

BURNEY ROAD MUNICIPAL UTILITY DISTRICT
FORT BEND COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
AUGUST 31, 2023

BURNEY ROAD MUNICIPAL UTILITY DISTRICT

FORT BEND COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

AUGUST 31, 2023

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	17-28
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND	30
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	32-33
GENERAL FUND EXPENDITURES	34
INVESTMENTS	35
TAXES LEVIED AND RECEIVABLE	36-37
LONG-TERM DEBT SERVICE REQUIREMENTS	38-40
CHANGES IN LONG-TERM BOND DEBT	41-42
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES GENERAL FUND AND DEBT SERVICE FUND - FIVE YEARS	43-46
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS	47-48

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Burney Road Municipal Utility District
Fort Bend County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Burney Road Municipal Utility District (the "District") as of and for the year ended August 31, 2023, 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, 2023, 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
Burney Road 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 has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

January 22, 2024

**BURNEY ROAD MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2023**

Management's discussion and analysis of Burney Road Municipal Utility District's (the "District") financial performance provides an overview of the District's financial activities for the year ended August 31, 2023. 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 like that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The Statement of Net Position includes all of 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 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 period 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 two 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.

**BURNEY ROAD MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2023**

FUND FINANCIAL STATEMENTS (Continued)

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

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The adjustments columns, the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental 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, assets exceeded liabilities by \$204,588 as of August 31, 2023.

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

**BURNEY ROAD MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2023**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2023	2022	Change Positive (Negative)
Current and Other Assets	\$ 1,081,683	\$ 1,941,022	\$ (859,339)
Capital Assets (Net of Accumulated Depreciation)	<u>3,214,773</u>	<u>3,136,227</u>	<u>78,546</u>
Total Assets	<u>\$ 4,296,456</u>	<u>\$ 5,077,249</u>	<u>\$ (780,793)</u>
Long -Term Liabilities	\$ 2,981,177	\$ 4,045,566	\$ 1,064,389
Other Liabilities	<u>1,110,691</u>	<u>2,002,334</u>	<u>891,643</u>
Total Liabilities	<u>\$ 4,091,868</u>	<u>\$ 6,047,900</u>	<u>\$ 1,956,032</u>
Net Position:			
Restricted	\$ 564,747	\$ 512,717	\$ 52,030
Unrestricted	<u>(360,159)</u>	<u>(1,483,368)</u>	<u>1,123,209</u>
Total Net Position	<u>\$ 204,588</u>	<u>\$ (970,651)</u>	<u>\$ 1,175,239</u>

The following table provides a summary of the District's operations for the years ended August 31, 2023, and August 31, 2022.

	Summary of Changes in the Statement of Activities		
	2023	2022	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 799,794	\$ 788,349	\$ 11,445
Property Tax Rebate	575,097	502,346	72,751
Other Revenues	<u>55,847</u>	<u>12,942</u>	<u>42,905</u>
Total Revenues	\$ 1,430,738	\$ 1,303,637	\$ 127,101
Expenses for Services	<u>255,499</u>	<u>296,108</u>	<u>40,609</u>
Change in Net Position	\$ 1,175,239	\$ 1,007,529	\$ 167,710
Net Position, Beginning of Year	<u>(970,651)</u>	<u>(1,978,180)</u>	<u>1,007,529</u>
Net Position, End of Year	<u>\$ 204,588</u>	<u>\$ (970,651)</u>	<u>\$ 1,175,239</u>

**BURNEY ROAD MUNICIPAL UTILITY DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2023**

FINANCIAL ANALYSIS OF THE DISTRICT’S GOVERNMENTAL FUNDS

The District’s combined fund balances as of August 31, 2023, were \$972,982, an increase of \$62,098 from the prior year.

The General Fund fund balance increased by \$10,121, primarily due to property tax revenues exceeding operating costs and capital outlay.

The Debt Service Fund fund balance increased by \$51,977, primarily due to the structure of the District’s outstanding debt.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors adopted an unappropriated budget for the current fiscal year. The District amended the budget to increase the budgeted amount for property taxes and to include the District administration building in budgeted capital outlay. Actual revenues were \$25,139 more than budgeted revenues and actual expenditures were \$352,052 less than budgeted expenditures. This resulted in a total positive variance of \$377,191. See the budget to actual comparison for more information.

CAPITAL ASSETS

The District operates in contractual conjunction with the City of Sugar Land, Texas (the “City”). In this arrangement, the District finances the costs of constructing water, sewer and drainage facilities (the “Facilities”) to property located in the City. The City maintains the Facilities and operates the Facilities for the benefit of the residents of the District. The District’s only capital assets are comprised of land and storm water detention facilities. In accordance with the Utility Agreement with the City, dated as of October 21, 1997, as amended, the District has complied fully with the terms of the agreement and tendered Deeds for all such Facilities to the City; however, as of the date of this audit, the City has not accepted all such Deeds. As of August 31, 2023, the District has recorded Land and Land Improvements in the amount of \$3,136,227.

