

**SENNA HILLS
MUNICIPAL UTILITY DISTRICT
YEAR ENDED SEPTEMBER 30, 2021**

**FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITOR'S REPORT**

**SENNA HILLS
MUNICIPAL UTILITY DISTRICT**

**FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED
SEPTEMBER 30, 2021**

**SENNA HILLS
MUNICIPAL UTILITY DISTRICT**

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ANNUAL FILING AFFIDAVIT

ANNUAL FILING AFFIDAVIT

STATE OF TEXAS

COUNTY OF TRAVIS

I, Chet A. Palesko of the
(Name of Duly Authorized District Representative)

SENNA HILLS MUNICIPAL UTILITY DISTRICT
(Name of District)

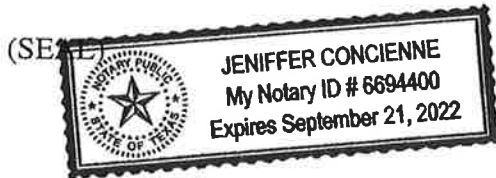
hereby swear, or affirm, that the District above has reviewed and approved at a meeting of the District's Board of Directors on the **28th day of January, 2022**, its annual audit report for the fiscal period ended **September 30, 2021** and that copies of the annual audit report have been filed in the District's office, located at:

12912 Hill Country Blvd., Suite F-232
Austin, Texas 78738
(Address of District's Office)

This filing affidavit and the attached copy of the audit report are being submitted to the Texas Commission on Environmental Quality in satisfaction of the annual filing requirements of Texas Water Code Section 49.194 and to the Texas Comptroller of Public Accounts in satisfaction of the annual filing requirements of Section 140.008 of the Texas Local Government Code.

Date: Jan. 28, 2022 By: Chet A. Palesko
(Signature of District Representative)
Chet A. Palesko
(Typed Name and Title of District Representative)

Sworn to and subscribed to before me this 28th day of January, 2022



Jeniffer Concienne
(Signature of Notary)

My Commission Expires On: Sept. 21, 2022
Notary Public in the State of Texas

INDEPENDENT AUDITOR'S REPORT

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Certified Public Accountants

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Board of Directors
Senna Hills Municipal Utility District
Travis County, Texas

Independent Auditor's Report

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Texas Supplementary Information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* and the Other Supplementary Information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The Texas Supplementary Information and the Other Supplementary Information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

McCall Gibson Swedlund Barfoot PLLC

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

January 28, 2022

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

SENNA HILLS MUNICIPAL UTILITY DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2021

In accordance with Governmental Accounting Standards Board Statement No. 34 ("GASB 34"), the management of Senna Hills Municipal Utility District (the "District") offers the following discussion and analysis to provide an overview of the District's financial activities for the year ended September 30, 2021. Since this information is designed to focus on current year activities, resulting changes, and currently known facts, it should be read in conjunction with the District's financial statements that follow.

FINANCIAL HIGHLIGHTS

- *General Fund:* At the end of the current fiscal year, the assigned and unassigned fund balance was \$3,185,539, an increase of \$229,340 from the previous fiscal year. General Fund revenues decreased from \$1,413,604 in the previous fiscal year to \$1,358,604 in the current fiscal year due to a decrease in the tax rate.
- *Debt Service Fund:* Fund balance restricted for debt service decreased from \$512,227 in the previous fiscal year to \$501,935 in the current fiscal year. Debt Service Fund revenues decreased from \$1,031,840 in the previous fiscal year to \$1,016,581 in the current fiscal year due to lower investment earnings.
- *Governmental Activities:* On a government-wide basis for governmental activities, the District had revenues net of expenses of \$665,400. Net position increased from \$2,899,938 to \$3,565,338.

OVERVIEW OF THE DISTRICT

The District was created by an Order from the Texas Water Commission on April 6, 1988, and confirmed by the electorate of the District at a confirmation election held on January 21, 1995. The District operates and maintains a water distribution system and a sewer treatment facility and collection system in Travis County, Texas under Chapter 54 of the Texas Water Code. The reporting entity of the District encompasses those activities and functions over which the District's elected officials exercise significant oversight or control. The District is governed by a five-member Board of Directors which has been elected by District residents or appointed by the Board of Directors. The District is not included in any other governmental "reporting entity" as defined by Statement No. 14 of the GASB, since Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters. In addition, there are no component units as defined by GASB standards.

