

WOODCREEK MUNICIPAL UTILITY DISTRICT

HARRIS COUNTY, TEXAS

ANNUAL AUDIT REPORT

MAY 31, 2021

C O N T E N T S

INDEPENDENT AUDITOR'S REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-7
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET	8
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES	9
NOTES TO THE FINANCIAL STATEMENTS	10-19
SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET AND ACTUAL, GENERAL FUND	20
SCHEDULE OF TEXAS SUPPLEMENTARY INFORMATION REQUIRED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY	21
SCHEDULE OF SERVICES AND RATES	22-23
EXPENDITURES FOR THE YEAR ENDED MAY 31, 2021	24-25
ANALYSIS OF CHANGES IN DEPOSITS, ALL GOVERNMENTAL FUND TYPES	26
SCHEDULE OF CERTIFICATES OF DEPOSIT	27
TAXES LEVIED AND RECEIVABLE	28-29
LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS	30-31
ANALYSIS OF CHANGES IN LONG-TERM BONDED DEBT	32
COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES, GENERAL FUND	33
COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES, DEBT SERVICE FUND	34
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS	35-36

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September 16, 2021

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Woodcreek Municipal
Utility District
Harris County, Texas

I have audited the accompanying financial statements of the governmental activities and each fund of Woodcreek Municipal Utility District, as of and for the year ended May 31, 2021, which collectively comprise the District's basic financial statements, as listed in the table of contents, and the related notes to the financial statements.

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 of material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 assessment of the risk 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 entity's internal control. Accordingly I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each fund of Woodcreek Municipal Utility District as of May 31, 2021, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT (Continued)**Other Matters**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on Pages 3 to 7 and Schedule of Revenues, Expenditures and Changes in Fund Balance, Budget and Actual, General Fund, on Page 20 be presented to supplement the basic financial statements. Such information, although not 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on Pages 21 to 36 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. Except for the portion marked "unaudited," the information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The supplementary information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on it. The accompanying supplementary information includes financial data excerpted from prior year financial statements which were audited by my firm.

A handwritten signature in black ink, appearing to read "M. G. J.", is located in the lower right portion of the page.

Management's Discussion and Analysis

Using this Annual Report

Within this section of the Woodcreek Municipal Utility District (the "District") annual report, the District's Board of Directors provides narrative discussion and analysis of the financial activities of the District for the fiscal year ended May 31, 2021.

The annual report consists of a series of financial statements plus additional supplemental information to the financial statements as required by its state oversight agency, the Texas Commission on Environmental Quality. 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. In the District's case, the single governmental program is provision of water and sewer 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 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 and liabilities owned by 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 total assets and total liabilities is labeled as *net position* and this difference is similar to the total owners' 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. 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 period.

Although the statement of activities looks different from a commercial enterprise's income statement, 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 fund financial statements consist of a balance sheet and statement of revenues, expenditures and change 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 and sewer 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 total assets and total liabilities 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 are different, there are significant differences between the totals presented in these financial statements. For this reason, there is an analysis in Note 3 of the notes to the financial statements that reconciles the total fund balances to the amount of net position presented in the governmental activities column on the statement of net position. Also, there is an analysis in Note 3 of the notes to the 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.

Financial Analysis of the District as a Whole

Financial Analysis of the District as a Whole begins with an understanding of how financial resources flow through the District's funds. Resources in the Capital Projects Fund are derived principally from proceeds of the sale of bonds, and expenditures from this fund are subject to the Rules of the Texas Commission on Environmental Quality. Resources in the Debt Service Fund are derived principally from the collection of property taxes and are used for the payment of tax collection costs and bond principal and interest. Resources in the General Fund are derived principally from property taxes and billings for water and sewer services and are used to operate and maintain the system and to pay costs of administration of the District.

Management has financial objectives for each of the District's funds. The financial objective for the Capital Projects Fund is to spend the funds as necessary in accordance with the Rules of the Texas Commission on Environmental Quality. The financial objective for the Debt Service Fund is to levy the taxes necessary to pay the fiscal year debt service requirements plus the cost of levying and collecting taxes, leaving the appropriate fund balance as recommended by the District's financial advisor. The financial objective for the General Fund is to keep the fund's expenditures as low as possible while ensuring that revenues are adequate to cover expenditures and maintaining the fund balance that Management believes is prudent. Management believes that these financial objectives were met during the fiscal year.

Management believes that the required method of accounting for certain elements of the government-wide financial statements makes the government-wide financial statements as a whole not useful for financial analysis. In the government-wide financial statements, capital assets and depreciation expense have been required to be recorded at historical cost. Management's policy is to maintain the District's capital assets in a condition greater than or equal to the condition required by regulatory authorities, and management does not believe that depreciation expense is relevant to the management of the District. In the government-wide financial statements, certain non-cash costs of long-term debt are capitalized and amortized over the life of the related debt. Management believes that this required method of accounting is not useful for financial analysis of the District and prefers to consider the required cash flows of the debt as reported in the fund statements and the notes to the financial statements. In the government-wide financial statements, property tax revenues are required to be recorded in the fiscal year for which the taxes are levied, regardless of the year of collection. Management believes that the cash basis method of accounting for property taxes in the funds provides more useful financial information.

The following required summaries of the District's overall financial position and operations for the past two years are based on the information included in the government-wide financial statements. For the reasons described in the preceding paragraph, a separate analysis of the summaries is not presented.