LONG-TERM DEBT ACTIVITY

At the end of the current fiscal year, the District had total long-term debt payable of \$3,830,000. The changes in the debt position of the District during the fiscal year ended August 31, 2023, are summarized as follows:

Bond Debt Payable, September 1, 2022	\$ 4,810,000
Less: Bond Principal Paid	<u>980,000</u>
Bond Debt Payable, August 31, 2023	<u>\$ 3,830,000</u>

**BURNEY ROAD MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2023**

LONG-TERM DEBT ACTIVITY (Continued)

The District's bonds carry an underlying rating of "A+". The District's Series 2020 Refunding bonds carry an insured rating of "AA" by virtue of bond insurance issued by Assured Guaranty Municipal Corp. The District's Series 2016 bonds carry an insured rating of "AA" by virtue of bond insurance issued by Build America Mutual Assurance Company. Credit enhanced ratings provided through bond insurance policies are subject to change based on the rating of the bond insurance company. The ratings above include all changes through August 31, 2023.

OTHER RELEVANT FACTORS

Under existing Texas law, since the District lies wholly within the corporate limits of the City, the District may be dissolved by the City without the District's consent, subject to compliance by the City with various requirements of Chapter 43 of the Texas Local Government Code, as amended. If the District is dissolved, the City must assume the District's assets and obligations and abolish the District within 90 days of the date of dissolution. Dissolution of territory by the City is a policy-making matter within the discretion of the Mayor and City Council of the City. The District has sought dissolution and at this time it has been denied by the City, subject to further review.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Burney Road Municipal Utility District, c/o Sechrist-Duckers LLP, 6300 West Loop South., Suite 415, Bellaire, TX 77401.

**BURNEY ROAD MUNICIPAL UTILITY DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
AUGUST 31, 2023**

	General Fund	Debt Service Fund
ASSETS		
Cash	\$ 113,677	\$ 130,840
Investments	394,684	433,332
Receivables:		
Property Taxes	1,682	5,048
Penalty and Interest on Delinquent Taxes		
Other		1,140
Due from Other Funds	3,145	6,999
Land and Land Improvements		
Construction in Progress		
TOTAL ASSETS	\$ 513,188	\$ 577,359

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

<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 244,517	\$	\$ 244,517
828,016		828,016
6,730		6,730
	1,280	1,280
1,140		1,140
10,144	(10,144)	
	3,136,227	3,136,227
	78,546	78,546
<u>\$ 1,090,547</u>	<u>\$ 3,205,909</u>	<u>\$ 4,296,456</u>

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

BURNEY ROAD MUNICIPAL UTILITY DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
AUGUST 31, 2023

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	\$ 89,944	\$ 1,709
Due to Other Funds	6,999	3,145
Due to Taxpayers		9,038
Long-Term Liabilities:		
Due Within One Year		
Due After One Year		
TOTAL LIABILITIES	\$ 96,943	\$ 13,892
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	\$ 1,682	\$ 5,048
FUND BALANCES		
Restricted for Debt Service	\$	\$ 558,419
Assigned to 2024 Budget	273,703	
Unassigned	140,860	
TOTAL FUND BALANCES	\$ 414,563	\$ 558,419
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 513,188	\$ 577,359
NET POSITION		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 91,653	\$	\$ 91,653
10,144	(10,144)	
9,038		9,038
	1,010,000	1,010,000
	2,981,177	2,981,177
<u>\$ 110,835</u>	<u>\$ 3,981,033</u>	<u>\$ 4,091,868</u>
<u>\$ 6,730</u>	<u>\$ (6,730)</u>	<u>\$ - 0 -</u>
\$ 558,419	\$ (558,419)	\$
273,703	(273,703)	
140,860	(140,860)	
<u>\$ 972,982</u>	<u>\$ (972,982)</u>	<u>\$ - 0 -</u>
<u>\$ 1,090,547</u>		
	\$ 564,747	\$ 564,747
	(360,159)	(360,159)
	<u>\$ 204,588</u>	<u>\$ 204,588</u>

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

**BURNEY ROAD MUNICIPAL UTILITY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AUGUST 31, 2023**

Total Fund Balances - Governmental Funds	\$	972,982
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not a current financial resources and, therefore, are not reported as assets in the governmental funds.		3,214,773
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Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2022 and prior tax levies became part of recognized revenue in the governmental activities of the District.		8,010
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Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:

Bonds Payable Within One Year	\$ (1,010,000)	
Bonds Payable After One Year	<u>(2,981,177)</u>	<u>(3,991,177)</u>
Total Net Position - Governmental Activities		<u>\$ 204,588</u>

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

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BURNEY ROAD MUNICIPAL UTILITY DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT
OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED AUGUST 31, 2023