**SENNA HILLS MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

Summary Statement of Net Position

	Governmental Activities		Change Increase
	2021	2020	(Decrease)
Current and other assets	\$ 3,906,061	\$ 3,654,297	\$ 251,764
Capital and non-current assets	8,742,198	8,993,360	(251,162)
Total Assets	12,648,259	12,647,657	602
Deferred Outflows of Resources	56,008	60,774	(4,766)
Current Liabilities	964,320	903,422	60,898
Long-term Liabilities	8,174,609	8,905,071	(730,462)
Total Liabilities	9,138,929	9,808,493	(669,564)
Net Investment in Capital Assets	(96,403)	(535,937)	439,534
Restricted	465,906	468,380	(2,474)
Unrestricted	3,195,835	2,967,495	228,340
Total Net Position	\$ 3,565,338	\$ 2,899,938	\$ 665,400

The District's combined net position increased by \$665,400 to \$3,565,338 from the previous year balance of \$2,899,938. Some of the District's assets are accounted for by capital assets or restricted for debt service. The District's unrestricted net assets, which can be used to finance day to day operations, totaled \$3,195,835.

**SENNA HILLS MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

ANALYSIS OF GOVERNMENTAL FUNDS

	<u>Governmental Funds by Year</u>	
	2021	2020
Cash and cash equivalents	\$ 3,750,238	\$ 3,500,098
Receivables and other assets	146,590	146,614
Total Assets	\$ 3,896,828	\$ 3,646,712
Accounts payable	135,975	114,773
Other payables	70,410	59,615
Total Liabilities	206,385	174,388
Deferred Inflows of Resources	2,969	3,898
Restricted	501,935	512,227
Assigned	1,219,310	967,128
Unassigned	1,966,229	1,989,071
Total Fund Balance	3,687,474	3,468,426
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 3,896,828	\$ 3,646,712

For the fiscal year ended September 30, 2021, the District's governmental funds reflect a combined fund balance of \$3,687,474. This fund balance includes a \$229,340 increase in the General Fund fund balance.

The Debt Service Fund reflects a fund balance decrease of \$10,292 in fiscal year 2021. The Debt Service Fund remitted bond principal of \$685,000 and interest of \$336,000. More detailed information about the District's debt is presented in the *Notes to the Financial Statements*.

BUDGETARY HIGHLIGHTS

The General Fund pays for daily operating expenses. On September 25, 2020, the Board of Directors approved a budget for the fiscal year ending September 30, 2021. The budget included revenues of \$1,269,106 as compared to expenditures of \$2,236,234. When comparing actual to budget, the District had a positive variance of \$1,196,468. More detailed information about the District's budgetary comparison is presented in the *Required Supplementary Information*.

**SENNA HILLS MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District in care of Willatt & Flickinger, PLLC, 12912 Hill Country Blvd., Suite F-232, Austin, Texas, 78738.

FINANCIAL STATEMENTS

SENNA HILLS MUNICIPAL UTILITY DISTRICT
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2021

