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# **CNP Utility District Harris County, Texas**

## **Independent Auditor's Report and Financial Statements**

**October 31, 2023**

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**CNP Utility District**  
**October 31, 2023**

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## Independent Auditor's Report

Board of Directors  
CNP Utility District  
Harris County, Texas

### ***Opinions***

We have audited the financial statements of the governmental activities and each major fund of CNP Utility District (the District), as of and for the year ended October 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 accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of October 31, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 these 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 12 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 GAAS 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 GAAS, we:

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison schedule, as listed in the table of contents, 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.

***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 accompanying schedules required by the Texas Commission on Environmental Quality listed in the table of contents 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. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**FORVIS, LLP**

Houston, Texas  
March 27, 2024

# **CNP Utility District**

## **Management's Discussion and Analysis**

### **October 31, 2023**

#### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to financial statements. This report also contains supplementary information required by the Governmental Accounting Standards Board and by the District's state oversight agency, the Texas Commission on Environmental Quality (the Commission).

In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities which engage in a single governmental program, such as the provision of water, sanitary sewer and drainage services. Other activities, such as the provision of recreation facilities and solid waste collection, are minor activities and are not budgeted or accounted for as separate programs. The financial statements of special-purpose governments combine two types of financial statements into one statement. These two types of financial statements are the government-wide financial statements and the fund financial statements. The fund financial statements are presented on the left side of the statements, a column for adjustments is to the right of the fund financial statements and the government-wide financial statements are presented to the right side of the adjustments column. The following sections describe the measurement focus of the two types of statements and the significant differences in the information they provide.

#### **Government-wide Financial Statements**

The focus of government-wide financial statements is on the overall financial position and activities of the District. The District's government-wide financial statements include the statement of net position and statement of activities, which are prepared using accounting principles that are similar to commercial enterprises. The purpose of the statement of net position is to attempt to report all of the assets, liabilities, and deferred inflows and outflows of resources of the District. The District reports all of its assets when it acquires or begins to maintain the assets and reports all of its liabilities when they are incurred.

The difference between the District's assets, liabilities, and deferred inflows and outflows of resources is labeled as net position and this difference is similar to the total stockholders' equity presented by a commercial enterprise.

The purpose of the statement of activities is to present the revenues and expenses of the District. Again, the items presented on the statement of activities are measured in a manner similar to the approach used by a commercial enterprise in that revenues are recognized when earned or established criteria are satisfied and expenses are reported when incurred by the District. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues are reported even when they may not be collected for several months or years after the end of the accounting period and expenses are recorded even though they may not have used cash during the current year.

**CNP Utility District**  
**Management's Discussion and Analysis (Continued)**  
**October 31, 2023**

Although the statement of activities looks different from a commercial enterprise's statement of income, the financial statement is different only in format, not substance. Whereas the bottom line in a commercial enterprise is its net income, the District reports an amount described as change in net position, essentially the same thing.

**Fund Financial Statements**

Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the District rather than the District as a whole. Except for the general fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties or governmental statutes or regulations.

**Governmental Funds**

Governmental-fund financial statements consist of a balance sheet and a statement of revenues, expenditures and changes in fund balances and are prepared on an accounting basis that is significantly different from that used to prepare the government-wide financial statements.

In general, these financial statements have a short-term emphasis and, for the most part, measure and account for cash and other assets that can easily be converted into cash. For example, amounts reported on the balance sheet include items such as cash and receivables collectible within a very short period of time, but do not include capital assets such as land and water, sewer and drainage systems. Fund liabilities include amounts that are to be paid within a very short period after the end of the fiscal year. The difference between a fund's assets, liabilities, and deferred inflows and outflows of resources is labeled the fund balance and generally indicates the amount that can be used to finance the next fiscal year's activities. Likewise, the operating statement for governmental funds reports only those revenues and expenditures that were collected in cash or paid with cash, respectively, during the current period or very shortly after the end of the fiscal year.

Because the focus of the government-wide and fund financial statements is different, there are significant differences between the totals presented in these financial statements. For this reason, there is an analysis in the notes to financial statements that describes the adjustments to fund balances to arrive at net position presented in the governmental activities column on the statement of net position. Also, there is an analysis in the notes to financial statements that reconciles the total change in fund balances for all governmental funds to the change in net position, as reported in the governmental activities column in the statement of activities.

**Notes to Financial Statements**

The notes to financial statements provide additional information that is essential to a full understanding of the data found in the government-wide and fund financial statements.

**CNP Utility District**  
**Management's Discussion and Analysis (Continued)**  
**October 31, 2023**

**Financial Analysis of the District as a Whole**

The District's overall financial position and activities for the past two years are summarized as follows, based on the information included in the government-wide financial statements.

**Summary of Net Position**

	<b><u>2023</u></b>	<b><u>2022</u></b>
Current and other assets	\$ 24,347,333	\$ 27,541,799
Capital assets	<u>21,760,537</u>	<u>17,651,052</u>
Total assets	<u>46,107,870</u>	<u>45,192,851</u>
Deferred outflows of resources	<u>319,817</u>	<u>341,428</u>
Total assets and deferred outflows of resources	<u>\$ 46,427,687</u>	<u>\$ 45,534,279</u>
Long-term liabilities	\$ 29,715,739	\$ 30,772,427
Other liabilities	<u>1,878,419</u>	<u>1,156,501</u>
Total liabilities	<u>31,594,158</u>	<u>31,928,928</u>
Deferred inflows of resources	<u>2,797,324</u>	<u>2,194,624</u>
Net position:		
Net investment in capital assets	(3,154,999)	(3,429,956)
Restricted	3,936,734	2,574,024
Unrestricted	<u>11,254,470</u>	<u>12,266,659</u>
Total net position	<u>\$ 12,036,205</u>	<u>\$ 11,410,727</u>

The total net position of the District increased by \$625,478, or about 5 %. The majority of the increase in net position is related to tax revenues intended to pay principal on the District's bonded indebtedness, which is shown as long-term liabilities in the government-wide financial statements. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.



**CNP Utility District**  
**Management's Discussion and Analysis (Continued)**  
**October 31, 2023**

**Summary of Changes in Net Position**

	<b><u>2023</u></b>	<b><u>2022</u></b>
Revenues:		
Property taxes	\$ 2,017,776	\$ 1,929,678
City of Houston rebates	800,829	895,178
Charges for services	3,577,573	3,892,735
Other revenues	1,668,929	1,012,838
Total revenues	<u>8,065,107</u>	<u>7,730,429</u>
Expenses:		
Services	5,369,669	4,966,665
Depreciation	686,798	694,091
Parks and recreation	513,993	467,201
Debt service	869,169	891,287
Total expenses	<u>7,439,629</u>	<u>7,019,244</u>
Change in net position	625,478	711,185
Net position, beginning of year	<u>11,410,727</u>	<u>10,699,542</u>
Net position, end of year	<u>\$ 12,036,205</u>	<u>\$ 11,410,727</u>

**Financial Analysis of the District's Funds**

The District's combined fund balances as of the end of the fiscal year ended October 31, 2023, were \$13,966,936, a decrease of \$4,197,133 from the prior year.

The general fund's fund balance decreased by \$770,886 because service operation and capital outlay expenditures exceeded service revenues, sales tax rebate revenues, tap connection and inspection fees revenues and investment income.

The debt service fund's fund balance increased by \$218,107 because property tax revenues and investment income exceeded bond principal and interest requirements and contracted services expenditures.

The capital projects fund's fund balance decreased by \$3,644,354 due to capital outlay expenditures exceeding investment income.

**CNP Utility District**  
**Management's Discussion and Analysis (Continued)**  
**October 31, 2023**

**General Fund Budgetary Highlights**

There were several differences between the final budgetary amounts and actual amounts. The major differences between budget and actual were due to surface water conversion revenues and purchased services and capital outlay expenditures being less than anticipated, and investment income, tap connection and inspection fees revenues and regional water fee, contracted services and repairs and maintenance expenditures being greater than expected. The fund balance as of October 31, 2023, was expected to be \$5,543,902 and the actual end-of-year fund balance was \$5,467,361.

**Capital Assets and Related Debt**

Capital Assets

Capital assets held by the District at the end of the current and previous fiscal years are summarized below:

**Capital Assets (Net of Accumulated Depreciation)**

	<b>2023</b>	<b>2022</b>
Land and improvements	\$ 3,423,197	\$ 3,423,197
Construction in progress	6,206,148	1,480,176
Water facilities	5,054,990	5,224,886
Wastewater facilities	5,691,309	5,984,258
Parks and recreation	1,384,893	1,538,535
Total capital assets	\$ 21,760,537	\$ 17,651,052

During the current year, additions to capital assets were as follows:

Construction in progress related to rehabilitation of the wastewater treatment plant, SCADA system replacement, generator replacement at water plant No. 1, water plant No. 1 recoating and water plant No. 2 improvements, and Water Plant No. 1 motor control center (MCC) replacement	\$ 4,725,972
Water plant No. 1 booster pump replacement	70,311
Total additions to capital assets	\$ 4,796,283

Debt

The changes in the debt position of the District during the fiscal year ended October 31, 2023, are summarized as follows.

