Number of persons employed by the District 24 Full-Time -0- Part-Time

See accompanying independent auditor's report.

**NEW CANEY MUNICIPAL UTILITY DISTRICT
INVESTMENTS
MAY 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>					
TexPool	XXXX0002	Varies	Daily	\$ 2,603,103	\$ - 0 -
<u>DEBT SERVICE FUND</u>					
TexPool	XXXX0001	Varies	Daily	\$ 155,286	\$ - 0 -
<u>CAPITAL PROJECTS FUND</u>					
TexPool	XXXX0003	Varies	Daily	\$ 1,041,566	\$
TexPool	XXXX0016	Varies	Daily	4,575,109	_____
TOTAL CAPITAL PROJECTS FUND				<u>\$ 5,616,675</u>	<u>\$ - 0 -</u>
TOTAL - ALL FUNDS				<u><u>\$ 8,375,064</u></u>	<u><u>\$ - 0 -</u></u>

See accompanying independent auditor's report.

NEW CANEY MUNICIPAL UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED MAY 31, 2024

	Debt Service Taxes	Hendricks Defined Area - Maintenance Taxes	Hendricks Defined Area - Debt Service Taxes
TAXES RECEIVABLE -			
JUNE 1, 2023	\$ 402,210	\$ 77	\$ 64
Adjustments to Beginning Balance	<u>(39,433)</u>	<u>77</u>	<u>64</u>
Original 2023 Tax Levy	\$ 2,983,686	\$ 131,229	\$ 87,486
Adjustment to 2023 Tax Levy	<u>137,488</u>	<u>(1,355)</u>	<u>(903)</u>
TOTAL TO BE ACCOUNTED FOR	\$ 3,483,951	\$ 129,951	\$ 86,647
TAX COLLECTIONS:			
Prior Years	\$ 111,624	\$ 77	\$ 64
Current Year	<u>2,922,788</u>	<u>129,874</u>	<u>86,583</u>
TAXES RECEIVABLE - MAY 31, 2024	<u>\$ 449,539</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
TAXES RECEIVABLE BY YEAR:			
2023	\$ 198,386	\$	\$
2022	67,879		
2021	34,962		
2020	25,665		
2019	19,051		
2018	14,352		
2017	14,401		
2016	12,746		
2015	10,106		
2014	7,488		
2013	7,216		
2012	5,703		
2011	5,392		
2010	5,394		
2009 and prior	<u>20,798</u>		
TOTAL	<u>\$ 449,539</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

See accompanying independent auditor's report.

NEW CANEY MUNICIPAL UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED MAY 31, 2024

	2023	2022	2021	2020
<u>DISTRICT WIDE:</u>				
Land	\$ 436,946,889	\$ 374,892,359	\$ 270,964,351	\$ 241,283,534
Improvements	622,219,385	609,479,856	493,363,209	460,507,600
Personal Property	91,729,749	81,211,378	83,572,885	80,627,631
Exemptions	<u>(319,396,135)</u>	<u>(306,215,530)</u>	<u>(240,701,737)</u>	<u>(240,066,485)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 831,499,888</u>	<u>\$ 759,368,063</u>	<u>\$ 607,198,708</u>	<u>\$ 542,352,280</u>
TOTAL TAX RATES PER \$100 VALUATION				
Debt Service	<u>\$ 0.3750</u>	<u>\$ 0.3750</u>	<u>\$ 0.465</u>	<u>\$ 0.50</u>
ADJUSTED TAX LEVY*	<u>\$ 3,121,174</u>	<u>\$ 2,851,673</u>	<u>\$ 2,829,877</u>	<u>\$ 2,721,701</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED				
	<u>93.64 %</u>	<u>97.62 %</u>	<u>98.76 %</u>	<u>99.06 %</u>
<u>HENDRICKS DEFINED AREA:</u>				
PROPERTY VALUATIONS	<u>\$ 43,291,220</u>	<u>\$ 42,060,845</u>	<u>\$ 33,832,774</u>	<u>\$ - 0 -</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	<u>\$ 0.20</u>	<u>\$ 0.25</u>	<u>\$ 0.1295</u>	<u>\$ 0.00</u>
Maintenance	<u>0.30</u>	<u>0.30</u>	<u>0.3000</u>	<u>0.00</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.50</u>	<u>\$ 0.55</u>	<u>\$ 0.4295</u>	<u>\$ 0.00</u>
ADJUSTED TAX LEVY*	<u>\$ 216,457</u>	<u>\$ 231,334</u>	<u>\$ 145,321</u>	<u>\$ - 0 -</u>

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

On May 9, 2015, voters authorized implementation of an operations and maintenance tax not to exceed \$1.50 per \$100 valuation of taxable property within the Hendricks Defined Area. All Hendricks Defined Area tax levies are 100% collected.