	General Fund	Debt Service Fund	Governmental Funds Total	Adjustments Note 2	Government - wide Statement of Net Position
<u>ASSETS</u>					
Cash and cash equivalent investments:					
Cash	\$ 171,459	\$ -	\$ 171,459	\$ -	\$ 171,459
Cash equivalent investments	3,076,732	502,047	3,578,779	-	3,578,779
Receivables:					
Service accounts, net provision for uncollectible accounts of \$1,000	133,630	-	133,630	-	133,630
Taxes, no provision for uncollectible accounts	1,031	1,938	2,969	-	2,969
Interfund receivables	32	-	32	(32)	-
Other	9,959	-	9,959	-	9,959
Prepaid items	-	-	-	9,265	9,265
Capital assets, net of accumulated depreciation:					
Land and easements	-	-	-	50,000	50,000
Construction in progress	-	-	-	35,884	35,884
Water/wastewater/drainage facilities	-	-	-	8,656,314	8,656,314
TOTAL ASSETS	3,392,843	503,985	3,896,828	8,751,431	12,648,259
<u>DEFERRED OUTFLOWS OF RESOURCES</u>					
Deferred charges on refunding	-	-	-	56,008	56,008
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-	-	-	56,008	56,008
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 3,392,843	\$ 503,985	\$ 3,896,828	8,807,439	12,704,267
<u>LIABILITIES</u>					
Accounts payable	\$ 135,895	\$ 80	\$ 135,975	-	135,975
Refundable deposits	70,378	-	70,378	-	70,378
Accrued interest payable	-	-	-	37,967	37,967
Interfund payables	-	32	32	(32)	-
Bonds payable:					
Due within one year	-	-	-	720,000	720,000
Due after one year	-	-	-	8,174,609	8,174,609
TOTAL LIABILITIES	206,273	112	206,385	8,932,544	9,138,929
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Property taxes	1,031	1,938	2,969	(2,969)	-
TOTAL DEFERRED INFLOWS OF RESOURCES	1,031	1,938	2,969	(2,969)	-
<u>FUND BALANCES / NET POSITION</u>					
Fund balances:					
Restricted for debt service	-	501,935	501,935	(501,935)	-
Assigned for 2022 budget deficit	1,219,310	-	1,219,310	(1,219,310)	-
Unassigned	1,966,229	-	1,966,229	(1,966,229)	-
TOTAL FUND BALANCES	3,185,539	501,935	3,687,474	(3,687,474)	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 3,392,843	\$ 503,985	\$ 3,896,828		
Net position:					
Net investment in capital assets				(96,403)	(96,403)
Restricted for debt service				465,906	465,906
Unrestricted				3,195,835	3,195,835
TOTAL NET POSITION				\$ 3,565,338	\$ 3,565,338

The accompanying notes are an integral part of this statement.

**NOTES TO THE
FINANCIAL STATEMENTS**

**SENNA HILLS MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

1. SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Senna Hills Municipal Utility District (the "District") relating to the funds included in the accompanying financial statements conform to generally accepted accounting principles ("GAAP") as applied to governmental entities. Generally accepted accounting principles for local governments include those principles prescribed by the *Governmental Accounting Standards Board* ("GASB"), which constitutes the primary source of GAAP for governmental units. The more significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced.

Reporting Entity - The District was created by an Order from the Texas Water Commission on April 6, 1988, and confirmed by the electorate of the District at a confirmation election held on January 21, 1995. The District operates and maintains a water distribution system and a sewer treatment facility and collection system in Travis County, Texas under Chapter 54 of the Texas Water Code. The reporting entity of the District encompasses those activities and functions over which the District's elected officials exercise significant oversight or control. The District is governed by a five member Board of Directors which has been elected by District residents or appointed by the Board of Directors. The District is not included in any other governmental "reporting entity" as defined by GASB standards, since Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters. In addition, there are no component units as defined in GASB standards which are included in the District's reporting entity.

Basis of Presentation - Government-wide and Fund Financial Statements - These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting ("GASB Codification").

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

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

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

SENNA HILLS MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

1. SIGNIFICANT ACCOUNTING POLICIES (continued) –

Basis of Accounting

Government-wide Statements - The government-wide financial statement column is reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Fund Financial Statements - The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in the net fund balances. Governmental funds are accounted for on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (i.e. both measurable and available).

"Measurable" means that the amount of the transaction can be determined and "available" means the amount of the transaction is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Expenditures, if measurable, are generally recognized on the accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include the unmatured principal and interest on general obligation long-term debt which is recognized when due. This exception is in conformity with generally accepted accounting principles.

Property tax revenues are recognized when they become available. In this case, available means when due or past due and receivable within the current period and collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. Such time thereafter shall not exceed 60 days. Tax collections expected to be received subsequent to the 60-day availability period are reported as deferred inflows of resources. All other revenues of the District are recorded on the accrual basis in all funds.