**CNP Utility District**  
**Management's Discussion and Analysis (Continued)**  
**October 31, 2023**

Long-term debt payable, beginning of year	\$ 30,772,427
Decreases in long-term debt	<u>(1,056,688)</u>
Long-term debt payable, end of year	<u>\$ 29,715,739</u>

At October 31, 2023, the District had \$41,500,000 of unlimited tax bonds authorized, but unissued, for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District. In addition, the District had \$6,020,000 of park and recreation facility bonds authorized, but unissued.

The District's bonds carry an underlying rating of "A1" from Moody's Investors Service, Inc. (Moody's). The Series 2016 refunding and Series 2021 bonds carry a "AA" rating from Standard & Poor's (S&P) by virtue of bond insurance issued by Assured Guaranty Municipal Corp. The Series 2021 bonds also carry an "A1" rating from Moody's by virtue of bond insurance issued by Assured Guaranty Municipal Corp. The Series 2015 refunding and Series 2018 bonds carry a "AA" rating from S&P by virtue of bond insurance issued by Build America Mutual Assurance Co.

**Other Relevant Factors**

Relationship to the City of Houston

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Houston (the City), the District must conform to the City ordinance consenting to the creation of the District. In addition, the District may be annexed by the City for full purposes without the District's consent, except as set forth below.

Strategic Partnership Agreement

The District entered into a Strategic Partnership Agreement (SPA) with the City effective July 17, 2003. Pursuant to the terms of the SPA, the City annexed a portion of the District for limited purposes. The SPA provides for the levy of City sales tax (currently \$0.01) on qualifying retail sales in the District and payment to the District of 50% of the sales tax revenue collected by the City from sales tax collected from entities located within the amended area of the boundaries of the District. The District will continue to provide water, sewer and drainage services to all properties within its boundaries. The City has also agreed not to annex the District for full purposes without consent of the District during the 30-year term of the SPA.

Contingencies

A developer of the District is constructing a waterline extension within the boundaries of the District. The District has agreed to reimburse the developer for a portion of these costs, plus interest, from the proceeds of future bond sales, to the extent approved by the Commission. The District's engineer has stated that current construction contract amounts are approximately \$55,000. This amount has not been recorded in the financial statements since the facilities are not complete or operational.

**CNP Utility District**  
**Statement of Net Position and Governmental Funds Balance Sheet**  
**October 31, 2023**

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
<b>Assets</b>						
Cash	\$ 526,135	\$ 272,776	\$ 715	\$ 799,626	\$ -	\$ 799,626
Certificates of deposit	1,650,000	235,000	-	1,885,000	-	1,885,000
Short-term investments	3,456,272	1,766,735	6,968,063	12,191,070	-	12,191,070
Receivables:						
Property taxes	-	2,835,244	-	2,835,244	-	2,835,244
Service accounts	574,745	-	-	574,745	-	574,745
Tax rebates	140,000	-	-	140,000	53,660	193,660
Accrued penalty and interest	-	-	-	-	14,576	14,576
Accrued interest	24,107	4,959	-	29,066	-	29,066
Due from others	2,100	-	-	2,100	5,667,046	5,669,146
Prepaid expenditures	155,200	-	-	155,200	-	155,200
Capital assets (net of accumulated depreciation):						
Land and improvements	-	-	-	-	3,423,197	3,423,197
Construction in progress	-	-	-	-	6,206,148	6,206,148
Infrastructure	-	-	-	-	10,746,299	10,746,299
Parks and recreation	-	-	-	-	1,384,893	1,384,893
<b>Total assets</b>	<b>6,528,559</b>	<b>5,114,714</b>	<b>6,968,778</b>	<b>18,612,051</b>	<b>27,495,819</b>	<b>46,107,870</b>
<b>Deferred Outflows of Resources</b>						
Deferred amount on debt refundings	0	0	0	0	319,817	319,817
<b>Total assets and deferred outflows of resources</b>	<b>\$ 6,528,559</b>	<b>\$ 5,114,714</b>	<b>\$ 6,968,778</b>	<b>\$ 18,612,051</b>	<b>\$ 27,815,636</b>	<b>\$ 46,427,687</b>

**CNP Utility District**  
**Statement of Net Position and Governmental Funds Balance Sheet (Continued)**  
**October 31, 2023**

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
<b>Liabilities</b>						
Accounts payable	\$ 409,557	\$ 1,367	\$ 293,432	\$ 704,356	\$ -	\$ 704,356
Accrued interest payable	-	-	-	-	68,548	68,548
Retainage payable	66,403	-	453,874	520,277	-	520,277
Customer deposits	530,613	-	-	530,613	-	530,613
Unearned tap connection fees	54,625	-	-	54,625	-	54,625
Long-term liabilities:						
Due within one year	-	-	-	-	1,100,000	1,100,000
Due after one year	-	-	-	-	28,615,739	28,615,739
Total liabilities	<u>1,061,198</u>	<u>1,367</u>	<u>747,306</u>	<u>1,809,871</u>	<u>29,784,287</u>	<u>31,594,158</u>
<b>Deferred Inflows of Resources</b>						
Deferred property tax revenues	<u>0</u>	<u>2,835,244</u>	<u>0</u>	<u>2,835,244</u>	<u>(37,920)</u>	<u>2,797,324</u>
<b>Fund Balances/Net Position</b>						
Fund balances:						
Nonspendable, prepaid expenditures	155,200	-	-	155,200	(155,200)	-
Restricted:						
Unlimited tax bonds	-	2,278,103	-	2,278,103	(2,278,103)	-
Water, sewer and drainage	-	-	6,221,472	6,221,472	(6,221,472)	-
Assigned, future expenditures	540,498	-	-	540,498	(540,498)	-
Unassigned	<u>4,771,663</u>	<u>-</u>	<u>-</u>	<u>4,771,663</u>	<u>(4,771,663)</u>	<u>-</u>
Total fund balances	<u>5,467,361</u>	<u>2,278,103</u>	<u>6,221,472</u>	<u>13,966,936</u>	<u>(13,966,936)</u>	<u>0</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 6,528,559</u>	<u>\$ 5,114,714</u>	<u>\$ 6,968,778</u>	<u>\$ 18,612,051</u>		
Net position:						
Net investment in capital assets					(3,154,999)	(3,154,999)
Restricted for debt service					2,262,051	2,262,051
Restricted for capital projects					1,674,683	1,674,683
Unrestricted					<u>11,254,470</u>	<u>11,254,470</u>
Total net position					<u>\$ 12,036,205</u>	<u>\$ 12,036,205</u>

**CNP Utility District**  
**Statement of Activities and Governmental Funds Revenues,**  
**Expenditures and Changes in Fund Balances**  
**Year Ended October 31, 2023**

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
<b>Revenues</b>						
Property taxes	\$ -	\$ 2,032,852	\$ -	\$ 2,032,852	\$ (15,076)	\$ 2,017,776
Sales tax rebates	811,372	-	-	811,372	(10,543)	800,829
Water service	801,588	-	-	801,588	-	801,588
Sewer service	636,979	-	-	636,979	-	636,979
Surface water conversion	2,098,167	-	-	2,098,167	-	2,098,167
Security service	40,839	-	-	40,839	-	40,839
Penalty and interest	76,193	33,916	-	110,109	(3,073)	107,036
Tap connection and inspection fees	327,581	-	-	327,581	-	327,581
Investment income	284,009	110,390	413,997	808,396	311,189	1,119,585
Other income	200	-	-	200	114,527	114,727
	<u>5,076,928</u>	<u>2,177,158</u>	<u>413,997</u>	<u>7,668,083</u>	<u>397,024</u>	<u>8,065,107</u>
<b>Expenditures/Expenses</b>						
Service operations:						
Purchased services	468,472	-	-	468,472	-	468,472
Regional water fee	1,694,803	-	-	1,694,803	-	1,694,803
Professional fees	218,120	3,877	-	221,997	-	221,997
Contracted services	611,778	44,836	-	656,614	1,457	658,071
Utilities	396,153	-	-	396,153	-	396,153
Repairs and maintenance	1,496,974	-	-	1,496,974	53,809	1,550,783
Other expenditures	253,730	4,188	455	258,373	-	258,373
Tap connections	121,017	-	-	121,017	-	121,017
Capital outlay	793,653	-	4,057,896	4,851,549	(4,851,549)	-
Parks and recreation	513,993	-	-	513,993	-	513,993
Depreciation	-	-	-	-	686,798	686,798
Debt service:						
Principal retirement	-	1,070,000	-	1,070,000	(1,070,000)	-
Interest and fees	-	836,150	-	836,150	33,019	869,169
	<u>6,568,693</u>	<u>1,959,051</u>	<u>4,058,351</u>	<u>12,586,095</u>	<u>(5,146,466)</u>	<u>7,439,629</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>						
	<u>(1,491,765)</u>	<u>218,107</u>	<u>(3,644,354)</u>	<u>(4,918,012)</u>	<u>5,543,490</u>	