Summary of Net Position

	<u>2021</u>	<u>2020</u>	<u>Change</u>
Current and other assets	\$ 3,113,188	\$ 3,243,351	\$ (130,163)
Capital assets	8,051,049	8,252,643	(201,594)
Total assets	<u>11,164,237</u>	<u>11,495,994</u>	<u>(331,757)</u>
Long-term liabilities	6,389,095	6,861,022	(471,927)
Other liabilities	777,497	1,048,409	(270,912)
Total liabilities	<u>7,166,592</u>	<u>7,909,431</u>	<u>(742,839)</u>
Net position:			
Invested in capital assets, net of related debt	1,190,027	952,937	237,090
Restricted	548,710	578,857	(30,147)
Unrestricted	2,258,908	2,054,769	204,139
Total net position	<u>\$ 3,997,645</u>	<u>\$ 3,586,563</u>	<u>\$ 411,082</u>

Summary of Changes in Net Position

	<u>2021</u>	<u>2020</u>	<u>Change</u>
Revenues:			
Property taxes, including related penalty and interest	\$ 1,070,183	\$ 1,044,575	\$ 25,608
Charges for services	683,783	645,392	38,391
Other revenues	20,909	37,027	(16,118)
Total revenues	<u>1,774,875</u>	<u>1,726,994</u>	<u>47,881</u>
Expenses:			
Service operations	1,108,639	1,066,606	42,033
Debt service	255,154	363,653	(108,499)
Total expenses	<u>1,363,793</u>	<u>1,430,259</u>	<u>(66,466)</u>
Change in net position	411,082	296,735	114,347
Net position, beginning of year	<u>3,586,563</u>	<u>3,289,828</u>	<u>296,735</u>
Net position, end of year	<u>\$ 3,997,645</u>	<u>\$ 3,586,563</u>	<u>\$ 411,082</u>

Financial Analysis of the District's Funds

The District's combined fund balances as of the end of the fiscal year ended May 31, 2021, were \$2,806,038, an increase of \$173,488 from the prior year.

The General Fund balance increased by \$204,975, in accordance with the District's financial plan.

The Debt Service Fund balance decreased by \$31,487, in accordance with the District's financial plan.

General Fund Budgetary Highlights

The Board of Directors did not amend the budget during the fiscal year. The District's budget is primarily a planning tool. Accordingly, actual results varied from the budgeted amounts. A comparison of budgeted to actual amounts is presented on Page 20 of this report. The budgetary fund balance as of May 31, 2021, was expected to be \$2,232,670 and the actual end of year fund balance was \$2,244,581.

Capital Asset and Debt Administration

Capital Assets

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

	<u>Capital Assets (Net of Accumulated Depreciation)</u>		
	<u>2021</u>	<u>2020</u>	<u>Change</u>
Land and easements	\$ 718,992	\$ 718,992	\$ 0
Detention ponds	572,404	572,404	0
Construction in progress	0	3,555,686	(3,555,686)
Water facilities	4,162,354	670,683	3,491,671
Sewer facilities	<u>2,597,299</u>	<u>2,734,878</u>	<u>(137,579)</u>
Totals	<u>\$ 8,051,049</u>	<u>\$ 8,252,643</u>	<u>\$ (201,594)</u>

Changes to capital assets during the fiscal year ended May 31, 2021, are summarized as follows:

Additions:		
Water plant improvements		\$ 81,970
Sewer plant improvements		<u>9,174</u>
Total additions to capital assets		91,144
Decreases:		
Depreciation		<u>(292,738)</u>
Net change to capital assets		<u>\$ (201,594)</u>

Debt

Changes in the bonded debt position of the District during the fiscal year ended May 31, 2021, are summarized as follows:

Bonded debt payable, beginning of year	\$ 7,365,000
Bonds paid	<u>(470,000)</u>
Bonded debt payable, end of year	<u>\$ 6,895,000</u>

At May 31, 2021, the District had \$9,020,000 of bonds authorized but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage system within the District.

The District's bonds have an underlying rating of A- by Standard & Poor's. The Series 2019 bonds are insured by Assured Guaranty Municipal Corp. and the Series 2016 bonds are insured by Build America Mutual Assurance Company. The insured rating of the Series 2016 and 2019 bonds is AA by Standard & Poor's. There were no changes in the ratings of the bonds during the fiscal year ended May 31, 2021.

RELEVANT FACTORS AND WATER SUPPLY ISSUES

Property Tax Base

The District's tax base increased approximately \$9,374,000 (about 5%) for the 2020 tax year due to the increase in average assessed valuations on existing property.

Relationship to the City of Houston

Utilizing a provision of Texas law, effective December 13, 2010, the District and the City of Houston (the "City") entered into a 30 year Strategic Partnership Agreement (the "Agreement"). Under the terms of the Agreement, the City annexed a portion of the District (the "Partial District") for the limited purpose of imposition of the City's Sales and Use Tax. In addition, the Agreement provides that the City shall apply and enforce within the Partial District the most current section of the City's fire code banning fireworks as adopted by City Council. The Agreement states that the District and all taxable property within the District shall not be liable for any present or future debts of the City and current and future taxes levied by the City shall not be levied on taxable property with the District. During the term of the SPA, the City has agreed not to annex all or part of the District or commence any action to annex all or part of the District for full purposes.

The City has imposed a Sales and Use Tax within the boundaries of the Partial District at the time of the limited-purpose annexation of the Partial District. The Agreement provides that the City shall pay to the District one half of all Sales and Use Tax revenues generated within the boundaries of the Partial District and received by the City from the Comptroller of Public Accounts of the State of Texas.

Water Supply Issues

The Harris-Galveston Subsidence District (the "Subsidence District") was created by the Texas Legislature to reduce subsidence by regulating the withdrawal of groundwater within Harris and Galveston Counties. In 1999, the Subsidence District adopted its District Regulatory Plan ("Regulatory Plan") to control groundwater withdrawals. The Regulatory Plan divides the Subsidence District's jurisdiction into regulatory areas. The Subsidence District's Regulatory Area 3 ("Area 3") generally encompasses northwest and western Harris County, including the District. Pursuant to the Regulatory Plan, specific major water users, including those in Area 3, must reduce groundwater withdrawals to no more than 70% by January 2010, to no more than 40% by January 2025 and to no more than 20% by January 2035. Additionally, each such water user, including the District, is required to have either a certified Groundwater Reduction Plan ("GRP") on file with the Subsidence District or to be part of a regional GRP; otherwise, the District risks being assessed a penalty per 1,000 gallons of water pumped. The District has opted to become part of the City of Houston (the "City") GRP pursuant to a contract entered into between the District and the City. As a participant in the City's GRP, the District has complied with all Subsidence District requirements in regard to the conversion to surface water, but is obligated to pay to the City a groundwater withdrawal fee for all groundwater produced and used by the District and a water purchase fee for any water actually purchased from the City by the District in the future. The issuance of additional bonds by the District in an undetermined amount may be necessary at some time in the future in order to develop surface water conversion infrastructure should the City require the District to convert to surface water and connect to the City's water supply system or should the District determine that it would be in the District's best interest to supplement or replace its groundwater supply with surface water.