The District reports unearned revenue on its balance sheet. Unearned revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when revenue recognition criteria are met, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

**SENNA HILLS MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

1. SIGNIFICANT ACCOUNTING POLICIES (continued) –

Long-Term Debt - Unlimited tax bonds, which have been issued to fund capital projects, are to be repaid from tax revenues of the District.

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums and discounts on debt issuances are reported as other financing sources and uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures in both the fund financial statements and the government-wide financial statements.

Fund Balance - 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. At September 30, 2021, the District had \$1,219,310 in assigned fund balance to cover the budget deficit for fiscal year 2022.
- **Unassigned:** all other spendable amounts in the General Fund.

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

Accounting Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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.

**SENNA HILLS MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

3. CASH AND CASH EQUIVALENT INVESTMENTS

The investment policies of the District are governed by State statute and an adopted District investment policy that includes depository contract provisions and custodial contract provisions. Major provisions of the District's investment policy include: depositories must be FDIC-insured Texas banking institutions; depositories must fully insure or collateralize all demand and time deposits; and securities collateralizing time deposits are held by independent third party trustees.

Cash - At September 30, 2021, the carrying amount of the District's deposits was \$171,459 and the bank balance was \$171,708. The bank balance was covered by federal depository insurance.

Cash Equivalent Investments -

Interest rate risk. In accordance with its investment policy, the District manages its exposure to declines in fair values through investment diversification and limiting investments as follows:

- Money market mutual funds are required to have weighted average maturities of 90 days or fewer; and
- Other mutual fund investments are required to have weighted average maturities of less than two years.

Credit risk. The District's investment policy requires the application of the prudent-person rule: investments are made as a prudent person would be expected to act, with discretion and intelligence, and considering the probable safety of their capital as well as the probable income to be derived. The District's investment policy requires that District funds be invested in:

- Obligations of the United States government and or its agencies and instrumentalities;
- Money market mutual funds with investment objectives of maintaining a stable net asset value of \$1 per share;
- Mutual funds rated in one of the three highest categories by a nationally recognized rating agency;
- Securities issued by a state or local government or any instrumentality or agency thereof, in the United States, and rated in one of the three highest categories by a nationally recognized rating agency; and
- Public funds investment pools rated AAA or AAAM by a nationally recognized rating agency.

**SENNA HILLS MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

4. PROPERTY TAXES

Property taxes attach as an enforceable lien on January 1. Taxes are levied on or about October 1, are due on November 1, and are past due the following February 1. The Travis Central Appraisal District established appraisal values in accordance with requirements of the Texas Legislature. The District levies taxes based upon the appraised values. The Travis County Tax Assessor Collector bills and collects the District's property taxes. The Board of Directors set tax rates for the 2020 tax year on September 25, 2020.

The property tax rates, established in accordance with State law, were based on 100% of the net assessed valuation of real property within the District on the 2020 tax roll. The tax rate, based on total taxable assessed valuation of \$316,690,782, was \$0.45 on each \$100 valuation and was allocated as follows:

	<u>Tax Rate</u>
General Fund	\$ 0.1300
Debt Service Fund	0.3200
	<u>\$ 0.4500</u>

The maximum allowable maintenance tax of \$1.00 was established by the voters on January 21, 1995.

Property taxes receivable at September 30, 2021, consisted of the following:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Current year levy	\$ 63	\$ 157	\$ 220
Prior years' levies	968	1,781	2,749
	<u>\$ 1,031</u>	<u>\$ 1,938</u>	<u>\$ 2,969</u>

The District is prohibited from writing off real property taxes without specific authority from the Texas Legislature.

**SENNA HILLS MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

6. BONDED DEBT

The following is a summary of bond transactions of the District for the year ended September 30, 2021:

	Combination Unlimited Tax Bonds
Bonds payable at October 1, 2020	\$ 9,460,000
Bonds retired	(685,000)
Bond discount, net of accumulated amortization	(44,306)
Bond premium, net of accumulated amortization	163,915
Bonds payable at September 30, 2021	\$ 8,894,609

Bonds payable at September 30, 2021, were comprised of the following individual issues:

Unlimited Tax and Waterworks and Sewer System Revenue Bonds:

\$925,000 - 2016 Unlimited Tax and Waterworks and Sewer System Revenue Bonds paid serially through the year 2036 at interest rates which range from 3.00% to 4.00%. Bonds maturing on August 15th of each of the years on or after 2027 are redeemable on August 15, 2026 or on any date thereafter. Bonds maturing on August 15, 2028, 2030, 2033 and 2036 are subject to mandatory redemption.