	<u>General Fund</u>	<u>Debt Service Fund</u>
REVENUES		
Property Taxes	\$ 199,808	\$ 599,988
Property Taxes Rebate		575,097
Penalty and Interest		6,792
Investment Revenues	16,581	32,210
Miscellaneous Revenues		<u>57</u>
TOTAL REVENUES	<u>\$ 216,389</u>	<u>\$ 1,214,144</u>
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 39,895	\$ 1,998
Contracted Services	5,400	39,604
Repairs and Maintenance	68,597	
Other	13,830	1,195
Capital Outlay	78,546	
Debt Service:		
Bond Principal		980,000
Bond Interest		<u>139,370</u>
TOTAL EXPENDITURES/EXPENSES	<u>\$ 206,268</u>	<u>\$ 1,162,167</u>
NET CHANGE IN FUND BALANCES	\$ 10,121	\$ 51,977
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - SEPTEMBER 1, 2022	<u>404,442</u>	<u>506,442</u>
FUND BALANCES/NET POSITION - AUGUST 31, 2023	<u>\$ 414,563</u>	<u>\$ 558,419</u>

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

<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
\$ 799,796	\$ (2)	\$ 799,794
575,097		575,097
6,792	207	6,999
48,791		48,791
57		57
<u>\$ 1,430,533</u>	<u>\$ 205</u>	<u>\$ 1,430,738</u>
\$ 41,893	\$	\$ 41,893
45,004		45,004
68,597		68,597
15,025		15,025
78,546	(78,546)	
980,000	(980,000)	
139,370	(54,390)	84,980
<u>\$ 1,368,435</u>	<u>\$ (1,112,936)</u>	<u>\$ 255,499</u>
\$ 62,098	\$ (62,098)	\$
	1,175,239	1,175,239
910,884	(1,881,535)	(970,651)
<u>\$ 972,982</u>	<u>\$ (768,394)</u>	<u>\$ 204,588</u>

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

**BURNEY ROAD 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 AUGUST 31, 2023**

Net Change in Fund Balances - Governmental Funds	\$	62,098
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.		(2)
Governmental funds report penalty and interest revenue on property taxes when collected. However, in the Statement of Activities, revenue is recorded when penalties and interest are assessed.		207
Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.		78,546
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.		980,000
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.		<u>54,390</u>
Change in Net Position - Governmental Activities	\$	<u><u>1,175,239</u></u>

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

BURNEY ROAD MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2023

NOTE 1. CREATION OF DISTRICT

Burney Road Municipal Utility District (the “District”) was created effective September 24, 1984, by an Order of the Texas Water Commission, now known as the Texas Commission on 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 organizational meeting on November 26, 1984 and issued its first bonds on March 14, 2000.

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 defined as follows:

BURNEY ROAD MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2023

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

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

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

BURNEY ROAD MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2023

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds

The District has two 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.

Basis of Accounting

The District uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both “measurable and available.” Measurable means the amount can be determined. Available means collectable within the current period or soon enough thereafter to pay current liabilities. The District considers revenues reported in the 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.

The District has applied a current accounting standard that provides for an exception to the basic concept that general long-term indebtedness is not reported as expenditures until the amount becomes due and payable. This exception allows the District to record the September 1, 2023, debt service payments as expenditures during the current fiscal year.

Property taxes considered available by the District and included in revenue include the 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 reasonable 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 August 31, 2023, the District’s Debt Service fund recorded a liability to the General Fund in the amount of \$3,145 for the collection of maintenance tax revenues and the General Fund recorded a liability to the Debt Service Fund of \$6,999 for an excess reimbursement of bond issuance costs.

**BURNEY ROAD MUNICIPAL UTILITY DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 AUGUST 31, 2023**

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.

Assets are capitalized, including infrastructure assets, if they have an original cost of \$5,000 or more and a useful life of at least two years. Depreciation is calculated on each class of depreciable property using no salvage value and the straight-line method of depreciation. Estimated useful lives are as follows:

	Years
Buildings	40
Water System	10-45
Wastewater System	10-45
Storm Drainage System	10-45
All Other Equipment	3-20

To date all capital assets constructed by the District have been conveyed to the City of Sugar Land, Texas for operations and maintenance, except for land and storm water detention facilities, See Note 6.

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 amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the original and revised budget amounts, if revised, compared to the actual amounts of revenues and expenditures for the current year.

Pensions

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

BURNEY ROAD MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2023

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, liabilities, and deferred inflows and outflows of resources associated with the activities are reported. Fund equity is classified as net position.

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

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

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. The District assigned \$273,703 of its General Fund fund balance to cover the projected fiscal year 2024 budget shortfall.

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.

BURNEY ROAD MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2023

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

	Series 2016	Refunding Series 2020
Amount Outstanding – August 31, 2023	\$995,000	\$2,835,000
Interest Rates	2.40%-2.70%	3.00%
Maturity Date	September 1, 2024/2028	September 1, 2024/2026
Interest Payment Dates	March 1/ September 1	March 1/ September 1
Callable Dates	September 1, 2023*	Non-callable

* Or any date thereafter at a price of par plus unpaid accrued interest in whole or in part, at the option of the District. The Series 2016 term bonds maturing on September 1, 2025 and September 1 2027 are subject to mandatory redemption by random selection beginning September 1, 2024 and September 1, 2026, respectively.