WOODCREEK MUNICIPAL UTILITY DISTRICT

STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET

MAY 31, 2021

	General	Debt Service	Capital Projects	Total	Adjustments (Note 3)	Statement of Net Position
ASSETS						
Cash, including interest-bearing accounts, Note 7	\$ 2,161,184	\$ 566,839	\$ 4,181	\$ 2,732,204		\$ 2,732,204
Certificates of deposit, at cost, Note 7	246,687			246,687		246,687
Receivables:						
Property taxes	14,327	30,930		45,257		45,257
Accrued penalty and interest on property taxes				0	8,786	8,786
Service accounts	54,747			54,747		54,747
Sales and Use Taxes, Note 11	1,497			1,497		1,497
Accrued interest	946			946		946
Due from other district	23,064			23,064		23,064
Maintenance taxes collected not yet transferred from other fund	2,202			2,202	(2,202)	0
Due from other fund	4,181			4,181	(4,181)	0
Capital assets, net of accumulated depreciation, Note 4:						
Capital assets not being depreciated				0	1,291,396	1,291,396
Depreciable capital assets				0	6,759,653	6,759,653
Total assets	<u>\$ 2,508,835</u>	<u>\$ 597,769</u>	<u>\$ 4,181</u>	<u>\$ 3,110,785</u>	<u>8,053,452</u>	<u>11,164,237</u>
LIABILITIES						
Accounts payable	\$ 121,322	\$ 3,180	\$	\$ 124,502		124,502
Accrued interest payable				0	52,463	52,463
Customer deposits	128,605			128,605		128,605
Maintenance taxes collected not yet transferred to other fund		2,202		2,202	(2,202)	0
Due to other fund			4,181	4,181	(4,181)	0
Long-term liabilities, Note 5:						
Due within one year				0	471,927	471,927
Due in more than one year				0	6,389,095	6,389,095
Total liabilities	<u>249,927</u>	<u>5,382</u>	<u>4,181</u>	<u>259,490</u>	<u>6,907,102</u>	<u>7,166,592</u>
DEFERRED INFLOWS OF RESOURCES						
Property tax revenues	<u>14,327</u>	<u>30,930</u>	<u>0</u>	<u>45,257</u>	<u>(45,257)</u>	<u>0</u>
FUND BALANCES / NET POSITION						
Fund balances:						
Assigned to:						
Debt service		561,457		561,457	(561,457)	0
Unassigned	<u>2,244,581</u>			<u>2,244,581</u>	<u>(2,244,581)</u>	<u>0</u>
Total fund balances	<u>2,244,581</u>	<u>561,457</u>	<u>0</u>	<u>2,806,038</u>	<u>(2,806,038)</u>	<u>0</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 2,508,835</u>	<u>\$ 597,769</u>	<u>\$ 4,181</u>	<u>\$ 3,110,785</u>		
Net position:						
Invested in capital assets, net of related debt					1,190,027	1,190,027
Restricted for debt service					548,710	548,710
Unrestricted					<u>2,258,908</u>	<u>2,258,908</u>
Total net position					<u>\$ 3,997,645</u>	<u>\$ 3,997,645</u>

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

WOODCREEK MUNICIPAL UTILITY DISTRICT

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES

FOR THE YEAR ENDED MAY 31, 2021

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments (Note 3)	Statement of Activities
REVENUES						
Property taxes	\$ 367,797	\$ 693,738	\$	\$ 1,061,535	\$ (3,946)	\$ 1,057,589
Water service	296,786			296,786		296,786
Sewer service	218,762			218,762		218,762
Surface water fees, Note 9	150,557			150,557		150,557
Penalty and interest	17,678	12,056		29,734	538	30,272
Sales and Use Taxes, Note 10	13,284			13,284		13,284
Interest on deposits	6,430	279	916	7,625		7,625
Total revenues	1,071,294	706,073	916	1,778,283	(3,408)	1,774,875
EXPENDITURES / EXPENSES						
Service operations:						
Professional fees	83,127	4,044		87,171		87,171
Contracted services	82,507	25,236		107,743		107,743
Utilities	120,392			120,392		120,392
Groundwater pumpage fees, Note 9	125,521			125,521		125,521
Repairs and maintenance	256,944			256,944		256,944
Other operating expenditures	53,819			53,819		53,819
Administrative expenditures	53,781	10,530		64,311		64,311
Depreciation				0	292,738	292,738
Capital outlay / non-capital outlay	81,433		9,711	91,144	(91,144)	0
Debt service:						
Principal retirement		470,000		470,000	(470,000)	0
Interest and fees		227,750		227,750	27,404	255,154
Total expenditures / expenses	857,524	737,560	9,711	1,604,795	(241,002)	1,363,793
Excess (deficiency) of revenues over expenditures	213,770	(31,487)	(8,795)	173,488	237,594	411,082
OTHER FINANCING SOURCES (USES)						
Reimbursement to (from) other fund	(8,795)	0	8,795	0	0	0
Total other financing sources (uses)	(8,795)	0	8,795	0	0	0
Net change in fund balances / net position	204,975	(31,487)	0	173,488	237,594	411,082
Beginning of year	2,039,606	592,944	0	2,632,550	954,013	3,586,563
End of year	\$ 2,244,581	\$ 561,457	\$ 0	\$ 2,806,038	\$ 1,191,607	\$ 3,997,645

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

WOODCREEK MUNICIPAL UTILITY DISTRICTNOTES TO THE FINANCIAL STATEMENTSMAY 31, 2021

NOTE 1: REPORTING ENTITY

Woodcreek Municipal Utility District (the "District") was created by an order of the Texas Water Rights Commission (now the Texas Commission on Environmental Quality) effective January 10, 1973, and operates in accordance with Texas Water Code Chapters 49 and 54. The District is a political subdivision of the State of Texas, governed by an elected five member Board of Directors. The Board of Directors held its first meeting on April 4, 1973 and the first bonds were sold on April 25, 1979. The District is subject to the continuing supervision of the Texas Commission on Environmental Quality.