See accompanying independent auditor's report.

NEW CANEY MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
MAY 31, 2024

SERIES - 2015 REFUNDING

Due During Fiscal Years Ending May 31	Principal Due April 1	Interest Due October 1/ April 1	Total
2025	\$ 490,000	\$ 143,137	\$ 633,137
2026	505,000	123,537	628,537
2027	30,000	103,337	133,337
2028	30,000	102,364	132,364
2029	30,000	101,388	131,388
2030	35,000	100,414	135,414
2031	35,000	99,276	134,276
2032	35,000	98,050	133,050
2033	35,000	96,826	131,826
2034	533,524	707,076	1,240,600
2035	1,165,000	95,600	1,260,600
2036	1,225,000	49,000	1,274,000
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
	<u>\$ 4,148,524</u>	<u>\$ 1,820,005</u>	<u>\$ 5,968,529</u>

See accompanying independent auditor's report.

NEW CANEY MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
MAY 31, 2024

S E R I E S - 2 0 1 6

Due During Fiscal Years Ending May 31	Principal Due April 1	Interest Due October 1/ April 1	Total
2025	\$ 120,000	\$ 35,713	\$ 155,713
2026	120,000	33,312	153,312
2027	115,000	30,913	145,913
2028	105,000	28,612	133,612
2029	100,000	26,250	126,250
2030	95,000	24,000	119,000
2031	80,000	21,625	101,625
2032	70,000	19,625	89,625
2033	65,000	17,700	82,700
2034	170,000	15,750	185,750
2035	180,000	10,650	190,650
2036	175,000	5,250	180,250
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
	<u>\$ 1,395,000</u>	<u>\$ 269,400</u>	<u>\$ 1,664,400</u>

See accompanying independent auditor's report.

NEW CANEY MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
MAY 31, 2024

S E R I E S - 2 0 1 6 - A

Due During Fiscal Years Ending May 31	Principal Due April 1	Interest Due October 1/ April 1	Total
2025	\$ 135,000	\$ 149,531	\$ 284,531
2026	140,000	146,831	286,831
2027	140,000	143,681	283,681
2028	145,000	140,531	285,531
2029	145,000	137,087	282,087
2030	150,000	133,644	283,644
2031	155,000	129,706	284,706
2032	160,000	125,638	285,638
2033	165,000	121,238	286,238
2034	170,000	116,700	286,700
2035	180,000	111,600	291,600
2036	185,000	106,200	291,200
2037	1,645,000	100,650	1,745,650
2038	1,710,000	51,300	1,761,300
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
	<u>\$ 5,225,000</u>	<u>\$ 1,714,337</u>	<u>\$ 6,939,337</u>

See accompanying independent auditor's report.

NEW CANEY MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
MAY 31, 2024

S E R I E S - 2 0 1 9

Due During Fiscal Years Ending May 31	Principal Due April 1	Interest Due October 1/ April 1	Total
2025	\$ 170,000	\$ 414,763	\$ 584,763
2026	175,000	407,962	582,962
2027	180,000	400,963	580,963
2028	180,000	395,562	575,562
2029	185,000	390,163	575,163
2030	190,000	384,612	574,612
2031	200,000	378,913	578,913
2032	205,000	372,662	577,662
2033	210,000	366,000	576,000
2034	215,000	358,913	573,913
2035	220,000	351,387	571,387
2036	225,000	343,687	568,687
2037	230,000	335,813	565,813
2038	225,000	327,187	552,187
2039	2,005,000	318,751	2,323,751
2040	2,080,000	243,562	2,323,562
2041	2,165,000	165,563	2,330,563
2042	2,250,000	84,375	2,334,375
2043			
2044			
2045			
2046			
2047			
	<u>\$ 11,310,000</u>	<u>\$ 6,040,838</u>	<u>\$ 17,350,838</u>

See accompanying independent auditor's report.