**CNP Utility District**  
**Statement of Activities and Governmental Funds Revenues,**  
**Expenditures and Changes in Fund Balances (Continued)**  
**Year Ended October 31, 2023**

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
<b>Other Financing Sources</b>						
Insurance proceeds	\$ 114,527	\$ -	\$ -	\$ 114,527	\$ (114,527)	
Return of capital	606,352	-	-	606,352	(606,352)	
Total other financing sources	<u>720,879</u>	<u>0</u>	<u>0</u>	<u>720,879</u>	<u>(720,879)</u>	
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	(770,886)	218,107	(3,644,354)	(4,197,133)	4,197,133	
<b>Change in Net Position</b>					625,478	\$ 625,478
<b>Fund Balances/Net Position</b>						
Beginning of year	<u>6,238,247</u>	<u>2,059,996</u>	<u>9,865,826</u>	<u>18,164,069</u>	<u>-</u>	<u>11,410,727</u>
End of year	<u>\$ 5,467,361</u>	<u>\$ 2,278,103</u>	<u>\$ 6,221,472</u>	<u>\$ 13,966,936</u>	<u>\$ 0</u>	<u>\$ 12,036,205</u>

**CNP Utility District**  
**Notes to Financial Statements**  
**October 31, 2023**

**Note 1: Nature of Operations and Summary of Significant Accounting Policies**

CNP Utility District (the District) was created by Acts of the 61<sup>st</sup> Legislature of the State of Texas, Regular Session, 1969, in accordance with the Texas Water Code, Chapter 54. The Board of Directors (the Board) held its first meeting on February 24, 1970. The District operates in accordance with Chapters 49 and 54 of the Texas Water Code and is subject to the continuing supervision of the Texas Commission on Environmental Quality (the Commission). The principal functions of the District are to finance, construct, own and operate waterworks, wastewater and drainage facilities and to provide such facilities and services to the customers of the District.

The District is governed by a Board consisting of five individuals who are residents or owners of property within the District and are elected by voters within the District. The Board sets the policies of the District. The accounting and reporting policies of the District conform to accounting principles generally accepted in the United States of America for state and local governments, as defined by the Governmental Accounting Standards Board. The following is a summary of the significant accounting and reporting policies of the District:

***Reporting Entity***

The accompanying government-wide financial statements present the financial statements of the District. There are no component units that are legally separate entities for which the District is considered to be financially accountable. Accountability is defined as the District's substantive appointment of the voting majority of the component unit's governing board. Furthermore, to be financially accountable, the District must be able to impose its will upon the component unit or there must be a possibility that the component unit may provide specific financial benefits to, or impose specific financial burdens on, the District.

***Government-wide and Fund Financial Statements***

In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities which engage in a single governmental program, such as the provision of water, wastewater, drainage and other related services. The financial statements of special-purpose governments combine two types of financial statements into one statement. These two types of financial statements are the government-wide financial statements and the fund financial statements. The fund financial statements are presented with a column for adjustments to convert to the government-wide financial statements.

The government-wide financial statements report information on all of the activities of the District. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Governmental activities generally are financed through taxes, charges for services and intergovernmental revenues. The statement of activities reflects the revenues and expenses of the District.



# **CNP Utility District**

## **Notes to Financial Statements**

### **October 31, 2023**

The fund financial statements provide information about the District's governmental funds. Separate statements for each governmental fund are presented. The emphasis of fund financial statements is directed to specific activities of the District.

The District presents the following major governmental funds:

*General Fund* – The general fund is the primary operating fund of the District which accounts for all financial resources not accounted for in another fund. Revenues are derived primarily from property taxes, charges for services and interest income.

*Debt Service Fund* – The debt service fund is used to account for financial resources that are restricted, committed or assigned to expenditures for principal and interest related costs, as well as the financial resources being accumulated for future debt service.

*Capital Projects Fund* – The capital projects fund is used to account for financial resources that are restricted, committed or assigned to expenditures for capital outlays.

#### **Fund Balances – Governmental Funds**

The fund balances for the District's governmental funds can be displayed in up to five components:

*Nonspendable* – Amounts that are not in a spendable form or are required to be maintained intact.

*Restricted* – Amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

*Committed* – Amounts that can be used only for the specific purposes determined by resolution of the Board. Commitments may be changed or lifted only by issuance of a resolution by the District's Board.

*Assigned* – Amounts intended to be used by the District for specific purposes as determined by management. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

*Unassigned* – The residual classification for the general fund and includes all amounts not contained in the other classifications.

The District considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The District applies committed amounts first, followed by assigned amounts, and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

**CNP Utility District**  
**Notes to Financial Statements**  
**October 31, 2023**

***Measurement Focus and Basis of Accounting***

**Government-wide Financial Statements**

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

Nonexchange transactions, in which the District receives (or gives) value without directly giving (or receiving) equal value in exchange, include property taxes and donations. Recognition standards are based on the characteristics and classes of nonexchange transactions. Revenues from property taxes are recognized in the period for which the taxes are levied. Donations are recognized as revenues, net of estimated uncollectible amounts, as soon as all eligibility requirements imposed by the provider have been met. Amounts received before all eligibility requirements have been met are reported as liabilities. Intergovernmental revenues are recognized as revenues, net of estimated refunds and uncollectible amounts, in the accounting period when an enforceable legal claim to the assets arises and the use of resources is required or is first permitted.

**Fund Financial Statements**

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and liabilities are generally included on the balance sheet. The statement of governmental funds revenues, expenditures and changes in fund balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in spendable resources. General capital asset acquisitions are reported as expenditures and proceeds of long-term debt are reported as other financing sources. Under the modified accrual basis of accounting, revenues are recognized when both measurable and available. The District considers revenues reported in the governmental funds to be available if they are collectible within 60 days after year-end. Principal revenue sources considered susceptible to accrual include taxes, charges for services and investment income. Other revenues are considered to be measurable and available only when cash is received by the District. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized as expenditures when payment is due.

***Deferred Outflows and Inflows of Resources***

A deferred outflow of resources is a consumption of net position that is applicable to a future reporting period and a deferred inflow of resources is an acquisition of net position that is applicable to a future reporting period.

**CNP Utility District**  
**Notes to Financial Statements**  
**October 31, 2023**

***Interfund Transactions***

Transfers from one fund to another fund are reported as interfund receivables and payables if there is intent to repay the amount and if there is the ability to repay the advance on a timely basis. Transfers represent legally authorized transfers from the fund receiving resources to the fund through which the resources are to be expended.

***Pension Costs***

The District does not participate in a pension plan and, therefore, has no pension costs.

***Use of 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 amounts of assets, liabilities, and deferred inflows and outflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

***Investments and Investment Income***

Investments in certificates of deposit, U.S. Government and agency securities, and certain pooled funds, which have a remaining maturity of one year or less at the date of purchase, are recorded at amortized cost. All other investments are carried at fair value. Fair value is determined using quoted market values.

Investment income includes dividends and interest income and the net change for the year in the fair value of investments carried at fair value. Investment income is credited to the fund in which the investment is recorded.

***Property Taxes***

An appraisal district annually prepares appraisal records listing all property within the District and the appraised value of each parcel or item as of January 1. Additionally, on January 1, a tax lien attaches to property to secure the payment of all taxes, penalty and interest ultimately imposed for the year on the property. After the District receives its certified appraisal roll from the appraisal district, the rate of taxation is set by the Board of the District based upon the aggregate appraisal value. Taxes are due and payable October 1 or when billed, whichever is later, and become delinquent after January 31 of the following year.

**CNP Utility District**  
**Notes to Financial Statements**  
**October 31, 2023**

In the governmental funds, property taxes are initially recorded as receivables and deferred inflows of resources at the time the tax levy is billed. Any collections on the current year tax levy are deferred and recognized in the subsequent fiscal year. Current year revenues recognized are those taxes collected during the fiscal year for prior years' tax levies, plus any collections received during fiscal 2022 on the 2022 levy.