Unlimited Tax and Waterworks and Sewer System Revenue Refunding Bonds:

\$5,150,000 - 2014 Unlimited Tax and Waterworks and Sewer System Revenue Refunding Bonds paid serially through the year 2033 at interest rates which range from 2.75% to 4.00%. Current interest bonds maturing on or after August 15, 2024 are subject to optional redemption on February 15, 2024 or on any date thereafter.

\$2,700,000 - 2020 Unlimited Tax and Waterworks and Sewer System Revenue Refunding Bonds paid serially through the year 2033 at interest rates which range from 2.00% to 4.00%. Current interest bonds maturing on or after August 15, 2027 are subject to optional redemption on August 15, 2026 or on any date thereafter.

**SENNA HILLS MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

8. RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District has obtained coverage from commercial insurance companies and the Texas Municipal League Intergovernmental Risk Pool (the "TML Pool") to effectively manage its risk. All risk management activities are accounted for in the General Fund. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered.

The TML Pool was established by various political subdivisions in Texas to provide self-insurance for its members and to obtain lower costs for insurance. TML Pool members pay annual contributions to obtain the insurance. Annual contribution rates are determined by the TML Pool Board. Rates are estimated to include all claims expected to occur during the policy including claims incurred but not reported. The TML Pool has established claims reserves for each of the types of insurance offered. Although the TML Pool is a self-insured risk pool, members are not contingently liable for claims filed above the amount of the fixed annual contributions. If losses incurred are significantly higher than actuarially estimated, the TML Pool adjusts the contribution rate for subsequent years. Members may receive returns of contributions if actual results are more favorable than estimated.

9. PENDING LITIGATION

Cause No. D-1-GN-12-000602; Senna Hills, Ltd., Plaintiff v. Senna Hills Municipal Utility District, Defendant in the District Court of Travis County, Texas; 250th Judicial District. In this case, Senna Hills, Ltd. complains that Senna Hills MUD installed a wastewater line in a public utility easement. A Motion for Partial Summary Judgment filed by Senna Hills, Ltd. was denied. Mediation of this matter was held January 21, 2016 and was held jointly with mediation of Cause No. D-1-GN-14-004993 described below. A settlement has been reached and an Agreed Dismissal Order has been escrowed pending completion of the requirements of the settlement. The possibility of an outcome adverse to the District in this litigation is remote.

**REQUIRED
SUPPLEMENTARY INFORMATION**

**SENNA HILLS MUNICIPAL UTILITY DISTRICT
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
SEPTEMBER 30, 2021**

	<u>Actual</u>	<u>Original and Final Budget</u>	<u>Variance Positive (Negative)</u>
REVENUES:			
Service revenues, including penalties	\$ 898,884	\$ 851,917	\$ 46,967
Property taxes, including penalties	412,636	405,189	7,447
Interest	2,889	12,000	(9,111)
Other	44,195	-	44,195
TOTAL REVENUES	<u>1,358,604</u>	<u>1,269,106</u>	<u>89,498</u>
EXPENDITURES:			
Current:			
Water/wastewater purchases	300,306	275,126	(25,180)
Repairs/maintenance	480,701	444,750	(35,951)
Operations/management fees	74,543	93,000	18,457
Utilities/telephone	47,106	57,300	10,194
Director fees, including payroll taxes	16,632	13,608	(3,024)
Legal fees	80,601	78,000	(2,601)
Engineering fees	45,053	41,000	(4,053)
Accounting fees	24,150	24,150	-
Audit fees	11,250	11,000	(250)
Insurance	4,507	5,000	493
Tax appraisal/collection	1,862	4,300	2,438
Public notice	1,837	2,000	163
Other	5,285	7,000	1,715
Capital outlay	35,431	1,180,000	1,144,569
TOTAL EXPENDITURES	<u>1,129,264</u>	<u>2,236,234</u>	<u>1,106,970</u>
Change in fund balance	229,340	<u>\$ (967,128)</u>	<u>\$ 1,196,468</u>
FUND BALANCE:			
Beginning of the year	<u>2,956,199</u>		
End of the year	<u>\$ 3,185,539</u>		