NEW CANEY MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
MAY 31, 2024

SERIES - 2021 REFUNDING

Due During Fiscal Years Ending May 31	Principal Due April 1	Interest Due October 1/ April 1	Total
2025	\$ 345,000	\$ 178,050	\$ 523,050
2026	360,000	167,700	527,700
2027	880,000	156,900	1,036,900
2028	920,000	130,500	1,050,500
2029	965,000	102,900	1,067,900
2030	990,000	83,600	1,073,600
2031	1,030,000	63,800	1,093,800
2032	1,065,000	43,200	1,108,200
2033	1,095,000	21,900	1,116,900
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
	<u>\$ 7,650,000</u>	<u>\$ 948,550</u>	<u>\$ 8,598,550</u>

See accompanying independent auditor's report.

NEW CANEY MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
MAY 31, 2024

S E R I E S - 2 0 2 1

Due During Fiscal Years Ending May 31	Principal Due April 1	Interest Due October 1/ April 1	Total
2025	\$ 285,000	\$ 432,563	\$ 717,563
2026	295,000	426,862	721,862
2027	295,000	420,963	715,963
2028	300,000	415,062	715,062
2029	295,000	409,063	704,063
2030	300,000	403,162	703,162
2031	300,000	397,163	697,163
2032	305,000	391,162	696,162
2033	310,000	385,063	695,063
2034	215,000	378,862	593,862
2035	215,000	374,563	589,563
2036	220,000	370,262	590,262
2037	225,000	365,863	590,863
2038	230,000	361,362	591,362
2039	230,000	356,763	586,763
2040	240,000	351,587	591,587
2041	240,000	346,188	586,188
2042	240,000	340,487	580,487
2043	2,570,000	334,788	2,904,788
2044	2,635,000	273,750	2,908,750
2045	2,700,000	207,875	2,907,875
2046	2,770,000	140,375	2,910,375
2047	2,845,000	71,125	2,916,125
	<u>\$ 18,260,000</u>	<u>\$ 7,954,913</u>	<u>\$ 26,214,913</u>

See accompanying independent auditor's report.

NEW CANEY MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
MAY 31, 2024

HENDRICKS DEFINED AREA
 S E R I E S - 2 0 2 2

Due During Fiscal Years Ending May 31	Principal Due April 1	Interest Due October 1/ April 1	Total
2025	\$ 40,000	\$ 67,025	\$ 107,025
2026	45,000	64,925	109,925
2027	45,000	62,562	107,562
2028	45,000	60,200	105,200
2029	45,000	57,838	102,838
2030	50,000	55,475	105,475
2031	50,000	52,850	102,850
2032	50,000	50,350	100,350
2033	50,000	47,850	97,850
2034	55,000	45,350	100,350
2035	55,000	42,600	97,600
2036	60,000	39,850	99,850
2037	60,000	36,850	96,850
2038	60,000	33,790	93,790
2039	65,000	30,730	95,730
2040	65,000	27,350	92,350
2041	70,000	23,970	93,970
2042	70,000	20,330	90,330
2043	75,000	16,585	91,585
2044	75,000	12,572	87,572
2045	80,000	8,560	88,560
2046	80,000	4,280	84,280
2047			
	<u>\$ 1,290,000</u>	<u>\$ 861,892</u>	<u>\$ 2,151,892</u>

See accompanying independent auditor's report.

NEW CANEY MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
MAY 31, 2024

ANNUAL REQUIREMENTS
FOR ALL SERIES

Due During Fiscal Years Ending May 31	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2025	\$ 1,585,000	\$ 1,420,782	\$ 3,005,782
2026	1,640,000	1,371,129	3,011,129
2027	1,685,000	1,319,319	3,004,319
2028	1,725,000	1,272,831	2,997,831
2029	1,765,000	1,224,689	2,989,689
2030	1,810,000	1,184,907	2,994,907
2031	1,850,000	1,143,333	2,993,333
2032	1,890,000	1,100,687	2,990,687
2033	1,930,000	1,056,577	2,986,577
2034	1,358,524	1,622,651	2,981,175
2035	2,015,000	986,400	3,001,400
2036	2,090,000	914,249	3,004,249
2037	2,160,000	839,176	2,999,176
2038	2,225,000	773,639	2,998,639
2039	2,300,000	706,244	3,006,244
2040	2,385,000	622,499	3,007,499
2041	2,475,000	535,721	3,010,721
2042	2,560,000	445,192	3,005,192
2043	2,645,000	351,373	2,996,373
2044	2,710,000	286,322	2,996,322
2045	2,780,000	216,435	2,996,435
2046	2,850,000	144,655	2,994,655
2047	2,845,000	71,125	2,916,125
	<u>\$ 49,278,524</u>	<u>\$ 19,609,935</u>	<u>\$ 68,888,459</u>