The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply of water; the collection, transportation and treatment of wastewater; and the control and diversion of storm water. The District may provide garbage disposal and collection services. In addition, the District is empowered, if approved by the electorate, the Texas Commission on Environmental Quality and other governmental entities having jurisdiction, to establish, operate and maintain a fire department, either independently or jointly with certain other districts.

In evaluating how to define the District for financial reporting purposes, the Board of Directors of the District has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, there were no other entities which were included as a component unit in the District's financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

The District's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board (the "GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board issued through November 30, 1989 (when applicable), that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the District are discussed below.

Basic Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and governmental fund financial statements (reporting the District's funds). Because the District is a single-program government as defined by the GASB, the District has combined the government-wide statements and the fund financial statements using a columnar format that reconciles individual line items of fund financial data to government-wide data in a separate column on the face of the financial statements. An additional reconciliation between the fund and the government-wide financial data is presented in Note 3.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. The effect of interfund activity has been removed from these statements. The District's net position is reported in three parts – invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The government-wide statement of activities reports the components of the changes in net position during the reporting period.

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for in a separate set of self-balancing accounts that comprises its assets, liabilities, fund balances, revenues and expenditures and changes in fund balances. The District's fund balances are either not spendable, restricted, committed, assigned or unassigned. Nonspendable fund balances are reported as nonspendable, restricted, committed, assigned or unassigned. Nonspendable fund balances are either not in spendable form or are contractually required to remain intact. Restricted fund balances include amounts that can only be used for the specific purposes stipulated by constitutional provisions, external resource providers or enabling legislation. Committed fund balances include amounts that can only be used for the specific purposes determined by formal action of the District's Board of Directors. Assigned fund balances are intended for a specific purpose but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. The transactions of the District are accounted for in the following funds:

General Fund -- To account for all revenues and expenditures not required to be accounted for in other funds.

Debt Service Fund -- To account for the accumulation of financial resources for, and the payment of, bond principal and interest, paid principally from property taxes levied by the District.

Capital Projects Fund -- To account for financial resources designated to construct or acquire capital assets. Such resources are derived principally from proceeds of the sale of bonds.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Basis of Accounting

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting which recognizes all long-term assets and receivables as well as long-term debt and obligations. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Ad valorem property taxes are recognized as revenues in the fiscal year for which they have been levied and related penalties and interest are recognized in the fiscal year in which they are imposed. An allowance for uncollectibles is estimated for delinquent property taxes and reported separately in the financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred except for principal and interest on bonds payable which are recorded only when payment is due.

Interfund Activity

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is reported as interfund receivables or payables, as appropriate, as are all other outstanding balances between funds. Operating transfers between funds represent legally authorized transfers from the fund receiving resources to the fund through which the resources are to be expended.

Receivables

Service accounts receivable as reported are considered collectible. The District uses the direct write off method for uncollectible service accounts. Unbilled water and sewer revenues are not material and are not recorded at year end. The District considers service accounts revenues to be available if they are to be collected within 60 days after the end of the fiscal year.

In the fund financial statements, ad valorem taxes and penalties and interest are reported as revenues in the fiscal year in which they become available to finance expenditures of the fiscal year for which they have been levied. Property taxes which have been levied and are not yet collected (or have been collected in advance of the fiscal year for which they have been levied) are recorded as deferred inflow of resources. Property taxes collected after the end of the fiscal year are not included in revenues.

Capital Assets

Capital assets, which include property, plant, equipment, and immovable public domain or "infrastructure" assets are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 (including installation costs, if any, and associated professional fees) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed by the District. Donated capital assets are recorded at historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset or increase the value of an asset are capitalized. Costs incurred for repairs and maintenance are expensed as incurred.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Depreciation on capital assets is computed using the straight-line method over the following estimated useful lives:

Plant and equipment	10-45 years
Underground lines	45 years

Long-term Liabilities

Long-term debt and other long-term obligations are reported in the government-wide financial statements. Bond premiums and discounts, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable premium or discount. If bonds are refunded and the carrying amount of the new debt is different than the net carrying amount of the old debt, the difference is netted against the new debt and amortized using the effective interest method over the shorter of the remaining life of the refunded debt or the life of the new debt issued.

In the fund financial statements, governmental funds 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 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 expenditures of the fund from which they are paid.

NOTE 3: RECONCILIATION OF FUND TO GOVERNMENT-WIDE FINANCIAL STATEMENTS

Reconciliation of year end fund balances to net position:

Total fund balances, end of year		\$ 2,806,038	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:			
Total capital assets, net			8,051,049
Some long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:			
Bonds payable	\$ (6,895,000)		
Deferred charge on refunding (to be amortized as interest expense)	72,361		
Issuance premiums, net of discounts (to be amortized as interest expense)	<u>(38,383)</u>		(6,861,022)
Some receivables that do not provide current financial resources are not reported as receivables in the funds:			
Accrued penalty and interest on property taxes receivable	8,786		
Uncollected property taxes	<u>45,257</u>		54,043
Some liabilities that do not require the use of current financial resources are not reported as liabilities in the funds:			
Accrued interest			<u>(52,463)</u>
Net position, end of year			<u>\$ 3,997,645</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Reconciliation of net change in fund balances to change in net position:

Total net change in fund balances		\$ 173,488
<p>The funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:</p>		
Capital outlay	\$ 91,144	
Depreciation	<u>(292,738)</u>	(201,594)
<p>The issuance of long-term debt (bonds payable) provides current financial resources to the funds, while the repayment of the principal of long-term debt consumes the current financial resources of the funds. Neither transaction, however, has any effect on net position. The effect of these differences in the treatment of long-term debt:</p>		
Principal reduction		470,000
<p>The funds report the effect of bond issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of these items:</p>		
Refunding charges	(13,802)	
Issuance discounts, net of premiums	<u>(17,514)</u>	(31,316)
<p>Some revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenues in the funds:</p>		
Accrued penalty and interest on property taxes receivable	538	
Uncollected property taxes	<u>(3,946)</u>	(3,408)
<p>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 the funds:</p>		
Accrued interest		<u>3,912</u>
Change in net position		<u>\$ 411,082</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 4: CAPITAL ASSETS