BURNEY ROAD MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2023

NOTE 3. LONG-TERM DEBT (Continued)

The following is a summary of transactions regarding bonds payable for the year ended August 31, 2023:

	September 1, 2022	Additions	Retirements	August 31, 2023
Bonds Payable	\$ 4,810,000	\$	\$ 980,000	\$ 3,830,000
Unamortized Discounts	(6,868)		(1,143)	(5,725)
Unamortized Premiums	222,434		55,532	166,902
Net, Bonds Payable	\$ 5,025,566	\$ -0-	\$ 1,034,389	\$ 3,991,177
			Amount Due Within One Year	\$ 1,010,000
			Amount Due After One Year	2,981,177
			Total Long-Term Liabilities	\$ 3,991,177

As of August 31, 2023, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 1,010,000	\$ 110,870	\$ 1,120,870
2025	1,045,000	81,170	1,126,170
2026	1,080,000	50,420	1,130,420
2027	345,000	18,420	363,420
2028	350,000	9,450	359,450
	\$ 3,830,000	\$ 270,330	\$ 4,100,330

As of August 31, 2023, the District had authorized but unissued bonds in the amount of \$11,185,000 for utility facilities and \$13,809,576 for refunding bonds.

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.

During the year ended August 31, 2023, the District levied an ad valorem debt service tax rate of \$0.15 per \$100 of assessed valuation, which resulted in a tax levy of \$600,256 on the adjusted taxable valuation of \$400,170,619 for the 2022 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. See Note 7 for the maintenance tax levy.

**BURNEY ROAD MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2023**

NOTE 3. LONG-TERM DEBT (Continued)

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 RESOLUTION 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 with respect to the District to the state information depository. 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.

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 \$244,517 and the bank balance was \$267,805. 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 August 31, 2023, as listed below:

	Cash
GENERAL FUND	\$ 113,677
DEBT SERVICE FUND	130,840
TOTAL DEPOSITS	\$ 244,517

BURNEY ROAD MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2023

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 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 Investors, Inc. manages the daily operations of the pool under a contract with the Comptroller. TexPool meets the criteria established in GASB Statement No. 79 and 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 or restrictions on withdrawals from TexPool.

As of August 31, 2023, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities Of Less Than 1 Year
<u>GENERAL FUND</u>		
TexPool	\$ 394,684	\$ 394,684
<u>DEBT SERVICE FUND</u>		
TexPool	433,332	433,332
TOTAL INVESTMENTS	\$ 828,016	\$ 828,016

BURNEY ROAD MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2023

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. At August 31, 2023, 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.

Restrictions

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

NOTE 6. CAPITAL ASSETS

The District operates in contractual conjunction with the City of Sugar Land, Texas (the "City"). In this arrangement, the District finances the costs of constructing water, sewer and drainage facilities (the "Facilities") to property located in the City. The City maintains the Facilities and operates the Facilities for the benefit of the residents of the District. The District's only capital assets are comprised of land and storm water detention facilities. In accordance with the Utility Agreement with the City, dated October 21, 1997, as amended, the District has tendered Deeds for all such Facilities to the City; however, as of the date of this audit, the City has not accepted all such Deeds.

As of August 31, 2023, the District has recorded Land and Land Improvements in the amount of \$3,136,227.

Capital asset activity for the year ended August 31, 2023:

	September 1, 2022	Increases	Deductions	August 31, 2023
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 3,136,227	\$	\$	\$ 3,136,227
Construction in Progress	_____	78,546	_____	78,546
Total Capital Assets Not Being Depreciated	<u>\$ 3,136,227</u>	<u>\$ 78,546</u>	<u>\$ - 0 -</u>	<u>\$ 3,214,773</u>

BURNEY ROAD MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2023

NOTE 7. MAINTENANCE TAX

On August 10, 1985, the voters of the District approved the levy and collection of a maintenance tax not to exceed \$0.50 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 system. During the year ended August 31, 2023, the District levied an ad valorem maintenance tax rate of \$0.05 per \$100 of assessed valuation, which resulted in a tax levy of \$200,085 on the adjusted taxable valuation of \$400,170,619 for the 2022 tax year.

NOTE 8. UTILITY AGREEMENT

The District is located totally within the corporate limits of the City and obtains water, sewer and drainage services from the City. The City and the District entered into a Utility Agreement on October 21, 1997, as amended on January 4, 2000, January 16, 2001, and October 6, 2005, to provide a water distribution system, sanitary sewer collection system and a drainage system (the "System") to serve the area within the District. In consideration of the District acquiring and constructing the System on behalf of the City, the City agreed, pursuant to the terms and conditions of the Utility Agreement, to own and operate the System. As construction of each phase of the System was certified by the City to be completed in accordance with the final plans and specifications approved by the City, the District transferred such portion of the System with "as built" drawings thereof to the City.