See accompanying independent auditor's report.

NEW CANEY MUNICIPAL UTILITY DISTRICT
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED MAY 31, 2024

Description	Original Bonds Issued	Bonds Outstanding June 1, 2023
New Caney Municipal Utility District Unlimited Tax Refunding Bonds - Series 2015	\$ 7,258,524	\$ 4,618,524
New Caney Municipal Utility District Unlimited Tax Bonds - Series 2016	2,400,000	1,510,000
New Caney Municipal Utility District Unlimited Tax Bonds - Series 2016-A	6,105,000	5,360,000
New Caney Municipal Utility District Unlimited Tax Bonds - Series 2019	12,100,000	11,475,000
New Caney Municipal Utility District Unlimited Tax Refunding Bonds - Series 2021	8,615,000	7,985,000
New Caney Municipal Utility District Unlimited Tax Bonds - Series 2021	19,090,000	18,540,000
New Caney Municipal Utility District Hendricks Defined Area Unlimited Tax Bonds - Series 2022	<u>1,370,000</u>	<u>1,330,000</u>
TOTAL	<u>\$ 56,938,524</u>	<u>\$ 50,818,524</u>

Bond Authority:	<u>Tax Bonds</u>	<u>Refunding Bonds</u>	<u>Defined Area Bonds</u>
Amount Authorized by Voters	\$ 333,840,000	\$ 70,650,000	\$ 10,780,000
Amount Issued	<u>64,985,000</u>	<u>1,138,524</u>	<u>1,370,000</u>
Remaining to be Issued	<u>\$ 268,855,000</u>	<u>\$ 69,511,476</u>	<u>\$ 9,410,000</u>

See accompanying independent auditor's report.

<u>Current Year Transactions</u>				
<u>Bonds Sold</u>	<u>Retirements</u>		<u>Bonds Outstanding May 31, 2024</u>	<u>Paying Agent</u>
	<u>Principal</u>	<u>Interest</u>		
\$	\$ 470,000	\$ 161,938	\$ 4,148,524	BOKF, N.A. Austin, TX
	115,000	38,012	1,395,000	BOKF, N.A. Austin, TX
	135,000	152,232	5,225,000	BOKF, N.A. Austin, TX
	165,000	423,012	11,310,000	UMB Bank, N.A. Austin, TX
	335,000	188,100	7,650,000	UMB Bank, N.A. Houston, TX
	280,000	438,162	18,260,000	UMB Bank, N.A. Houston, TX
	<u>40,000</u>	<u>69,125</u>	<u>1,290,000</u>	UMB Bank, N.A. Houston, TX
<u>\$ - 0 -</u>	<u>\$ 1,540,000</u>	<u>\$ 1,470,581</u>	<u>\$ 49,278,524</u>	

Debt Service Fund cash and investment balances as of May 31, 2024: \$ 3,992,168

Average annual debt service payment for remaining term of all bond debt: \$ 2,995,150

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

See accompanying independent auditor's report.