Capital asset activity for the fiscal year ended May 31, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land and easements	\$ 718,992	\$	\$	\$ 718,992
Detention ponds	572,404			572,404
Construction in progress	<u>3,555,686</u>	<u>81,970</u>	<u>3,637,656</u>	<u>0</u>
Total capital assets not being depreciated	<u>4,847,082</u>	<u>81,970</u>	<u>3,637,656</u>	<u>1,291,396</u>
Depreciable capital assets:				
Water system	2,017,073	3,637,656		5,654,729
Sewer system	<u>4,312,558</u>	<u>9,174</u>		<u>4,321,732</u>
Total depreciable capital assets	<u>6,329,631</u>	<u>3,646,830</u>	<u>0</u>	<u>9,976,461</u>
Less accumulated depreciation for:				
Water system	(1,346,390)	(145,985)		(1,492,375)
Sewer system	<u>(1,577,680)</u>	<u>(146,753)</u>		<u>(1,724,433)</u>
Total accumulated depreciation	<u>(2,924,070)</u>	<u>(292,738)</u>	<u>0</u>	<u>(3,216,808)</u>
Total depreciable capital assets, net	<u>3,405,561</u>	<u>3,354,092</u>	<u>0</u>	<u>6,759,653</u>
Total capital assets, net	<u>\$ 8,252,643</u>	<u>\$ 3,436,062</u>	<u>\$ 3,637,656</u>	<u>\$ 8,051,049</u>
Changes to capital assets:				
Capital outlay		\$ 91,144	\$	
Assets transferred to depreciable assets		3,637,656	3,637,656	
Less depreciation expense for the fiscal year		<u>(292,738)</u>		
Net increases / decreases to capital assets		<u>\$ 3,436,062</u>	<u>\$ 3,637,656</u>	

NOTE 5: LONG-TERM LIABILITIES AND CONTINGENT LIABILITIES

Long-term liability activity for the fiscal year ended May 31, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Bonds payable	\$ 7,365,000	\$	\$ 470,000	\$ 6,895,000	\$ 485,000
Less deferred amounts:					
For refunding costs	(86,163)		(13,802)	(72,361)	(13,744)
For issuance (discounts) premiums	<u>20,869</u>		<u>(17,514)</u>	<u>38,383</u>	<u>671</u>
Total bonds payable	<u>7,299,706</u>	<u>0</u>	<u>438,684</u>	<u>6,861,022</u>	<u>471,927</u>
Total long-term liabilities	<u>\$ 7,299,706</u>	<u>\$ 0</u>	<u>\$ 438,684</u>	<u>\$ 6,861,022</u>	<u>\$ 471,927</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

As of May 31, 2021, the debt service requirements on the bonds payable were as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 485,000	\$ 209,850	\$ 694,850
2023	495,000	195,300	690,300
2024	515,000	180,450	695,450
2025	525,000	165,000	690,000
2026	540,000	149,250	689,250
2027 - 2031	2,735,000	492,600	3,227,600
2032 - 2035	<u>1,600,000</u>	<u>129,000</u>	<u>1,729,000</u>
	<u>\$ 6,895,000</u>	<u>\$ 1,521,450</u>	<u>\$ 8,416,450</u>

Bonds voted	\$ 25,060,000
Bonds approved for sale and sold	16,040,000
Bonds voted and not issued	9,020,000*
Refunding bonds voted	8,760,000
Refunding bonds sold	4,505,000**
Refunding bonds voted and not issued	4,255,000

*May also be used for refunding purposes.

**The District may issue refunding bonds in a principal amount not greater than the principal amount of refunded bonds, including the issuance of bonds sold at a substantial premium, without additional voted authority.

The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount. The bonds are further payable from and secured by a lien on and pledge of the net revenues to be received from the operation of the District's waterworks and sanitary sewer system.

The bond issues payable at May 31, 2021, were as follows:

	<u>Series 2016</u>	<u>Refunding Series 2019</u>
Amounts outstanding, May 31, 2021	\$3,350,000	\$3,545,000
Interest rates	3.00% to 3.25%	3.00%
Maturity dates, serially beginning/ending	March 1, 2022/2035	March 1, 2022/2030
Interest payment dates	September 1/March 1	September 1/March 1
Callable dates	March 1, 2024*	March 1, 2025*

*Or any date thereafter, callable at par plus accrued interest in whole or in part at the option of the District.

Developer Construction Commitments and Liabilities

At May 31, 2021, there were no material developer commitments or liabilities.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 6: PROPERTY TAXES

The Harris County Appraisal District has the responsibility for appraising property for all taxing units within the county as of January 1 of each year, subject to review and change by the county Appraisal Review Board. The appraisal roll, as approved by the Appraisal Review Board, must be used by the District in establishing its tax roll and tax rate. The District's taxes are usually levied in the fall, are due when billed and become delinquent after January 31 of the following year or 30 days after the date billed, whichever is later. On January 1 of each year, a statutory tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed for the year on the property. Taxes are due October 1, or when billed, whichever comes later.

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 and the cost of assessing and collecting taxes.

At an election held April 1, 1978, the voters within the District authorized a maintenance tax not to exceed \$0.20 per \$100 valuation on all property subject to taxation within the District. This maintenance tax is being used by the General Fund to pay expenditures of operating the District.

On October 15, 2020, the District levied the following ad valorem taxes for the 2020 tax year on the adjusted taxable valuation of \$216,771,196:

	Rate	Amount
Debt service	\$ 0.3200	\$ 693,665
Maintenance	0.1700	368,509
	\$ 0.4900	\$ 1,062,174

A reconciliation of the tax levy to property tax revenues on the Statement of Activities is as follows:

2020 tax year total property tax levy	\$ 1,062,174
Appraisal district adjustments to prior year taxes	(4,585)
Statement of Activities property tax revenues	\$ 1,057,589

NOTE 7: DEPOSITS

The District complied with the requirements of the Public Funds Investment Act during the current fiscal year including the preparation of quarterly investment reports required by the Act.