In the government-wide statement of net position, property taxes are considered earned in the budget year for which they are levied. For the District's fiscal year ended October 31, 2023, the tax levied in October 2023 is recorded as receivable and deferred inflows of resources and will be considered earned during the fiscal year ended October 31, 2023. In addition to property taxes levied, any delinquent taxes are recorded net of amounts considered uncollectible.

**Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an individual cost of \$5,000 or more and an estimated useful life of two years or more. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized.

Capital assets are depreciated using the straight-line method over their estimated useful lives, as follows:

	<b>Years</b>
Water production and distribution facilities	10-45
Wastewater collection and treatment facilities	10-45
Buildings and improvements	40
Parks and recreation facilities	20-40

**Deferred Amount on Debt Refundings**

In the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt in a debt refunding is deferred and amortized to interest expense using the effective interest rate method over the remaining life of the old debt or the life of the new debt, whichever is shorter. Such amounts are classified as deferred outflows or inflows of resources.

**CNP Utility District**  
**Notes to Financial Statements**  
**October 31, 2023**

***Debt Issuance Costs***

Debt issuance costs, other than prepaid insurance, do not meet the definition of an asset or deferred outflows of resources since the costs are not applicable to a future period and, therefore, are recognized as an expense/expenditure in the period incurred.

***Long-term Obligations***

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Premiums and discounts on bonds are recognized as a component of long-term liabilities and amortized over the life of the related debt using the effective interest rate 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 on bonds during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

***Net Position/Fund Balances***

Fund balances and net position are reported as restricted when constraints placed on them are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or are imposed by law through constitutional provisions or enabling legislation.

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

***Reconciliation of Government-wide and Fund Financial Statements***

Amounts reported for net position of governmental activities in the statement of net position and fund balances in the governmental funds balance sheet are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds.	\$ 21,760,537
Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.	37,920
Penalty and interest on delinquent taxes is not receivable in the current period and is not reported in the funds.	14,576
Deferred amount on debt refundings for governmental activities are not financial resources and are not reported in the funds.	319,817

**CNP Utility District**  
**Notes to Financial Statements**  
**October 31, 2023**

Amounts due from the regional water authority for capital contributions and from the City of Houston (the City) for sales tax rebates are not receivable in the current period and are not reported in the funds.	\$ 5,720,706
Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the funds.	(68,548)
Long-term debt obligations are not due and payable in the current period and are not reported in the funds.	<u>(29,715,739)</u>
Adjustment to fund balances to arrive at net position.	<u>\$ (1,930,731)</u>

Amounts reported for change in net position of governmental activities in the statement of activities are different from change in fund balances in the governmental funds statement of revenues, expenditures and changes in fund balances because:

Change in fund balances.	\$ (4,197,133)
Governmental funds report capital outlays as expenditures. However, for government-wide financial statements, the cost of capitalized assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay expenditures exceeded depreciation expense and noncapitalized costs in the current year.	4,109,485
Governmental funds report principal payments on debt as expenditures. For the statement of activities, these transactions do not have any effect on net position.	1,070,000
Revenues collected in the current year, which have previously been reported in the statement of activities, are reported as revenues for the funds.	(28,692)
Governmental funds report return of capital from the regional water authority for capital contributions as other financing sources. For the government-wide financial statements, the amounts are reported as a reduction of amounts due from others and an increase in investment income.	(295,163)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(33,019)</u>
Change in net position of governmental activities.	<u>\$ 625,478</u>

**CNP Utility District**  
**Notes to Financial Statements**  
**October 31, 2023**

**Note 2: Deposits, Investments and Investment Income**

***Deposits***

Custodial credit risk is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The District's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State law requires collateralization of all deposits with federal depository insurance; a surety bond; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities of the State of Texas; or certain collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States.

At October 31, 2023, none of the District's bank balances were exposed to custodial credit risk.

***Investments***

The District may legally invest in obligations of the United States or its agencies and instrumentalities, direct obligations of Texas or its agencies or instrumentalities, collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States, other obligations guaranteed as to principal and interest by the State of Texas or the United States or their agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States, obligations of states, agencies and counties and other political subdivisions with an investment rating not less than "A," insured or collateralized certificates of deposit, and certain bankers' acceptances, repurchase agreements, mutual funds, commercial paper, guaranteed investment contracts and investment pools.

The District's investment policy may be more restrictive than the Public Funds Investment Act.

The District invests in Texas CLASS, an external investment pool that is not registered with the Securities and Exchange Commission. A Board of Trustees, elected by the participants, has oversight of Texas CLASS. The District's investments may be redeemed at any time. Texas CLASS attempts to minimize its exposure to market and credit risk through the use of various strategies and credit monitoring techniques and limits its investments in any issuer to the top two ratings issued by nationally recognized statistical rating organizations. The District's investments in Texas CLASS are reported at net asset value.

At October 31, 2023, the District had the following investments and maturities.

**CNP Utility District**  
**Notes to Financial Statements**  
**October 31, 2023**

Type	Fair Value	Maturities in Years			
		Less Than 1	1-5	6-10	More Than 10
Texas CLASS	<u>\$ 12,191,070</u>	<u>\$ 12,191,070</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**Interest Rate Risk.** As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy does not allow investments in certain mortgage-backed securities, collateralized mortgage obligations with a final maturity date in excess of 10 years and interest rate indexed collateralized mortgage obligations. The external investment pool is presented as an investment with a maturity of less than one year because it is redeemable in full immediately.

**Credit Risk.** Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At October 31, 2023, the District's investments in Texas CLASS were rated "AAAm" by Standard & Poor's.

**Summary of Carrying Values**

The carrying values of deposits and investments shown previously are included in the balance sheet at October 31, 2023, as follows:

Carrying value:	
Deposits	\$ 2,684,626
Investments	<u>12,191,070</u>
Total	<u>\$ 14,875,696</u>

Included in the following statement of net position captions.

Cash	\$ 799,626
Certificates of deposit	1,885,000
Short-term investments	<u>12,191,070</u>
Total	<u>\$ 14,875,696</u>

**Investment Income**

Investment income of \$1,119,585 for the year ended October 31, 2023, consisted of \$808,396 of interest income on deposits and investments and \$311,189 of interest on capital contributions with North Harris County Regional Water Authority (the Authority).



**CNP Utility District**  
**Notes to Financial Statements**  
**October 31, 2023**

***Fair Value Measurements***

The District has the following recurring fair value measurements as of October 31, 2023:

- Pooled investments of \$12,191,070 are valued at fair value per share of the pool's underlying portfolio.

**Note 3: Capital Assets**

A summary of changes in capital assets for the year ended October 31, 2023, is presented as follows:

<b>Governmental Activities</b>	<b>Balances, Beginning of Year</b>	<b>Additions</b>	<b>Balances, End of Year</b>
Capital assets, non-depreciable:			
Land and improvements	\$ 3,423,197	\$ -	\$ 3,423,197
Construction in progress	1,480,176	4,725,972	6,206,148
Total capital assets, non-depreciable	<u>4,903,373</u>	<u>4,725,972</u>	<u>9,629,345</u>
Capital assets, depreciable:			
Water production and distribution facilities	12,521,714	70,311	12,592,025
Wastewater collection and treatment facilities	15,368,180	-	15,368,180
Buildings	20,700	-	20,700
Parks and recreation	4,306,404	-	4,306,404
Total capital assets, depreciable	<u>32,216,998</u>	<u>70,311</u>	<u>32,287,309</u>
Less accumulated depreciation:			
Water production and distribution facilities	(7,296,828)	(240,207)	(7,537,035)
Wastewater collection and treatment facilities	(9,383,922)	(292,949)	(9,676,871)
Buildings	(20,700)	-	(20,700)
Parks and recreation	(2,767,869)	(153,642)	(2,921,511)
Total accumulated depreciation	<u>(19,469,319)</u>	<u>(686,798)</u>	<u>(20,156,117)</u>
Total governmental activities, net	<u>\$ 17,651,052</u>	<u>\$ 4,109,485</u>	<u>\$ 21,760,537</u>

**Note 4: Long-Term Liabilities**

Changes in long-term liabilities for the year ended October 31, 2023, were as follows.