NEW CANEY MUNICIPAL UTILITY DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2024	2023	2022
REVENUES			
Property Taxes (Defined Area)	\$ 129,951	\$ 119,899	\$ 101,505
Water Service	2,021,811	1,963,324	1,722,097
Wastewater Service	1,431,242	1,328,037	1,238,601
San Jacinto River Authority Fees	1,450,356	1,361,777	1,189,947
Penalty and Interest	88,908	83,387	86,055
Connection, Inspection, and Other Service Fees	543,554	393,331	283,590
Investment and Miscellaneous Revenues	<u>113,702</u>	<u>113,838</u>	<u>52,446</u>
TOTAL REVENUES	<u>\$ 5,779,524</u>	<u>\$ 5,363,593</u>	<u>\$ 4,674,241</u>
EXPENDITURES			
Personnel	\$ 1,815,680	\$ 1,760,512	\$ 1,706,498
Professional Fees	240,600	126,921	222,753
Utilities	368,874	411,735	351,875
Repairs and Maintenance	671,951	254,080	497,376
San Jacinto River Authority Costs	1,226,946	1,375,465	1,194,755
Other	751,177	787,354	603,810
Capital Outlay	<u>227,025</u>	<u>34,930</u>	<u></u>
TOTAL EXPENDITURES	<u>\$ 5,302,253</u>	<u>\$ 4,750,997</u>	<u>\$ 4,577,067</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 477,271</u>	<u>\$ 612,596</u>	<u>\$ 97,174</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	<u>\$ - 0 -</u>	<u>\$ 35,000</u>	<u>\$ 1,179,247</u>
NET CHANGE IN FUND BALANCE	\$ 477,271	\$ 647,596	\$ 1,276,421
BEGINNING FUND BALANCE	<u>4,116,524</u>	<u>3,468,928</u>	<u>2,192,507</u>
ENDING FUND BALANCE	<u>\$ 4,593,795</u>	<u>\$ 4,116,524</u>	<u>\$ 3,468,928</u>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2021	2020	2024	2023	2022	2021	2020
\$	\$	2.2 %	2.2 %	2.2 %	%	%
1,663,989	1,616,424	35.0	36.6	36.8	37.3	38.4
1,220,030	1,147,645	24.8	24.8	26.5	27.4	27.3
1,165,391	1,060,730	25.1	25.4	25.5	26.2	25.2
85,753	70,832	1.5	1.6	1.8	1.9	1.7
280,696	271,840	9.4	7.3	6.1	6.3	6.5
38,106	38,568	2.0	2.1	1.1	0.9	0.9
<u>\$ 4,453,965</u>	<u>\$ 4,206,039</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 1,645,487	\$ 1,586,766	31.4 %	32.8 %	36.5 %	36.9 %	37.7 %
195,471	83,803	4.2	2.4	4.8	4.4	2.0
309,856	250,582	6.4	7.7	7.5	7.0	6.0
390,576	307,163	11.6	4.7	10.6	8.8	7.3
1,136,565	1,111,580	21.2	25.6	25.6	25.5	26.4
569,875	594,229	13.0	14.7	12.9	12.8	14.1
1,150,524	264,018	3.9	0.7		25.8	6.3
<u>\$ 5,398,354</u>	<u>\$ 4,198,141</u>	<u>91.7 %</u>	<u>88.6 %</u>	<u>97.9 %</u>	<u>121.2 %</u>	<u>99.8 %</u>
\$ (944,389)	\$ 7,898	8.3 %	11.4 %	2.1 %	(21.2) %	0.2 %
<u>\$ - 0 -</u>	<u>\$ - 0 -</u>					
\$ (944,389)	\$ 7,898					
<u>3,136,896</u>	<u>3,128,998</u>					
<u>\$ 2,192,507</u>	<u>\$ 3,136,896</u>					

See accompanying independent auditor's report.