Upon transfer, the City has agreed to operate and maintain the System at its expense. The City charges customers of the System the same rates charged other similar users within the City. All revenue from the System, including any charges which the City may impose for connection to the System, go to the City.

On October 6, 2005, the District and the City amended the Utility Agreement to provide for the rebate of property taxes levied by the City on property within the District's boundaries. On or before February 15 of each year, the City will remit to the District fifty percent (50%) of taxes collected less costs of collecting taxes. This rebate will continue until the District's debt is retired. During the current fiscal year, the District received \$575,097 in accordance with this agreement.

BURNEY ROAD MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2023

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 Municipal League Intergovernmental Risk Pool (TML) to provide general liability, pollution liability, workers compensation, auto liability, and public official's liability coverage. The District, along with other participating entities, contributes annual amounts determined by TML's management. As claims arise, they are submitted and paid by TML. There has been no significant reduction in coverage from the prior year and settlements have not exceeded coverage in the past three years.

BURNEY ROAD MUNICIPAL UTILITY DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

AUGUST 31, 2023

**BURNEY ROAD MUNICIPAL UTILITY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2023**

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
REVENUES				
Property Taxes	\$ 179,000	\$ 190,000	\$ 199,808	\$ 9,808
Investment Revenues	1,250	1,250	16,581	15,331
TOTAL REVENUES	<u>\$ 180,250</u>	<u>\$ 191,250</u>	<u>\$ 216,389</u>	<u>\$ 25,139</u>
EXPENDITURES				
Service Operations:				
Professional Fees	\$ 38,500	\$ 33,500	\$ 39,895	\$ (6,395)
Contracted Services	5,400	5,400	5,400	
Repairs and Maintenance	70,340	70,340	68,597	1,743
Other	13,860	14,080	13,830	250
Capital Outlay	15,000	435,000	78,546	356,454
TOTAL EXPENDITURES	<u>\$ 143,100</u>	<u>\$ 558,320</u>	<u>\$ 206,268</u>	<u>\$ 352,052</u>
NET CHANGE IN FUND BALANCE	\$ 37,150	\$ (367,070)	\$ 10,121	\$ 377,191
FUND BALANCE - SEPTEMBER 1, 2022	<u>404,442</u>	<u>404,442</u>	<u>404,442</u>	
FUND BALANCE - AUGUST 31, 2023	<u>\$ 441,592</u>	<u>\$ 37,372</u>	<u>\$ 414,563</u>	<u>\$ 377,191</u>

See accompanying independent auditor's report.

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**BURNEY ROAD MUNICIPAL UTILITY DISTRICT
SUPPLEMENTARY INFORMATION REQUIRED BY THE
WATER DISTRICT FINANCIAL MANAGEMENT GUIDE**

AUGUST 31, 2023

**BURNEY ROAD MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED AUGUST 31, 2023**

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

<u>N/A</u>	Retail Water	<u>N/A</u>	Wholesale Water	<u>X</u>	Drainage
<u>N/A</u>	Retail Wastewater	<u>N/A</u>	Wholesale Wastewater	<u>N/A</u>	Irrigation
<u>N/A</u>	Parks/Recreation	<u>N/A</u>	Fire Protection	<u>N/A</u>	Security
<u>N/A</u>	Solid Waste/Garbage	<u>N/A</u>	Flood Control	<u>N/A</u>	Roads
<u>N/A</u>	Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)				
<u>X</u>	Other: The District operates in contractual conjunction with the City of Sugar Land				

2. RETAIL SERVICE PROVIDERS (NOT APPLICABLE)

3. TOTAL WATER CONSUMPTION DURING THE FISCAL YEAR ROUNDED TO THE NEAREST THOUSAND: (NOT APPLICABLE)

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

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

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

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes X No _____

County or Counties in which District is located:

Fort Bend County, Texas

See accompanying independent auditor's report.

**BURNEY ROAD MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED AUGUST 31, 2023**

5. LOCATION OF DISTRICT: (Continued)

Is the District located within a city?

Entirely X Partly Not at all

City or Cities in which the District is located:

City of Sugar Land, Texas

Are Board Members appointed by an office outside the District?

Yes No X

See accompanying independent auditor’s report.

**BURNEY ROAD MUNICIPAL UTILITY DISTRICT
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED AUGUST 31, 2023**

PROFESSIONAL FEES:	
Auditing	\$ 13,000
Legal	<u>26,895</u>
TOTAL PROFESSIONAL FEES	<u>\$ 39,895</u>
CONTRACTED SERVICES:	
Bookkeeping	<u>\$ 5,400</u>
REPAIRS AND MAINTENANCE	<u>\$ 68,597</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 7,310
Dues	300
Insurance	3,965
Payroll Taxes	559
Other	<u>1,696</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 13,830</u>
CAPITAL OUTLAY	<u>\$ 78,546</u>
TOTAL EXPENDITURES	<u>\$ 206,268</u>

See accompanying independent auditor's report.