**CNP Utility District**  
**Notes to Financial Statements**  
**October 31, 2023**

<b>Governmental Activities</b>	<b>Balances, Beginning of Year</b>	<b>Decreases</b>	<b>Balances, End of Year</b>	<b>Amounts Due in One Year</b>
Bonds payable:				
General obligation bonds	\$ 31,225,000	\$ 1,070,000	\$ 30,155,000	\$ 1,100,000
Less discounts on bonds	498,817	16,380	482,437	-
Add premiums on bonds	46,244	3,068	43,176	-
	<u>\$ 30,772,427</u>	<u>\$ 1,056,688</u>	<u>\$ 29,715,739</u>	<u>\$ 1,100,000</u>
Total governmental activities long-term liabilities	<u>\$ 30,772,427</u>	<u>\$ 1,056,688</u>	<u>\$ 29,715,739</u>	<u>\$ 1,100,000</u>

**General Obligation Bonds**

	<b>Refunding Series 2015</b>	<b>Refunding Series 2016</b>
Amounts outstanding, October 31, 2023	\$2,110,000	\$7,800,000
Interest rates	2.00% to 4.00%	2.00% to 3.00%
Maturity dates, serially beginning/ending	April 1, 2024/2035	April 1, 2024/2036
Interest payment dates	April 1/October 1	April 1/October 1
Callable dates*	April 1, 2022	April 1, 2022
	<b>Series 2018</b>	<b>Series 2021</b>
Amounts outstanding, October 31, 2023	\$11,940,000	\$8,305,000
Interest rates	3.00% to 4.00%	1.00% to 2.00%
Maturity dates, serially beginning/ending	April 1, 2026/2045	April 1, 2026/2049
Interest payment dates	April 1/October 1	April 1/October 1
Callable dates*	April 1, 2023	April 1, 2026

\*Or any date thereafter; callable at par plus accrued interest to the date of redemption.

**CNP Utility District**  
**Notes to Financial Statements**  
**October 31, 2023**

***Annual Debt Service Requirements***

The following schedule shows the annual debt service requirements to pay principal and interest on general obligation bonds outstanding at October 31, 2023:

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 1,100,000	\$ 810,831	\$ 1,910,831
2025	1,130,000	786,218	1,916,218
2026	1,150,000	759,506	1,909,506
2027	1,290,000	730,456	2,020,456
2028	1,325,000	699,662	2,024,662
2029-2033	7,365,000	2,963,860	10,328,860
2034-2038	6,940,000	1,877,882	8,817,882
2039-2043	5,525,000	1,008,531	6,533,531
2044-2048	3,850,000	220,531	4,070,531
2049	480,000	4,800	484,800
Total	<u>\$ 30,155,000</u>	<u>\$ 9,862,277</u>	<u>\$ 40,017,277</u>

The bonds are payable from the proceeds of an ad valorem tax levied upon all property within the District subject to taxation, without limitation as to rate or amount.

Bonds voted	\$ 92,755,000
Bonds sold	51,255,000
Refunding bonds voted	32,000,000
Refunding bond authorization used	9,930,624
Park and recreation bonds voted	10,000,000
Park and recreation bonds sold	3,980,000

**Note 5: Significant Bond Order and Commission Requirements**

The Bond Orders require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due. During the year ended October 31, 2023, the District levied an ad valorem debt service tax at the rate of \$0.2900 per \$100 of assessed valuation, which resulted in a tax levy of \$2,797,324 on the taxable valuation of \$964,594,649 for the 2023 tax year. The principal and interest requirements to be paid from tax revenues and available resources are \$1,910,831.

**CNP Utility District**  
**Notes to Financial Statements**  
**October 31, 2023**

**Note 6: Strategic Partnership Agreement**

The District entered into a Strategic Partnership Agreement (SPA) with the City effective July 17, 2003. Pursuant to the terms of the SPA, the City annexed a portion of the District for limited purposes. The SPA provides for the levy of City sales tax (currently \$0.01) on qualifying retail sales in the District and payment to the District of 50% of the sales tax revenue collected by the City from sales tax collected from entities located within the amended area of the boundaries of the District. The District will continue to provide water, sewer and drainage services to all properties within its boundaries. The City has also agreed not to annex the District for full purposes without consent of the District during the 30-year term of the SPA. During the current year, the District recorded \$800,829 in revenues related to the SPA.

**Note 7: Regional Water Authority**

The District is within the boundaries of the Authority, which was created by the Texas Legislature. The Authority was created to provide a regional entity to acquire surface water and build the necessary facilities to convert from groundwater to surface water in order to meet conversion requirements mandated by the Harris-Galveston Subsidence District, which regulates groundwater withdrawal. As of October 31, 2023, the Authority was billing the District \$3.60 per 1,000 gallons of water pumped from its wells and \$4.05 per 1,000 gallons of surface water received. These amounts are subject to future adjustments.

In 2003, the District entered into a Capital Contribution Agreement (the 2003 Agreement) with the Authority. The Agreement requires the District to make a capital contribution to the Authority of \$2,577,232 and will receive payment through credits for District pumpage fees and water payments as they become due each year. In addition, any amounts owed to the District that remain after the credits will be paid to the District. These payments accrue interest at 5.0575% per year and will be repaid with interest-only payments from 2004 through 2009 and principal and interest payments from 2010 through 2033.

In 2005, the District entered into a second Capital Contribution Agreement (the 2005 Agreement) with the Authority. The Agreement requires the District to make a capital contribution to the Authority of \$1,697,070 and will receive payment through credits for District pumpage fees and water payments as they become due each year. In addition, any amounts owed to the District that remain after the credits will be paid to the District. These repayments accrue interest at 4.8087% per year and will be repaid with interest-only payments from 2005 through 2009 and principal and interest payments from 2010 through 2035.

In 2008, the District entered into a third Capital Contribution Agreement (the 2008 Agreement) with the Authority. The Agreement requires the District to make a capital contribution to the Authority of \$3,620,110, of which \$3,100,000 was paid in September 2008 and the remainder was paid in July 2009. The District will receive payment through credits for District pumpage fees and water

**CNP Utility District**  
**Notes to Financial Statements**  
**October 31, 2023**

payments as they become due each year. In addition, any amounts owed to the District that remain after the credits will be paid to the District. These repayments accrue interest at 5.3755% per year and will be repaid with interest-only payments from 2009 through 2013 and principal and interest payments from 2014 through 2038.

In 2011, the District entered into a Chloramination Credit Agreement (the Chloramination Credit Agreement) with the Authority for reimbursement of chloramine conversion costs. The Agreement allows for reimbursement of \$498,106 in chloramine system costs. The District will receive payment through credits for District pumpage fees and water payments as they become due each year. These repayments accrue interest at 6.00% per year and will be repaid with principal and interest payments from 2011 through 2041.

At October 31, 2023, the combined repayments outstanding are as follows:

Year	Amount
2024	\$ 606,352
2025	606,352
2026	606,352
2027	606,352
2028	606,352
2029-2033	3,031,759
2034-2038	1,796,038
2039-2041	125,853
	7,985,410
Less amount representing interest	(2,318,364)
	\$ 5,667,046

These amounts have not been recorded in the fund financial statements and will be recorded as a return of capital upon repayment.

**Note 8: 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 for which the District carries commercial insurance. The District has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts in the past three fiscal years.

**CNP Utility District**  
**Notes to Financial Statements**  
**October 31, 2023**

**Note 9: Contingencies**

A developer of the District is constructing a water line extension within the boundaries of the District. The District has agreed to reimburse the developer for a portion of these costs, plus interest, from the proceeds of future bond sales, to the extent approved by the Commission. The District's engineer has stated that current construction contract amounts are approximately \$55,000. This amount has not been recorded in the financial statements since the facilities are not complete or operational.

## **Required Supplementary Information**

**CNP Utility District**  
**Budgetary Comparison Schedule – General Fund**  
**Year Ended October 31, 2023**

	<b>Original Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues</b>			
Sales tax rebates	\$ 917,300	\$ 811,372	\$ (105,928)
Water service	796,300	801,588	5,288
Sewer service	556,100	636,979	80,879
Surface water conversion	2,781,400	2,098,167	(683,233)
Security service	-	40,839	40,839
Penalty and interest	87,500	76,193	(11,307)
Tap connection and inspection fees	46,800	327,581	280,781
Investment income	115,800	284,009	168,209
Other income	-	200	200
	<u>5,301,200</u>	<u>5,076,928</u>	<u>(224,272)</u>
<b>Total revenues</b>			
<b>Expenditures</b>			
Service operations:			
Purchased services	1,532,600	468,472	1,064,128
Regional water fee	1,249,900	1,694,803	(444,903)
Professional fees	164,500	218,120	(53,620)
Contracted services	364,630	611,778	(247,148)
Utilities	371,300	396,153	(24,853)
Repairs and maintenance	1,130,600	1,496,974	(366,374)
Other expenditures	221,480	253,730	(32,250)
Tap connections	-	121,017	(121,017)
Capital outlay	1,060,000	793,653	266,347
Parks and recreation	470,700	513,993	(43,293)
	<u>6,565,710</u>	<u>6,568,693</u>	<u>(2,983)</u>
<b>Total expenditures</b>			
<b>Deficiency of Revenues Over Expenditures</b>	(1,264,510)	(1,491,765)	(227,255)
<b>Other Financing Sources</b>			
Insurance proceeds	-	114,527	114,527
Return of capital	570,165	606,352	36,187
	<u>570,165</u>	<u>720,879</u>	<u>150,714</u>
<b>Total other financing sources</b>			
<b>Deficiency of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	(694,345)	(770,886)	(76,541)
<b>Fund Balance, Beginning of Year</b>	<u>6,238,247</u>	<u>6,238,247</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u>\$ 5,543,902</u>	<u>\$ 5,467,361</u>	<u>\$ (76,541)</u>



**CNP Utility District**  
**Notes to Required Supplementary Information**  
**October 31, 2023**

***Budgets and Budgetary Accounting***

An annual operating budget is prepared for the general fund by the District's consultants. The budget reflects resources expected to be received during the year and expenditures expected to be incurred. The Board of Directors is required to adopt the budget prior to the start of its fiscal year. The budget is not a spending limitation (a legally restricted appropriation). The original budget of the general fund was not amended during fiscal 2023.