State statutes authorize the District to invest and reinvest in direct or indirect obligations of the United States, the State of Texas, any county, city, school district, or other political subdivision of the state, or in local government investment pools authorized under the Public Funds Investment Act. Funds of the District may be placed in certificates of deposit of state or national banks or savings and loan associations within the state provided that they are secured in the manner provided for the security of the funds under the laws of the State of Texas. In accordance with the District's investment policies, during the current year the District's funds were invested in interest bearing accounts at authorized financial institutions.

In accordance with state statutes and the District's investment policies, the District requires that insurance or security be provided by depositories for all funds held by them. At the balance sheet date, the carrying amount of the District's deposits was \$2,978,891 and the bank balance was \$3,054,677. Of the bank balance, \$749,808 was covered by federal insurance and \$2,304,869 was covered by an irrevocable letter of credit in favor of the District.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Deposits restricted by state statutes and Bond Orders:

Debt Service Fund

For payment of debt principal and interest, paying agent fees and costs of assessing and collecting taxes:

Cash \$ 566,839

Capital Projects Fund

For construction of capital assets:

Cash \$ 4,181

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; personal injuries and natural disasters. Significant losses are covered by insurance as described below. There were no significant reductions in insurance coverage from the prior fiscal year. There have been no settlements which have exceeded the insurance coverage for each of the past three fiscal years.

At May 31, 2021, the District had physical damage and boiler and machinery coverage of \$8,550,000, general liability coverage with a per occurrence limit of \$1,000,000 and \$3,000,000 general aggregate, pollution liability coverage of \$1,000,000, automobile liability coverage of \$1,000,000, worker’s compensation coverage of \$1,000,000, consultant’s crime coverage of \$10,000 and a tax assessor-collector bond of \$100,000.

NOTE 9: SURFACE WATER FEES

On July 11, 2003, the District entered into a Water Supply and Groundwater Reduction Plan Wholesale Agreement (the “Agreement”) with the City of Houston (the “City”) in order to meet regulatory compliance requirements of the Harris Galveston Subsidence District (the “Subsidence District”). The Agreement expires at noon on December 31, 2040. Under the terms of the Agreement, the City of Houston is the manager of the Groundwater Reduction Plan (the “GRP”) that includes the District as a participant. In order to achieve overall compliance with the Subsidence District regulation for reduction of groundwater use in Regulatory Area 3, treated surface water will be supplied by the City to some of the participants in the GRP area in sufficient quantities to meet the requirements. The District pays to the City a monthly pumpage charge based on the District’s water pumpage. The District’s groundwater fees payable to the City for the fiscal year ended May 31, 2021, were \$125,521. The District billed its customers \$150,557 for groundwater fees during the fiscal year ended May 31, 2021. The District furnished water through an interconnect with another district during fiscal year and will be repaid by the other district with water in the next fiscal year.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 10: STRATEGIC PARTNERSHIP AGREEMENT

Utilizing a provision of Texas law, effective December 13, 2010, the District and the City of Houston (the "City") entered into a 30 year Strategic Partnership Agreement (the "Agreement"). Under the terms of the Agreement, the City annexed a portion of the District (the "Partial District") for the limited purpose of imposition of the City's Sales and Use Tax. In addition, the Agreement provides that the City shall apply and enforce within the Partial District the most current section of the City's fire code banning fireworks as adopted by City Council. The Agreement states that the District and all taxable property within the District shall not be liable for any present or future debts of the City and current and future taxes levied by the City shall not be levied on taxable property with the District. During the term of the SPA, the City has agreed not to annex all or part of the District or commence any action to annex all or part of the District for full purposes.

The City has imposed a Sales and Use Tax within the boundaries of the Partial District at the time of the limited-purpose annexation of the Partial District. The Agreement provides that the City shall pay to the District one half of all Sales and Use Tax revenues generated within the boundaries of the Partial District and received by the City from the Comptroller of Public Accounts of the State of Texas. The District accrued Sales and Use Tax revenues of \$13,284 from the City for the fiscal year ended May 31, 2021. \$1,497 of this amount was receivable at that date.

WOODCREEK MUNICIPAL UTILITY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE, BUDGET AND ACTUAL, GENERAL FUND
FOR THE YEAR ENDED MAY 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 341,831	\$ 341,831	\$ 367,797	\$ 25,966
Water service	300,000	300,000	296,786	(3,214)
Sewer service	215,000	215,000	218,762	3,762
Surface water fees	130,000	130,000	150,557	20,557
Penalty	15,000	15,000	17,678	2,678
Sales and Use Taxes	18,000	18,000	13,284	(4,716)
Interest on deposits	5,000	5,000	6,430	1,430
Other revenues	3,000	3,000	0	(3,000)
TOTAL REVENUES	1,027,831	1,027,831	1,071,294	43,463
EXPENDITURES				
Service operations:				
Professional fees	90,950	90,950	83,127	(7,823)
Contracted services	87,000	87,000	82,507	(4,493)
Utilities	110,000	110,000	120,392	10,392
Groundwater pumpage fees	125,000	125,000	125,521	521
Repairs and maintenance	262,000	262,000	256,944	(5,056)
Other operating expenditures	103,000	103,000	53,819	(49,181)
Administrative expenditures	51,817	51,817	53,781	1,964
Capital outlay	5,000	5,000	81,433	76,433
TOTAL EXPENDITURES	834,767	834,767	857,524	22,757
EXCESS REVENUES (EXPENSES)	193,064	193,064	213,770	20,706
OTHER FINANCING SOURCES				
Reimbursement to other fund	0	0	(8,795)	(8,795)
TOTAL OTHER FINANCIAL SOURCES (USES)	0	0	(8,795)	(8,795)
EXCESS SOURCES (USES)	193,064	193,064	204,975	11,911
FUND BALANCE, BEGINNING OF YEAR	2,039,606	2,039,606	2,039,606	0
FUND BALANCE, END OF YEAR	\$ 2,232,670	\$ 2,232,670	\$ 2,244,581	\$ 11,911

The District's Board of Directors adopts an annual nonappropriated budget. This budget may be amended throughout the fiscal year and is prepared on a basis consistent with generally accepted accounting principles.