NEW CANEY MUNICIPAL UTILITY DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2024	2023	2022
REVENUES			
Property Taxes	\$ 3,121,059	\$ 2,909,979	\$ 2,825,788
Penalty and Interest	48,234	56,436	108,652
Investment and Miscellaneous Revenues	<u>47,534</u>	<u>8,393</u>	<u>5,330</u>
TOTAL REVENUES	<u>\$ 3,216,827</u>	<u>\$ 2,974,808</u>	<u>\$ 2,939,770</u>
EXPENDITURES			
Tax Collection Expenditures	\$ 48,072	\$ 52,162	\$ 33,046
Debt Service Principal	1,540,000	1,500,000	1,420,000
Debt Service Interest and Fees	1,479,332	1,469,723	1,241,767
Bond Issuance Costs	<u> </u>	<u> </u>	<u> </u>
TOTAL EXPENDITURES	<u>\$ 3,067,404</u>	<u>\$ 3,021,885</u>	<u>\$ 2,694,813</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 149,423</u>	<u>\$ (47,077)</u>	<u>\$ 244,957</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from Issuance of Long-Term Debt Bond Premium	\$	\$ 63,225	\$
Payment to Refunded Bond Escrow Agent	<u> </u>	<u> </u>	<u> </u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ - 0 -</u>	<u>\$ 63,225</u>	<u>\$ - 0 -</u>
NET CHANGE IN FUND BALANCE	\$ 149,423	\$ 16,148	\$ 244,957
BEGINNING FUND BALANCE	<u>3,592,895</u>	<u>3,576,747</u>	<u>3,331,790</u>
ENDING FUND BALANCE	<u>\$ 3,742,318</u>	<u>\$ 3,592,895</u>	<u>\$ 3,576,747</u>
TOTAL ACTIVE RETAIL WATER CONNECTIONS	<u>4,480</u>	<u>4,385</u>	<u>4,229</u>
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	<u>4,223</u>	<u>4,132</u>	<u>3,993</u>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2021	2020	2024	2023	2022	2021	2020
\$ 2,705,961	\$ 2,277,797	97.0 %	97.8 %	96.1 %	95.5 %	97.0 %
92,321	65,531	1.5	1.9	3.7	3.3	2.8
33,387	5,332	1.5	0.3	0.2	1.2	0.2
<u>\$ 2,831,669</u>	<u>\$ 2,348,660</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 49,578	\$ 46,354	1.5 %	1.8 %	1.1 %	1.8 %	2.0 %
1,120,000	1,070,000	47.9	50.4	48.3	39.6	45.6
1,077,993	1,245,997	46.0	49.4	42.2	38.1	53.1
389,424					13.8	
<u>\$ 2,636,995</u>	<u>\$ 2,362,351</u>	<u>95.4 %</u>	<u>101.6 %</u>	<u>91.6 %</u>	<u>93.3 %</u>	<u>100.7 %</u>
\$ 194,674	\$ (13,691)	4.6 %	(1.6) %	8.4 %	6.7 %	(0.7) %
\$ 8,615,000	\$					
597,174						
(8,823,350)						
<u>\$ 388,824</u>	<u>\$ - 0 -</u>					
\$ 583,498	\$ (13,691)					
2,748,292	2,761,983					
<u>\$ 3,331,790</u>	<u>\$ 2,748,292</u>					
4,126	4,093					
<u>3,927</u>	<u>3,873</u>					

See accompanying independent auditor's report.

**NEW CANEY MUNICIPAL UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
MAY 31, 2024**

District Mailing Address - New Caney Municipal Utility District
P. O. Box 1799
New Caney, TX 77357

District Telephone Number - (281) 689-2327

Board Members	Term of Office (Elected or <u>Appointed</u>)	Fees of office for the year ended <u>May 31, 2024</u>	Expense reimbursements for the year ended <u>May 31, 2024</u>	<u>Title</u>
William B. Smith	05/24 05/28 (Elected)	\$ 2,400	\$ -0-	President
Jerry R. Vernon	05/24 05/28 (Elected)	\$ 2,400	\$ -0-	Vice President
Mary Anne Vickery	05/22 05/26 (Appointed)	\$ 2,250	\$ -0-	Assistant Secretary/ Assistant Treasurer
Matthew J. Peterson	05/24 05/28 (Elected)	\$ 1,500	\$ -0-	Treasurer/ Assistant Secretary
Tony A. Martinez Jr.	05/22 05/26 (Elected)	\$ 2,400	\$ -0-	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 Developer or with any of the District's consultants. The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200 as set by Board Resolution on August 23, 2006. Fees of Office are the amounts actually paid to a Director during the District's fiscal year. The submission date of the most recent District Registration Form was May 31, 2022.

See accompanying independent auditor's report.

**NEW CANEY MUNICIPAL UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
MAY 31, 2024**

Employees:	<u>Date Hired</u>	<u>Fees/Compensation for the fiscal year ended May 31, 2024</u>	<u>Title</u>
Richard McDonald	2009	\$ 116,030	General Manager
 Consultants:			
Johnson Petrov LLP	11/16/17	\$ 60,521	General Counsel
McCall Gibson Swedlund Barfoot PLLC	1/20/05	\$ 28,000	Auditor
LJA Engineering	01/18/07	\$ 787,774	Engineer
Blitch Associates, Inc.	01/24/07	\$ -0-	Financial Advisor

See accompanying independent auditor's report.