**TEXAS
SUPPLEMENTARY INFORMATION**

**SENNA HILLS MUNICIPAL UTILITY DISTRICT
TSI-1. SERVICES AND RATES
SEPTEMBER 30, 2021**

1. Services Provided by the District during the Fiscal Year:

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

2. Retail Service Providers

a. Retail Rates Based on 5/8" Meter (or equivalent):

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1000 Gallons Over Minimum</u>	<u>Usage Levels</u>
WATER:	\$ 24.80	-	N	\$ 5.00	0,001-20,000
				\$ 7.00	20,001-30,000
				\$ 9.00	30,001-45,000
				\$ 10.00	45,001-60,000
				\$ 12.00	60,001-75,000
				\$ 14.00	75,001-90,000
				\$ 16.00	90,001-105,000
				\$ 18.00	105,001-135,000
				\$ 20.00	Over 135,000
WASTEWATER:	\$ 70.00	10,000	N	\$ 2.85	10,001 and over
SURCHARGE:	\$ -	-	-	\$ -	

District employs winter averaging for wastewater usage? Yes No

Total charges per 10,000 gallons usage: Water \$ 74.80 Wastewater \$ 70.00

b. Water and Wastewater Retail Connections:

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFC's</u>
Unmetered	0.0	0.0	1.0	0.0
≤ 3/4"	405.0	405.0	1.0	405.0
1"	5.0	5.0	2.5	12.5
1 1/2"	1.0	1.0	5.0	5.0
2"	0.0	0.0	8.0	0.0
3"	0.0	0.0	15.0	0.0
4"	0.0	0.0	25.0	0.0
6"	0.0	0.0	50.0	0.0
8"	0.0	0.0	80.0	0.0
10"	0.0	0.0	115.0	0.0
Total Water	411.0	411.0		422.5
Total Wastewater	405.0	405.0	1.0	405.0

SENNA HILLS MUNICIPAL UTILITY DISTRICT
TSI-2. GENERAL FUND EXPENDITURES
SEPTEMBER 30, 2021

Professional Fees:		
Auditing	\$	11,250
Legal		80,601
Engineering		45,053
Purchased Services For Resale:		
Bulk Water and Wastewater Purchases		300,306
Contracted Services:		
General Manager		74,543
Bookkeeping		24,150
Appraisal District/Tax Collector		1,862
Utilities		47,106
Repairs and Maintenance		480,701
Administrative Expenditures:		
Directors' Fees		16,632
Insurance		4,507
Other Administrative Expenditures		7,122
Capital Outlay:		
Capitalized Assets		<u>35,431</u>
TOTAL EXPENDITURES	\$	<u><u>1,129,264</u></u>

Number of persons employed by the District:

Full-Time Part-Time

**SENNA HILLS MUNICIPAL UTILITY DISTRICT
TSI-4. TAXES LEVIED AND RECEIVABLE
SEPTEMBER 30, 2021**

	<u>Maintenance Taxes</u>	<u>Debt Service Taxes</u>
Taxes Receivable, Beginning of Year	\$ 1,901	\$ 4,109
2020 Original Tax Levy	411,757	1,013,554
Adjustments	(65)	(412)
Total to be accounted for	<u>413,593</u>	<u>1,017,251</u>
Tax collections:		
Current year	411,693	1,013,398
Prior years	869	1,915
Total collections	<u>412,562</u>	<u>1,015,313</u>
Taxes Receivable, End of Year	<u>\$ 1,031</u>	<u>\$ 1,938</u>
Taxes Receivable, By Years		
2019 and before	\$ 968	\$ 1,781
2020	63	157
Taxes Receivable, End of Year	<u>\$ 1,031</u>	<u>\$ 1,938</u>