See accompanying independent auditor's report.

WOODCREEK MUNICIPAL UTILITY DISTRICT
SCHEDULE OF TEXAS SUPPLEMENTARY INFORMATION
REQUIRED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
MAY 31, 2021

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

- [X] TSI-1. Services and Rates
- [X] TSI-2. General Fund Expenditures
- [X] TSI-3. Certificates of Deposit
- [X] TSI-4. Taxes Levied and Receivable
- [X] TSI-5. Long-Term Debt Service Requirements by Years
- [X] TSI-6. Changes in Long-Term Bonded Debt
- [X] TSI-7. Comparative Schedule of Revenues and Expenditures -
General Fund and Debt Service Fund - Five Year
- [X] TSI-8. Board Members, Key Personnel and Consultants

WOODCREEK MUNICIPAL UTILITY DISTRICT

SCHEDULE OF SERVICES AND RATES

MAY 31, 2021

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

- | | | |
|---|---|-------------------------------------|
| <input checked="" type="checkbox"/> Retail Water | <input type="checkbox"/> Wholesale Water | <input type="checkbox"/> Drainage |
| <input checked="" type="checkbox"/> Retail Wastewater | <input type="checkbox"/> Wholesale Wastewater | <input 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 | | |

2. Retail Service Providers

a. Retail Rates for a 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:	\$10.00	5,000	N	\$1.10	5,001 to 10,000
				1.50	10,001 to 15,000
				2.00	Over 15,000
WASTEWATER:	\$10.00	5,000	N	\$0.50	5,001 to 10,000
				0.75	10,001 to 15,000
				1.00	Over 15,000

SURCHARGE: \$1.08 per 1,000 gallons of water used – City of Houston groundwater fees.
0.50 % of monthly billing - TCEQ assessment fees.

District employs winter averaging for wastewater usage: Yes No

Total charges per 10,000 gallons usage: Water: \$15.50 Wastewater: \$12.50 Surcharge: \$10.94

WOODCREEK MUNICIPAL UTILITY DISTRICT
SCHEDULE OF SERVICES AND RATES (Continued)
MAY 31, 2021

b. Water and Wastewater Retail Connections (unaudited):

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC* Factor</u>	<u>Active ESFCs</u>
Unmetered	0	0	1.0	0
< or = 3/4"	881	875	1.0	875
1"	6	6	2.5	15
1-1/2"	9	8	5.0	40
2"	9	9	8.0	72
3"	0	0	15.0	0
4"	1	1	25.0	25
6"	0	0	50.0	0
8"	2	2	80.0	160
10"	0	0	115.0	0
Total Water	<u>908</u>	<u>901</u>		<u>1,187</u>
Total Wastewater	<u>904</u>	<u>897</u>	1.0	<u>897</u>

*Single family equivalents

3. Total Water Consumption during the Fiscal Year (rounded to thousands):

Gallons pumped into system (unaudited): 157,525
 Gallons billed to customers (unaudited): 140,860

Water Accountability Ratio
 (Gallons billed/ gallons pumped): 89%

4. Standby Fees (authorized only under TWC Section 49.231):

Does the District have Debt Service standby fees? Yes No

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

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

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

WOODCREEK MUNICIPAL UTILITY DISTRICTEXPENDITURESFOR THE YEAR ENDED MAY 31, 2021

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals (Memorandum Only)</u>
CURRENT				
Professional fees:				
Auditing	\$ 10,950	\$	\$	\$ 10,950
Legal	53,317	4,044		57,361
Engineering	18,860			18,860
	<u>83,127</u>	<u>4,044</u>	<u>0</u>	<u>87,171</u>
Contracted services:				
Bookkeeping	16,350			16,350
Operation and billing	66,157			66,157
Tax assessor-collector		17,513		17,513
Central appraisal district		7,723		7,723
	<u>82,507</u>	<u>25,236</u>	<u>0</u>	<u>107,743</u>
Utilities	<u>120,392</u>	<u>0</u>	<u>0</u>	<u>120,392</u>
Groundwater pumpage fees	<u>125,521</u>	<u>0</u>	<u>0</u>	<u>125,521</u>
Repairs and maintenance	<u>256,944</u>	<u>0</u>	<u>0</u>	<u>256,944</u>
Other operating expenditures:				
Chemicals	15,481			15,481
Laboratory costs	32,350			32,350
TCEQ assessment	2,489			2,489
Other	3,499			3,499
	<u>53,819</u>	<u>0</u>	<u>0</u>	<u>53,819</u>
Administrative expenditures:				
Director's fees	10,650			10,650
Office supplies and postage	16,980			16,980
Insurance	16,282			16,282
Permit fees	7,724			7,724
Other	2,145	10,530		12,675
	<u>53,781</u>	<u>10,530</u>	<u>0</u>	<u>64,311</u>

See accompanying independent auditor's report.

WOODCREEK MUNICIPAL UTILITY DISTRICTEXPENDITURES (Continued)FOR THE YEAR ENDED MAY 31, 2021

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals (Memorandum Only)</u>
CAPITAL OUTLAY				
Authorized expenditures	\$ 81,433	\$ 0	\$ 9,711	\$ 91,144
DEBT SERVICE				
Principal retirement	<u>0</u>	<u>470,000</u>	<u>0</u>	<u>470,000</u>
Interest and fees:				
Interest		225,500		225,500
Paying agent fees		2,250		2,250
	<u>0</u>	<u>227,750</u>	<u>0</u>	<u>227,750</u>
TOTAL EXPENDITURES	<u>\$ 857,524</u>	<u>\$ 737,560</u>	<u>\$ 9,711</u>	<u>\$ 1,604,795</u>

See accompanying independent auditor's report.