The District prepares its annual operating budget on a basis consistent with accounting principles generally accepted in the United States of America. The Budgetary Comparison Schedule - General Fund presents the original and revised budget amounts, if revised, compared to the actual amounts of revenues and expenditures for the current year.

## **Supplementary Information**

**CNP Utility District**  
**Other Schedules Included Within This Report**  
**October 31, 2023**

(Schedules included are checked or explanatory notes provided for omitted schedules.)

- [X] Notes Required by the Water District Accounting Manual  
See "Notes to Financial Statements," Pages 14-28
- [X] Schedule of Services and Rates
- [X] Schedule of General Fund Expenditures
- [X] Schedule of Temporary Investments
- [X] Analysis of Taxes Levied and Receivable
- [X] Schedule of Long-Term Debt Service Requirements by Years
- [X] Changes in Long-Term Bonded Debt
- [X] Comparative Schedule of Revenues and Expenditures – General Fund and Debt Service Fund –  
Five Years
- [X] Board Members, Key Personnel and Consultants

# CNP Utility District

## Schedule of Services and Rates

### Year Ended October 31, 2023

1. Services provided by the District:

<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 type="checkbox"/> Irrigation
<input checked="" type="checkbox"/> Parks/Recreation	<input type="checkbox"/> Fire Protection	<input checked="" 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 _____		

2. Retail service providers

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

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate Per 1,000 Gallons Over Minimum	Usage Levels
Water:	\$ 4.75	5,000	N	\$ 1.50	5,001 to 10,000
				\$ 2.00	10,001 to 20,000
				\$ 2.50	20,001 to No Limit
Wastewater:	\$ 7.95	1	Y		
Regional water fee:	\$ 4.05	1	N	\$ 4.05	1 to No Limit
Does the District employ winter averaging for wastewater usage?					Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Total charges per 10,000 gallons usage (including fees):				Water \$ 52.75	Wastewater \$ 7.95

b. Water and wastewater retail connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC*
Unmetered	12	12	x1.0	12
≤ 3/4"	41	35	x1.0	35
1"	48	43	x2.5	108
1 1/2"	33	33	x5.0	165
2"	150	147	x8.0	1,176
3"	8	8	x15.0	120
4"	11	11	x25.0	275
6"	10	9	x50.0	450
8"	4	4	x80.0	320
10"	1	1	x115.0	115
Total water	318	303		2,776
Total wastewater	204	196	x1.0	196

3. Total water consumption (in thousands) during the fiscal year:

Gallons pumped into the system:	507,065
Gallons billed to customers:	476,405
Water accountability ratio (gallons billed/gallons pumped):	93.95%

\*"ESFC" means equivalent single-family connections

**CNP Utility District**  
**Schedule of General Fund Expenditures**  
**Year Ended October 31, 2023**

<b>Personnel (including benefits)</b>		\$	-
<b>Professional Fees</b>			
Auditing	\$	24,800	
Legal		73,623	
Engineering		118,747	
Financial advisor		950	218,120
<b>Purchased Services for Resale</b>			
Bulk water and wastewater service purchases			468,472
<b>Regional Water Fee</b>			1,694,803
<b>Contracted Services</b>			
Bookkeeping		62,931	
General manager		-	
Appraisal district		-	
Tax collector		-	
Security		267,319	
Other contracted services		281,528	611,778
<b>Utilities</b>			396,153
<b>Repairs and Maintenance</b>			1,496,974
<b>Administrative Expenditures</b>			
Directors' fees		11,667	
Office supplies		6,330	
Insurance		83,449	
Other administrative expenditures		152,284	253,730
<b>Capital Outlay</b>			
Capitalized assets		739,844	
Expenditures not capitalized		53,809	793,653
<b>Tap Connection Expenditures</b>			121,017
<b>Solid Waste Disposal</b>			-
<b>Fire Fighting</b>			-
<b>Parks and Recreation</b>			513,993
<b>Other Expenditures</b>			-
Total expenditures		\$	<u><u>6,568,693</u></u>

**CNP Utility District**  
**Schedule of Temporary Investments**  
**October 31, 2023**

	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Face Amount</b>	<b>Accrued Interest Receivable</b>
<b>General Fund</b>				
Certificates of Deposit				
No. 91300012114047	5.50%	08/24/24	\$ 235,000	\$ 992
No. 11829	5.00%	05/30/24	235,000	4,925
No. 440044239	5.50%	04/09/24	235,000	673
No. 200000345	5.00%	06/06/24	235,000	4,732
No. 6000062163	5.50%	10/17/24	235,000	460
No. 6002400247	3.99%	11/11/23	240,000	9,235
No. 6550128331	5.00%	07/27/24	235,000	3,090
Texas CLASS	5.57%	Demand	<u>3,456,272</u>	<u>-</u>
			<u>5,106,272</u>	<u>24,107</u>
<b>Debt Service Fund</b>				
Certificate of Deposit				
No. 9009005309	5.24%	03/02/24	235,000	4,959
Texas CLASS	5.57%	Demand	<u>1,766,735</u>	<u>-</u>
			<u>2,001,735</u>	<u>4,959</u>
<b>Capital Projects Fund</b>				
Texas CLASS	5.57%	Demand	2,193,201	-
Texas CLASS	5.57%	Demand	<u>4,774,862</u>	<u>-</u>
			<u>6,968,063</u>	<u>0</u>
Totals			<u>\$ 14,076,070</u>	<u>\$ 29,066</u>

**CNP Utility District**  
**Analysis of Taxes Levied and Receivable**  
**Year Ended October 31, 2023**

	<b>Debt Service Taxes</b>
<b>Receivable, Beginning of Year</b>	\$ 2,247,620
Additions and corrections to prior years' taxes	(176,848)
Adjusted receivable, beginning of year	2,070,772
 <b>2023 Original Tax Levy</b>	 2,797,324
Total to be accounted for	4,868,096
Tax collections: Current year	-
Prior years	(2,032,852)
Receivable, end of year	\$ 2,835,244
 <b>Receivable, by Years</b>	
2023	\$ 2,797,324
2022	25,288
2021	2,573
2020	2,527
2019	2,706
2018	534
2017	384
2016	404
2015	465
2014	667
2013	764
2012	771
2011	418
2010	330
2009	89
Receivable, end of year	\$ 2,835,244

**CNP Utility District**  
**Analysis of Taxes Levied and Receivable (Continued)**  
**Year Ended October 31, 2023**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>Property Valuations</b>				
Land	\$ 205,862,244	\$ 185,499,426	\$ 178,041,747	\$ 163,007,539
Improvements	663,928,580	553,560,150	464,787,066	475,351,540
Personal property	156,506,771	163,391,140	151,928,290	126,773,578
Exemptions	<u>(61,702,946)</u>	<u>(41,813,998)</u>	<u>(42,677,964)</u>	<u>(42,033,974)</u>
Total property valuations	<u>\$ 964,594,649</u>	<u>\$ 860,636,718</u>	<u>\$ 752,079,139</u>	<u>\$ 723,098,683</u>
<b>Tax Rates per \$100 Valuation</b>				
Debt service tax rates	<u>\$ 0.2900</u>	<u>\$ 0.2550</u>	<u>\$ 0.2580</u>	<u>\$ 0.2800</u>
<b>Tax Levy</b>	<u>\$ 2,797,324</u>	<u>\$ 2,194,624</u>	<u>\$ 1,940,364</u>	<u>\$ 2,024,676</u>
<b>Percent of Taxes Collected to Taxes Levied*</b>	<u>0%</u>	<u>99%</u>	<u>99%</u>	<u>99%</u>