**BURNEY ROAD MUNICIPAL UTILITY DISTRICT
INVESTMENTS
AUGUST 31, 2023**

<u>Fund</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	XXXXX0002	Varies	Daily	\$ 394,684	\$ -0-
<u>DEBT SERVICE FUND</u>					
TexPool	XXXXX0001	Varies	Daily	\$ 433,332	\$ -0-
TOTAL - ALL FUNDS				<u>\$ 828,016</u>	<u>\$ -0-</u>

See accompanying independent auditor's report.

**BURNEY ROAD MUNICIPAL UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2023**

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
SEPTMEBER 1, 2022	\$	1,529	\$	5,203
Adjustments to Beginning				
Balance		<u>(124)</u>	\$	<u>4,780</u>
Original 2022 Tax Levy	\$	199,887	\$	599,662
Adjustment to 2022 Tax Levy		<u>198</u>	<u>200,085</u>	<u>594</u>
TOTAL TO BE				
ACCOUNTED FOR		\$	201,490	\$
				<u>605,036</u>
TAX COLLECTIONS:				
Prior Years	\$	1,404	\$	4,777
Current Year		<u>198,404</u>	<u>199,808</u>	<u>595,211</u>
TAXES RECEIVABLE -				
AUGUST 31, 2023		<u>\$</u>	<u>1,682</u>	<u>\$</u>
				<u>5,048</u>
TAXES RECEIVABLE BY				
YEAR:				
2022		\$	1,681	\$
2020 and prior			<u>1</u>	<u>3</u>
TOTAL		<u>\$</u>	<u>1,682</u>	<u>\$</u>
				<u>5,048</u>

See accompanying independent auditor's report.

**BURNEY ROAD MUNICIPAL UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2023**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
PROPERTY VALUATIONS:				
Land	\$ 65,855,550	\$ 63,693,520	\$ 63,693,520	\$ 63,692,510
Improvements	382,454,271	307,471,544	306,575,129	305,110,839
Personal Property	3,595,190	3,235,930	2,866,340	2,581,770
Exemptions	<u>(51,734,392)</u>	<u>(16,182,946)</u>	<u>(15,652,516)</u>	<u>(14,878,296)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 400,170,619</u>	<u>\$ 358,218,048</u>	<u>\$ 357,482,473</u>	<u>\$ 356,506,823</u>
TAX RATES PER \$100 VALUATION:				
Debt Service Tax	\$ 0.15	\$ 0.17	\$ 0.17	\$ 0.18
Maintenance Tax	<u>0.05</u>	<u>0.05</u>	<u>0.05</u>	<u>0.04</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.20</u>	<u>\$ 0.22</u>	<u>\$ 0.22</u>	<u>\$ 0.22</u>
ADJUSTED TAX LEVY*	<u>\$ 800,341</u>	<u>\$ 788,075</u>	<u>\$ 786,457</u>	<u>\$ 784,310</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED				
	<u>99.16 %</u>	<u>100.00 %</u>	<u>99.99 %</u>	<u>99.99 %</u>

* 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 \$0.50 per \$100 of assessed valuation approved by voters on August 10, 1985.

See accompanying independent auditor's report.

**BURNEY ROAD MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2023**

S E R I E S - 2 0 1 6			
Due During Fiscal Years Ending Ending August 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2024	\$ 100,000	\$ 25,820	\$ 125,820
2025	100,000	23,420	123,420
2026	100,000	21,020	121,020
2027	345,000	18,420	363,420
2028	350,000	9,450	359,450
	\$ 995,000	\$ 98,130	\$ 1,093,130

The District records the amount due September 1 as expenditures in the prior fiscal year. See Note 2. This schedule shows the amounts expended within the fiscal years assuming this practice will continue in the future.

See accompanying independent auditor's report.

**BURNEY ROAD MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2023**

REFUNDING SERIES - 2020			
Due During Fiscal Years Ending Ending August 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2024	\$ 910,000	\$ 85,050	\$ 995,050
2025	945,000	57,750	1,002,750
2026	980,000	29,400	1,009,400
2027			
2028			
	\$ 2,835,000	\$ 172,200	\$ 3,007,200

The District records the amount due September 1 as expenditures in the prior fiscal year. See Note 2. This schedule shows the amounts expended within the fiscal years assuming this practice will continue in the future.

See accompanying independent auditor's report.

**BURNEY ROAD MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2023**

ANNUAL REQUIREMENTS
FOR ALL SERIES

Due During Fiscal Years Ending Ending August 31	Total Principal Due	Total Interest Due	Total Principal Interest Due
2024	\$ 1,010,000	\$ 110,870	\$ 1,120,870
2025	1,045,000	81,170	1,126,170
2026	1,080,000	50,420	1,130,420
2027	345,000	18,420	363,420
2028	350,000	9,450	359,450
	\$ 3,830,000	\$ 270,330	\$ 4,100,330

The District records the amount due September 1 as expenditures in the prior fiscal year. See Note 2. This schedule shows the amounts expended within the fiscal years assuming this practice will continue in the future.

See accompanying independent auditor's report.