	<u>2020</u>	<u>(a)</u>	<u>2019</u>	<u>(a)</u>	<u>2018</u>	<u>(a)</u>	<u>2017</u>
Property Valuations-							
Land and improvements	\$ 316,690,782		\$ 318,354,873		\$ 316,203,468		\$ 302,858,639
Total Property Valuations	<u>\$ 316,690,782</u>		<u>\$ 318,354,873</u>		<u>\$ 316,203,468</u>		<u>\$ 302,858,639</u>
Tax Rates per \$100 Valuation:							
Debt Service tax rates	\$ 0.3200		\$ 0.3200		\$ 0.3200		\$ 0.3400
Maintenance tax rates	0.1300		0.1451		0.1976		0.2011
Total Tax Rates per \$100 Valuation:	<u>\$ 0.4500</u>		<u>\$ 0.4651</u>		<u>\$ 0.5176</u>		<u>\$ 0.5411</u>
Original Tax Levy	<u>\$ 1,425,311</u>		<u>\$ 1,480,669</u>		<u>\$ 1,636,669</u>		<u>\$ 1,638,768</u>
Percent of Taxes Collected to Taxes Levied *	<u>99.9%</u>		<u>99.9%</u>		<u>99.9%</u>		<u>99.9%</u>

Maximum Maintenance Tax Rate Approved by Voters: \$ 1.00 on 1/21/1995.

*Calculated as taxes collected in current and previous years divided by tax levy.

(a) Valuations are provided by the appropriate Appraisal District. Due to various factors including tax protests and disputes, such valuations change over time; therefore, they may vary slightly from those disclosed to the District's bond offering documents or the District's annual bond disclosure filings.

**SENNA HILLS MUNICIPAL UTILITY DISTRICT
TSI-6. CHANGES IN LONG-TERM BONDED DEBT
SEPTEMBER 30, 2021**

	Bond Issues			Total
	Series 2014	Series 2016	Series 2020	
Interest Rate	2.75% to 4.00%	3.00% to 4.00%	2.00% to 4.00%	
Dates Interest Payable	2/15, 8/15	2/15, 8/15	2/15, 8/15	
Maturity Dates	8/15/2033	8/15/2036	8/15/2033	
Bonds Outstanding at Beginning of Current Fiscal Year	\$ 5,360,000	\$ 970,000	\$ 3,130,000	\$ 9,460,000
Bonds Sold During the Current Fiscal Year	-	-	-	-
Retirements During the Current Fiscal Year:				
Principal	(210,000)	(45,000)	(430,000)	(685,000)
Refunded	-	-	-	-
Bonds Outstanding at End of Current Fiscal Year	<u>\$ 5,150,000</u>	<u>\$ 925,000</u>	<u>\$ 2,700,000</u>	<u>\$ 8,775,000</u>
Interest Paid During the Current Fiscal Year	<u>\$ 191,632</u>	<u>\$ 34,368</u>	<u>\$ 110,000</u>	<u>\$ 336,000</u>
Paying Agent's Name and Address:	<u>BOKF, NA</u> <u>Austin, TX</u>	<u>BOKF, NA</u> <u>Austin, TX</u>	<u>BOKF, NA</u> <u>Dallas, TX</u>	
Bond Authority:	<u>Tax Bonds</u>	<u>Refunding Bonds *</u>		
Amount Authorized by Voters	\$ 16,000,000	N/A		
Amount Issued	<u>(16,000,000)</u>	<u>\$ 15,640,000</u>		
Remaining To Be Issued	<u>\$ -</u>	<u>N/A</u>		

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

Debt Service Fund Cash and Temporary Investments balances as of September 30, 2021: \$ 502,047

Average Annual Debt Service Payment (Principal and Interest) for the remaining term of all debt: \$ 719,722

**SENNA HILLS MUNICIPAL UTILITY DISTRICT
TSI-8. BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER 30, 2021**

Complete District Mailing Address:

c/o Willatt & Flickinger, PLLC
12912 Hill Country Blvd., Suite F-232, Austin TX 78738

District Business Telephone Number:

(512) 476-6604

Submission Date of the most recent District
Registration Form (TWC Sections 36.054 and 49.054):

August 6, 2019

Limits on Fees of Office that a Director may receive
during a fiscal year: (Set by Board Resolution
TWC Section 49.060)

\$7,200

Name and Address:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimbursements	Title at Year End
		9/30/2021	9/30/2021	
Board Members:				
CHET PALESKO	(Elected) 11/2018 - 11/2022	\$ 2,250	\$ -	President
DAVID I. PERL	(Elected) 11/2018 - 11/2022	\$ 4,350	\$ -	Vice-President
LISA S. MCKENZIE	(Elected) 11/2020 - 11/2024	\$ 4,200	\$ -	Secretary
COREY NEWHOUSE	(Elected) 11/2020 - 11/2024	\$ 2,550	\$ -	Assistant Secretary
JOSEPH MATTHEW SZOO	(Elected) 11/2020 - 11/2024	\$ 2,100	\$ -	Assistant Secretary

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

Consultants:

Inframark LLC	9/1/2012	\$ 377,326	\$ -	Operator/Manager
Willatt & Flickinger, PLLC	9/8/2005	\$ 81,969	\$ -	Attorney
McCall Gibson Swedlund Barfoot PLLC	9/26/2014	\$ 11,250	\$ -	Auditor
		\$ 1,500	\$ -	Bond Related Services
Murfee Engineering	7/13/2011	\$ 91,005	\$ -	Engineer
SAMCO Capital Markets	10/15/1997	\$ -	\$ -	Financial Advisor
Bott & Douthitt, PLLC	3/1/2012	\$ 24,150	\$ 521	Bookkeeper
Travis County Tax Collector	2/27/1995	\$ 1,627	\$ -	Tax Collector

**OTHER
SUPPLEMENTARY INFORMATION**

**SENNA HILLS MUNICIPAL UTILITY DISTRICT
OSI-1. PRINCIPAL TAXPAYERS
SEPTEMBER 30, 2021**

Taxpayer	Type of Property	Tax Roll Year		
		2021	2020	2019
Homeowner	N/A	\$ 1,198,362	\$ 1,164,700	\$ 1,164,700
Homeowner	N/A	1,189,540	1,100,106	1,100,106
Homeowner	N/A	1,171,610	1,089,420	1,089,420
Homeowner	N/A	1,150,000	1,081,400	1,081,400
Homeowner	N/A	1,137,200	1,065,100	1,076,700
Homeowner	N/A	1,131,216	1,046,000	1,051,500
Homeowner	N/A	1,123,748	1,043,752	1,043,752
Homeowner	N/A	1,122,100	1,032,200	1,035,200
Homeowner	N/A	1,102,724	1,030,000	1,033,761
Homeowner	N/A	1,101,980	1,028,378	1,030,000
Total		\$ 11,428,480	\$ 10,681,056	\$ 10,706,539
Percent of Assessed Valuation		3.3%	3.4%	3.4%

**SENNA HILLS MUNICIPAL UTILITY DISTRICT
OSI-2. ASSESSED VALUE BY CLASSIFICATION
SEPTEMBER 30, 2021**

Type of Property	Tax Roll Year					
	2021		2020		2019	
	Amount	%	Amount	%	Amount	%
Single Family	\$ 344,385,722	99.7%	\$ 315,430,562	99.6%	\$ 317,012,879	99.6%
Vacant Lot	62,500	0.0%	210,000	0.1%	362,500	0.1%
Non-Qualified Land	1,092	0.0%	991	-	25,000	-
Commercial Real Property	596,984	0.2%	597,403	0.2%	289,512	0.1%
Commercial Personal Property	359,960	0.1%	448,876	0.1%	571,167	0.1%
Industrial and Manufacturing	1,450	-	2,950	-	93,815	0.1%
Exempt	32,522	-	32,522	-	302,579	0.1%
Less: Adjustments	(32,522)	-	(32,522)	-	(302,579)	(0.1)%
Total Taxable	\$ 345,407,708	100.0%	\$ 316,690,782	100.0%	\$ 318,354,873	100.0%