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



**CNP Utility District**  
**Schedule of Long-Term Debt Service Requirements by Years**  
**October 31, 2023**

<b>Due During Fiscal Years Ending October 31</b>	<b>Refunding Series 2015</b>		
	<b>Principal Due April 1</b>	<b>Interest Due April 1, October 1</b>	<b>Total</b>
2024	\$ 600,000	\$ 57,775	\$ 657,775
2025	625,000	43,212	668,212
2026	70,000	34,000	104,000
2027	75,000	31,100	106,100
2028	75,000	28,100	103,100
2029	80,000	25,000	105,000
2030	85,000	21,700	106,700
2031	95,000	18,100	113,100
2032	95,000	14,300	109,300
2033	100,000	10,400	110,400
2034	105,000	6,300	111,300
2035	105,000	2,100	107,100
Totals	<u>\$ 2,110,000</u>	<u>\$ 292,087</u>	<u>\$ 2,402,087</u>

## CNP Utility District

### Schedule of Long-Term Debt Service Requirements by Years (Continued)

October 31, 2023

Due During Fiscal Years Ending October 31	Refunding Series 2016		
	Principal Due April 1	Interest Due April 1, October 1	Total
2024	\$ 500,000	\$ 196,350	\$ 696,350
2025	505,000	186,300	691,300
2026	540,000	175,850	715,850
2027	540,000	164,375	704,375
2028	575,000	151,831	726,831
2029	575,000	138,175	713,175
2030	585,000	123,675	708,675
2031	615,000	107,906	722,906
2032	600,000	91,200	691,200
2033	660,000	73,050	733,050
2034	675,000	53,025	728,025
2035	710,000	32,250	742,250
2036	720,000	10,800	730,800
Totals	\$ 7,800,000	\$ 1,504,787	\$ 9,304,787

## CNP Utility District

### Schedule of Long-Term Debt Service Requirements by Years (Continued) October 31, 2023

Due During Fiscal Years Ending October 31	Series 2018		
	Principal Due April 1	Interest Due April 1, October 1	Total
2024	\$ -	\$ 412,694	\$ 412,694
2025	-	412,694	412,694
2026	290,000	406,893	696,893
2027	425,000	394,718	819,718
2028	425,000	381,968	806,968
2029	450,000	368,844	818,844
2030	475,000	354,969	829,969
2031	500,000	340,031	840,031
2032	500,000	324,094	824,094
2033	525,000	307,109	832,109
2034	550,000	288,969	838,969
2035	575,000	269,625	844,625
2036	600,000	249,063	849,063
2037	625,000	227,625	852,625
2038	650,000	205,313	855,313
2039	675,000	181,703	856,703
2040	700,000	156,781	856,781
2041	725,000	130,953	855,953
2042	750,000	104,219	854,219
2043	800,000	76,125	876,125
2044	825,000	46,672	871,672
2045	875,000	15,859	890,859
Totals	<u>\$ 11,940,000</u>	<u>\$ 5,656,921</u>	<u>\$ 17,596,921</u>

**CNP Utility District**  
**Schedule of Long-Term Debt Service Requirements by Years (Continued)**  
**October 31, 2023**

Due During Fiscal Years Ending October 31	Series 2021		
	Principal Due April 1	Interest Due April 1, October 1	Total
2024	\$ -	\$ 144,012	\$ 144,012
2025	-	144,012	144,012
2026	250,000	142,763	392,763
2027	250,000	140,263	390,263
2028	250,000	137,763	387,763
2029	275,000	135,138	410,138
2030	275,000	132,181	407,181
2031	275,000	129,225	404,225
2032	300,000	126,163	426,163
2033	300,000	122,600	422,600
2034	300,000	118,662	418,662
2035	325,000	113,350	438,350
2036	325,000	106,850	431,850
2037	325,000	100,350	425,350
2038	350,000	93,600	443,600
2039	350,000	86,600	436,600
2040	375,000	79,350	454,350
2041	375,000	71,850	446,850
2042	375,000	64,350	439,350
2043	400,000	56,600	456,600
2044	400,000	48,600	448,600
2045	425,000	40,350	465,350
2046	425,000	31,850	456,850
2047	450,000	23,100	473,100
2048	450,000	14,100	464,100
2049	480,000	4,800	484,800
Totals	<u>\$ 8,305,000</u>	<u>\$ 2,408,482</u>	<u>\$ 10,713,482</u>

**CNP Utility District**  
**Schedule of Long-Term Debt Service Requirements by Years (Continued)**  
**October 31, 2023**

Due During Fiscal Years Ending October 31	Annual Requirements For All Series		
	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2024	\$ 1,100,000	\$ 810,831	\$ 1,910,831
2025	1,130,000	786,218	1,916,218
2026	1,150,000	759,506	1,909,506
2027	1,290,000	730,456	2,020,456
2028	1,325,000	699,662	2,024,662
2029	1,380,000	667,157	2,047,157
2030	1,420,000	632,525	2,052,525
2031	1,485,000	595,262	2,080,262
2032	1,495,000	555,757	2,050,757
2033	1,585,000	513,159	2,098,159
2034	1,630,000	466,956	2,096,956
2035	1,715,000	417,325	2,132,325
2036	1,645,000	366,713	2,011,713
2037	950,000	327,975	1,277,975
2038	1,000,000	298,913	1,298,913
2039	1,025,000	268,303	1,293,303
2040	1,075,000	236,131	1,311,131
2041	1,100,000	202,803	1,302,803
2042	1,125,000	168,569	1,293,569
2043	1,200,000	132,725	1,332,725
2044	1,225,000	95,272	1,320,272
2045	1,300,000	56,209	1,356,209
2046	425,000	31,850	456,850
2047	450,000	23,100	473,100
2048	450,000	14,100	464,100
2049	480,000	4,800	484,800
Totals	<u>\$ 30,155,000</u>	<u>\$ 9,862,277</u>	<u>\$ 40,017,277</u>

**CNP Utility District**  
**Changes in Long-Term Bonded Debt**  
**Year Ended October 31, 2023**

	<b>Bond Issues</b>				<b>Totals</b>
	<b>Refunding Series 2015</b>	<b>Refunding Series 2016</b>	<b>Series 2018</b>	<b>Series 2021</b>	
Interest rates	2.00% to 4.00%	2.00% to 3.00%	3.00% to 4.00%	1.00% to 2.00%	
Dates interest payable	April 1/ October 1	April 1/ October 1	April 1/ October 1	April 1/ October 1	
Maturity dates	April 1, 2024/2035	April 1, 2024/2036	April 1, 2026/2045	April 1, 2026/2049	
Bonds outstanding, beginning of current year	\$ 2,685,000	\$ 8,295,000	\$ 11,940,000	\$ 8,305,000	\$ 31,225,000
Retirements, principal	<u>575,000</u>	<u>495,000</u>	<u>-</u>	<u>-</u>	<u>1,070,000</u>
Bonds outstanding, end of current year	<u>\$ 2,110,000</u>	<u>\$ 7,800,000</u>	<u>\$ 11,940,000</u>	<u>\$ 8,305,000</u>	<u>\$ 30,155,000</u>
Interest paid during current year	<u>\$ 70,994</u>	<u>\$ 206,300</u>	<u>\$ 412,694</u>	<u>\$ 144,012</u>	<u>\$ 834,000</u>

Paying agent's name and address:

**Series 2015** - Amegy Bank N.A., Houston, Texas

**Series 2016** - Amegy Bank N.A., Houston, Texas

**Series 2018** - Amegy Bank N.A., Houston, Texas

**Series 2021** - The Bank of New York Mellon Trust Company, N.A., Dallas, Texas

Bond authority:

	<b>Tax Bonds</b>	<b>Park Bonds</b>	<b>Refunding Bonds</b>
Amount authorized by voters	\$ 92,755,000	\$ 10,000,000	\$ 32,000,000
Amount issued	<u>\$ 51,255,000</u>	<u>\$ 3,980,000</u>	<u>\$ 9,930,624</u>
Remaining to be issued	<u>\$ 41,500,000</u>	<u>\$ 6,020,000</u>	<u>\$ 22,069,376</u>

Debt service fund cash and temporary investment balances as of October 31, 2023: \$ 2,274,511

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 1,539,126

**CNP Utility District**  
**Comparative Schedule of Revenues and Expenditures – General Fund**  
**Five Years Ended October 31,**