**BURNEY ROAD MUNICIPAL UTILITY DISTRICT
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED AUGUST 31, 2023**

Description	Original Bonds Issued	Bonds Outstanding September 1, 2022
Burney Road Municipal Utility District Unlimited Tax Bonds - Series 2016	\$ 1,595,000	\$ 1,095,000
Burney Road Municipal Utility District Unlimited Tax Refunding Bonds - Series 2020	<u>4,570,000</u>	<u>3,715,000</u>
TOTAL	<u><u>\$ 6,165,000</u></u>	<u><u>\$ 4,810,000</u></u>
Bond Authority:	<u>Tax Bonds*</u>	<u>Refunding Bonds</u>
Amount Authorized by Voters	\$ 27,700,000	\$ 25,000,000
Amount Issued	<u>16,515,000</u>	<u>11,190,424</u>
Remaining to be Issued	<u><u>\$ 11,185,000</u></u>	<u><u>\$ 13,809,576</u></u>
Debt Service Fund cash and investments balance as of August 31, 2023:		<u>\$ 564,172</u>
Average annual debt service payment (principal and interest) for remaining term of all debt:		<u><u>\$ 820,066</u></u>

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

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

See accompanying independent auditor's report.

<u>Current Year Transactions</u>			
<u>Bonds Sold</u>	<u>Retirements</u>		<u>Bonds Outstanding August 31, 2023</u>
	<u>Principal</u>	<u>Interest</u>	
\$	\$ 100,000	\$ 27,920	\$ 995,000
	<u>880,000</u>	<u>111,450</u>	<u>2,835,000</u>
<u>\$ - 0 -</u>	<u>\$ 980,000</u>	<u>\$ 139,370</u>	<u>\$ 3,830,000</u>

The Bank of New York
Mellon Trust Company,
N.A. Dallas, TX

The Bank of New York
Mellon Trust Company,
N.A. Dallas, TX

See accompanying independent auditor's report.

**BURNEY ROAD MUNICIPAL UTILITY DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS**

	Amounts		
	2023	2022	2021
REVENUES			
Property Taxes	\$ 199,808	\$ 179,355	\$ 179,425
Investment Revenues	16,581	1,942	164
TOTAL REVENUES	\$ 216,389	\$ 181,297	\$ 179,589
EXPENDITURES			
Professional Fees	\$ 39,895	\$ 34,325	\$ 27,395
Contracted Services	5,400	5,400	5,400
Repairs and Maintenance	68,597	89,881	86,826
Other	13,830	10,964	8,805
Capital Outlay	78,546		
TOTAL EXPENDITURES	\$ 206,268	\$ 140,570	\$ 128,426
NET CHANGE IN FUND BALANCE	\$ 10,121	\$ 40,727	\$ 51,163
BEGINNING FUND BALANCE	404,442	363,715	312,552
ENDING FUND BALANCE	\$ 414,563	\$ 404,442	\$ 363,715

See accompanying independent auditor's report.

		Percentage of Total Revenues				
<u>2020</u>	<u>2019</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
\$ 141,914	\$ 143,032	92.3 %	98.9 %	99.9 %	97.9 %	95.8 %
<u>2,992</u>	<u>6,298</u>	<u>7.7</u>	<u>1.1</u>	<u>0.1</u>	<u>2.1</u>	<u>4.2</u>
\$ <u>144,906</u>	\$ <u>149,330</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 29,320	\$ 52,677	18.4 %	18.9 %	15.3 %	20.2 %	35.3 %
5,400	5,400	2.5	3.0	3.0	3.7	3.6
67,540	66,713	31.7	49.6	48.3	46.6	44.7
9,988	8,747	6.4	6.0	4.9	6.9	5.9
<u>108,093</u>	<u> </u>	<u>36.3</u>	<u> </u>	<u> </u>	<u>74.6</u>	<u> </u>
\$ <u>220,341</u>	\$ <u>133,537</u>	<u>95.3 %</u>	<u>77.5 %</u>	<u>71.5 %</u>	<u>152.0 %</u>	<u>89.5 %</u>
\$ (75,435)	\$ 15,793	<u>4.7 %</u>	<u>22.5 %</u>	<u>28.5 %</u>	<u>(52.0) %</u>	<u>10.5 %</u>
<u>387,987</u>	<u>372,194</u>					
\$ <u>312,552</u>	\$ <u>387,987</u>					

See accompanying independent auditor's report.