	Amounts				
	2023	2022	2021	2020	2019
<b>General Fund</b>					
<b>Revenues</b>					
Sales tax rebates	\$ 811,372	\$ 892,692	\$ 891,363	\$ 758,533	\$ 858,564
Water service	801,588	796,375	762,358	627,498	498,627
Sewer service	636,979	565,641	610,600	499,820	404,681
Surface water conversion	2,098,167	2,530,719	2,250,327	1,822,363	1,702,717
Security service	40,839	-	-	-	-
Penalty and interest	76,193	92,823	36,036	14,400	35,816
Tap connection and inspection fees	327,581	129,079	98,852	50,367	150,106
Investment income	284,009	50,871	21,661	86,333	127,446
Other income	200	259,309	-	-	-
Total revenues	<u>5,076,928</u>	<u>5,317,509</u>	<u>4,671,197</u>	<u>3,859,314</u>	<u>3,777,957</u>
<b>Expenditures</b>					
Service operations:					
Purchased services	468,472	1,432,781	1,433,377	1,390,857	1,400,664
Regional water fee	1,694,803	1,132,368	802,855	522,477	379,951
Professional fees	218,120	154,414	126,466	135,299	130,788
Contracted services	611,778	344,697	270,336	265,605	257,156
Utilities	396,153	366,208	529,764	239,078	244,383
Repairs and maintenance	1,496,974	1,153,758	891,531	793,179	896,496
Other expenditures	253,730	239,675	206,141	158,293	153,842
Tap connections	121,017	46,700	43,080	12,175	49,900
Capital outlay	793,653	453,074	101,531	367,351	661,713
Parks and recreation	513,993	467,201	437,569	425,278	449,708
Total expenditures	<u>6,568,693</u>	<u>5,790,876</u>	<u>4,842,650</u>	<u>4,309,592</u>	<u>4,624,601</u>
<b>Deficiency of Revenues Over Expenditures</b>	<u>(1,491,765)</u>	<u>(473,367)</u>	<u>(171,453)</u>	<u>(450,278)</u>	<u>(846,644)</u>
<b>Other Financing Sources</b>					
Insurance proceeds	114,527	-	-	49,205	-
Recovery from governmental agency	-	-	-	13,534	100,772
Interfund transfers in	-	-	30,457	20,249	-
Return of capital	606,352	606,352	606,352	606,352	606,352
Total other financing sources	<u>720,879</u>	<u>606,352</u>	<u>636,809</u>	<u>689,340</u>	<u>707,124</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	<u>(770,886)</u>	<u>132,985</u>	<u>465,356</u>	<u>239,062</u>	<u>(139,520)</u>
<b>Fund Balance, Beginning of Year</b>	<u>6,238,247</u>	<u>6,105,262</u>	<u>5,639,906</u>	<u>5,400,844</u>	<u>5,540,364</u>
<b>Fund Balance, End of Year</b>	<u>\$ 5,467,361</u>	<u>\$ 6,238,247</u>	<u>\$ 6,105,262</u>	<u>\$ 5,639,906</u>	<u>\$ 5,400,844</u>
<b>Total Active Retail Water Connections</b>	<u>303</u>	<u>303</u>	<u>294</u>	<u>292</u>	<u>279</u>
<b>Total Active Retail Wastewater Connections</b>	<u>196</u>	<u>197</u>	<u>193</u>	<u>202</u>	<u>190</u>

**Percent of Fund Total Revenues**

<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
16.0 %	16.8 %	19.1 %	19.7 %	22.7 %
15.8	15.0	16.3	16.3	13.2
12.6	10.6	13.1	12.9	10.7
41.3	47.6	48.2	47.2	45.1
0.8	-	-	-	-
1.5	1.7	0.8	0.4	0.9
6.4	2.4	2.1	1.3	4.0
5.6	1.0	0.4	2.2	3.4
0.0	4.9	-	-	-
100.0	100.0	100.0	100.0	100.0
9.2	26.9	30.7	36.1	37.1
33.4	21.3	17.2	13.5	10.0
4.4	2.9	2.7	3.5	3.5
12.0	6.5	5.8	6.9	6.8
7.8	6.9	11.3	6.2	6.5
29.5	21.7	19.1	20.6	23.7
5.0	4.5	4.4	4.1	4.1
2.4	0.9	0.9	0.3	1.3
15.6	8.5	2.2	9.5	17.5
10.1	8.8	9.4	11.0	11.9
129.4	108.9	103.7	111.7	122.4
(29.4) %	(8.9) %	(3.7) %	(11.7) %	(22.4) %



**CNP Utility District**  
**Comparative Schedule of Revenues and Expenditures – Debt Service Fund**  
**Five Years Ended October 31,**

	Amounts				
	2023	2022	2021	2020	2019
<b>Debt Service Fund</b>					
<b>Revenues</b>					
Property taxes	\$ 2,032,852	\$ 1,930,291	\$ 2,035,411	\$ 1,837,349	\$ 1,650,479
Penalty and interest	33,916	23,471	24,760	35,027	19,869
Investment income	110,390	21,647	5,842	21,819	43,433
Other income	-	13	14	48	33
Total revenues	<u>2,177,158</u>	<u>1,975,422</u>	<u>2,066,027</u>	<u>1,894,243</u>	<u>1,713,814</u>
<b>Expenditures</b>					
Current:					
Professional fees	3,877	3,987	7,019	10,471	5,746
Contracted services	44,836	44,304	44,308	44,777	43,100
Other expenditures	4,188	13,011	17,810	6,351	8,603
Debt service:					
Principal retirement	1,070,000	1,055,000	995,000	960,000	910,000
Interest and fees	836,150	858,969	808,563	758,706	783,869
Total expenditures	<u>1,959,051</u>	<u>1,975,271</u>	<u>1,872,700</u>	<u>1,780,305</u>	<u>1,751,318</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	218,107	151	193,327	113,938	(37,504)
<b>Fund Balance, Beginning of Year</b>	<u>2,059,996</u>	<u>2,059,845</u>	<u>1,866,518</u>	<u>1,752,580</u>	<u>1,790,084</u>
<b>Fund Balance, End of Year</b>	<u><u>\$ 2,278,103</u></u>	<u><u>\$ 2,059,996</u></u>	<u><u>\$ 2,059,845</u></u>	<u><u>\$ 1,866,518</u></u>	<u><u>\$ 1,752,580</u></u>

**Percent of Fund Total Revenues**

<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
93.4 %	97.7 %	98.5 %	97.0 %	96.3 %
1.5	1.2	1.2	1.8	1.2
5.1	1.1	0.3	1.2	2.5
-	0.0	0.0	0.0	0.0
<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
0.2	0.2	0.3	0.6	0.3
2.1	2.2	2.1	2.4	2.5
0.2	0.7	0.9	0.3	0.5
49.1	53.4	48.2	50.6	53.1
<u>38.4</u>	<u>43.5</u>	<u>39.1</u>	<u>40.1</u>	<u>45.8</u>
<u>90.0</u>	<u>100.0</u>	<u>90.6</u>	<u>94.0</u>	<u>102.2</u>
<u>10.0 %</u>	<u>0.0 %</u>	<u>9.4 %</u>	<u>6.0 %</u>	<u>(2.2) %</u>

**CNP Utility District**  
**Board Members, Key Personnel and Consultants**  
**Year Ended October 31, 2023**

Complete District mailing address:	CNP Utility District c/o Marks Richardson PC 3700 Buffalo Speedway, Suite 830 Houston, Texas 77098
District business telephone number:	713.942.9922
Submission date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	April 27, 2023
Limit on fees of office that a director may receive during a fiscal year:	\$ 7,200

Board Members	Term of Office Elected & Expires	Fees*	Expense Reimbursements	Title at Year-end
Renee Granberry	Elected 11/20- 11/24	\$ 2,526	\$ 727	President
Keith Brown	Elected 11/20- 11/24	2,305	135	Vice President
Ed Hudson	Elected 11/18- 11/22	3,197	166	Secretary
Kirk O'Neal	Elected 11/20- 11/24	2,455	209	Assistant Secretary
Gregory Koch	Appointed 07/23- 11/26	884	0	Assistant Secretary
Matthew Kent	Appointed 01/23- 05/23	300	0	Resigned

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

**CNP Utility District**  
**Board Members, Key Personnel and Consultants (Continued)**  
**Year Ended October 31, 2023**

<b>Consultants</b>	<b>Date Hired</b>	<b>Fees and Expense Reimbursements</b>	<b>Title</b>
A&S Engineers, Inc.	12/17/07	\$ 349,803	Engineer
B&A Municipal Tax Service	07/28/11	49,867	Tax Assessor/ Collector
FORVIS, LLP	09/05/85	24,800	Auditor
The GMS Group, L.L.C.	12/14/95	950	Financial Advisor
Harris Central Appraisal District	Legislative Action	15,469	Appraiser
Marks Richardson PC	01/16/03	82,831	General Counsel
Municipal Accounts & Consulting, L.P.	04/22/03	69,141	Bookkeeper
Municipal District Services	02/01/08	1,569,232	Operator
Ted A. Cox, P.C.	09/21/95	3,877	Delinquent Tax Attorney
<b>Investment Officers</b>			
Mark M. Burton and Ghia Lewis	04/22/03	N/A	Bookkeepers