**BURNEY ROAD MUNICIPAL UTILITY DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS**

	Amounts		
	2023	2022	2021
REVENUES			
Property Taxes	\$ 599,988	\$ 609,924	\$ 612,056
Property Tax Rebate	575,097	502,346	499,003
Penalty and Interest	6,792	7,077	7,114
Interest on Investments	32,210	4,695	366
Miscellaneous Revenues	57	58	2,880
TOTAL REVENUES	<u>\$ 1,214,144</u>	<u>\$ 1,124,100</u>	<u>\$ 1,121,419</u>
EXPENDITURES			
Tax Collection Expenditures	\$ 41,297	\$ 41,407	\$ 40,412
Debt Service Principal	980,000	955,000	940,000
Debt Service Interest and Fees	140,870	168,520	206,625
Bond Issuance Costs			
Paid to Refunding Bond Escrow Agent			
TOTAL EXPENDITURES	<u>\$ 1,162,167</u>	<u>\$ 1,164,927</u>	<u>\$ 1,187,037</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 51,977</u>	<u>\$ (40,827)</u>	<u>\$ (65,618)</u>
OTHER FINANCING SOURCES (USES)			
Bond Premium	\$	\$	\$
Paid to Refunding Bond Escrow Agent			
Refunding Bonds			
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
NET CHANGE IN FUND BALANCE	\$ 51,977	\$ (40,827)	\$ (65,618)
BEGINNING FUND BALANCE	<u>506,442</u>	<u>547,269</u>	<u>612,887</u>
ENDING FUND BALANCE	<u>\$ 558,419</u>	<u>\$ 506,442</u>	<u>\$ 547,269</u>
TOTAL ACTIVE RETAIL WATER CONNECTIONS	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2020	2019	2023	2022	2021	2020	2019
\$ 638,597	\$ 643,649	49.3 %	54.3 %	54.6 %	55.9 %	55.3 %
494,621	498,546	47.4	44.7	44.5	43.2	42.8
5,089	4,546	0.6	0.6	0.6	0.4	0.4
5,440	16,966	2.7	0.4		0.5	1.5
85				0.3		
<u>\$ 1,143,832</u>	<u>\$ 1,163,707</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 42,703	\$ 39,221	3.4 %	3.7 %	3.6 %	3.7 %	3.4 %
905,000	875,000	80.7	85.0	83.8	79.1	75.2
173,495	282,770	11.6	15.0	18.4	15.2	24.3
187,364					16.4	
46,000					4.0	
<u>\$ 1,354,562</u>	<u>\$ 1,196,991</u>	<u>95.7 %</u>	<u>103.7 %</u>	<u>105.8 %</u>	<u>118.4 %</u>	<u>102.9 %</u>
<u>\$ (210,730)</u>	<u>\$ (33,284)</u>	<u>4.3 %</u>	<u>(3.7) %</u>	<u>(5.8) %</u>	<u>(18.4) %</u>	<u>(2.9) %</u>
\$ 336,238	\$					
(4,711,875)						
4,570,000						
<u>\$ 194,363</u>	<u>\$ -0-</u>					
\$ (16,367)	\$ (33,284)					
<u>629,254</u>	<u>662,538</u>					
<u>\$ 612,887</u>	<u>\$ 629,254</u>					
<u>N/A</u>	<u>N/A</u>					
<u>N/A</u>	<u>N/A</u>					

See accompanying independent auditor's report.

**BURNEY ROAD MUNICIPAL UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
AUGUST 31, 2023**

District Mailing Address - Burney Road Municipal Utility District
c/o Sechrist-Duckers, LLP
6300 West Loop South., Suite 415
Bellaire, TX 77401

District Telephone Number - (713) 395-4200

Board Members:	Term of Office (Elected or Appointed)	Fees of Office for the year ended <u>August 31, 2023</u>	Expense Reimbursements for the year ended <u>August 31, 2023</u>	<u>Title</u>
Mark Johnson	11/2022 11/2026 (Elected)	\$ 2,905	\$ -0-	President
Lydia Rosenthal	11/2020 11/2024 (Appointed)	\$ 1,492	\$ -0-	Vice President
Cynthia Van Deursen	11/2022 11/2026 (Elected)	\$ 1,342	\$ -0-	Secretary
J. Stuart Nixon	11/2020 11/2024 (Elected)	\$ 900	\$ -0-	Deputy Secretary
Douglas Otto	11/2022 11/2026 (Elected)	\$ 671	\$ -0-	Director

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: December 12, 2022

The limit on Fees of Office that a Director may receive during a fiscal year is the maximum amount allowed by law as set by Board Resolution on September 14, 2001. Fees of Office are the amounts actually paid to a Director during the District’s current fiscal year.

See accompanying independent auditor’s report.

**BURNEY ROAD MUNICIPAL UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
AUGUST 31, 2023**

Consultants:	<u>Date Hired</u>	<u>Fees / Compensation for the year ended August 31, 2023</u>	<u>Title</u>
Sechrist-Duckers LLP	08/24/15	\$ 26,895	General Counsel
McCall Gibson Swedlund Barfoot PLLC	09/29/08	\$ 13,000	Auditor
Phyllis M. Smith Herbst, CPA	09/01/03	\$ 5,400 \$ -0-	Bookkeeper/ Investment Officer
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	03/10/97	\$ 1,955	Delinquent Tax Attorney
Rathmann & Associates, L.P.	05/14/03	\$ -0-	Financial Advisor
Catherine Wheeler, RTA	12/02/98	\$ 31,074	Tax Assessor/ Collector

See accompanying independent auditor's report.