WOODCREEK MUNICIPAL UTILITY DISTRICTANALYSIS OF CHANGES IN DEPOSITS
ALL GOVERNMENTAL FUND TYPESFOR THE YEAR ENDED MAY 31, 2021

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals (Memorandum Only)</u>
SOURCES OF DEPOSITS				
Cash receipts from revenues excluding maintenance taxes	\$ 685,879	\$ 706,073	\$ 5,097	\$ 1,397,049
Maintenance tax receipts		367,797		367,797
Transfer of maintenance taxes	367,401			367,401
Reimbursement from other fund	239,942			239,942
Increase in customer deposits	5,635			5,635
Overpayments by taxpayers		<u>2,779</u>		<u>2,779</u>
TOTAL DEPOSITS PROVIDED	<u>1,298,857</u>	<u>1,076,649</u>	<u>5,097</u>	<u>2,380,603</u>
APPLICATIONS OF DEPOSITS				
Cash disbursements for:				
Current expenditures	713,684	39,810		753,494
Capital outlay	445,051		13,801	458,852
Debt service		697,750		697,750
Maintenance tax transfers		367,401		367,401
Reimbursement to other fund			239,942	239,942
Refund of taxpayer overpayments		<u>3,426</u>		<u>3,426</u>
TOTAL DEPOSITS APPLIED	<u>1,158,735</u>	<u>1,108,387</u>	<u>253,743</u>	<u>2,520,865</u>
INCREASE (DECREASE) IN DEPOSITS	140,122	(31,738)	(248,646)	(140,262)
DEPOSITS BALANCES, BEGINNING OF YEAR	<u>2,267,749</u>	<u>598,577</u>	<u>252,827</u>	<u>3,119,153</u>
DEPOSITS BALANCES, END OF YEAR	<u>\$ 2,407,871</u>	<u>\$ 566,839</u>	<u>\$ 4,181</u>	<u>\$ 2,978,891</u>

See accompanying independent auditor's report.

WOODCREEK MUNICIPAL UTILITY DISTRICTSCHEDULE OF CERTIFICATES OF DEPOSITMAY 31, 2021

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Year End Balance</u>	<u>Accrued Interest Receivable</u>
GENERAL FUND				
Certificate of Deposit				
No. 95900011904016	0.70%	11/12/21	\$ <u>246,687</u>	\$ <u>946</u>

See accompanying independent auditor's report.

WOODCREEK MUNICIPAL UTILITY DISTRICTTAXES LEVIED AND RECEIVABLEFOR THE YEAR ENDED MAY 31, 2021

	<u>Maintenance Taxes</u>	<u>Debt Service Taxes</u>
RECEIVABLE, BEGINNING OF YEAR	\$ 15,163	\$ 34,040
Additions and corrections to prior year taxes	<u>(1,548)</u>	<u>(3,037)</u>
Adjusted receivable, beginning of year	13,615	31,003
2020 ADJUSTED TAX ROLL	<u>368,509</u>	<u>693,665</u>
Total to be accounted for	382,124	724,668
Tax collections: Current tax year	(360,846)	(679,240)
Prior tax years	<u>(6,951)</u>	<u>(14,498)</u>
RECEIVABLE, END OF YEAR	<u>\$ 14,327</u>	<u>\$ 30,930</u>
RECEIVABLE, BY TAX YEAR		
2010 and prior	\$ 1,158	\$ 2,266
2011	375	875
2012	385	832
2013	390	909
2014	436	920
2015	324	1,189
2016	549	2,013
2017	701	2,102
2018	895	2,583
2019	1,451	2,816
2020	<u>7,663</u>	<u>14,425</u>
RECEIVABLE, END OF YEAR	<u>\$ 14,327</u>	<u>\$ 30,930</u>

See accompanying independent auditor's report.

WOODCREEK MUNICIPAL UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE (Continued)
FOR THE YEAR ENDED MAY 31, 2021

ADJUSTED PROPERTY VALUATIONS AS OF JANUARY 1 OF TAX YEAR	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Land	\$ 40,455,790	\$ 35,754,841	\$ 33,293,248	\$ 33,440,578
Improvements	186,981,838	180,731,130	164,264,739	156,220,736
Personal property	7,952,071	8,036,314	8,755,406	9,454,046
Less exemptions	<u>(18,618,503)</u>	<u>(17,124,975)</u>	<u>(16,130,682)</u>	<u>(16,679,558)</u>
 TOTAL PROPERTY VALUATIONS	 <u>\$ 216,771,196</u>	 <u>\$ 207,397,310</u>	 <u>\$ 190,182,711</u>	 <u>\$ 182,435,802</u>
 TAX RATES PER \$100 VALUATION				
Debt service tax rates	\$ 0.32000	\$ 0.33000	\$ 0.37500	\$ 0.39000
Maintenance tax rates*	<u>0.17000</u>	<u>0.17000</u>	<u>0.13000</u>	<u>0.13000</u>
 TOTAL TAX RATES PER \$100 VALUATION	 <u>\$ 0.49000</u>	 <u>\$ 0.50000</u>	 <u>\$ 0.50500</u>	 <u>\$ 0.52000</u>
 TAX ROLLS	 <u>\$ 1,062,174</u>	 <u>\$ 1,036,984</u>	 <u>\$ 960,418</u>	 <u>\$ 948,104</u>
 PERCENT OF TAXES COLLECTED TO TAXES LEVIED	 <u>97.9 %</u>	 <u>99.6 %</u>	 <u>99.6 %</u>	 <u>99.7 %</u>

*Maximum tax rate approved by voters on April 1, 1978: \$0.20

WOODCREEK MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS
MAY 31, 2021

<u>Due During Fiscal Years Ending May 31</u>	<u>Series 2016</u>		
	<u>Principal Due March 1</u>	<u>Interest Due September 1, March 1</u>	<u>Total</u>
2022	\$ 150,000	\$ 103,500	\$ 253,500
2023	150,000	99,000	249,000
2024	150,000	94,500	244,500
2025	150,000	90,000	240,000
2026	150,000	85,500	235,500
2027	150,000	81,000	231,000
2028	150,000	76,500	226,500
2029	150,000	72,000	222,000
2030	150,000	67,500	217,500
2031	400,000	63,000	463,000
2032	400,000	51,000	451,000
2033	400,000	39,000	439,000
2034	400,000	26,000	426,000
2035	400,000	13,000	413,000
TOTALS	<u>\$ 3,350,000</u>	<u>\$ 961,500</u>	<u>\$ 4,311,500</u>

See accompanying independent auditor's report.

WOODCREEK MUNICIPAL UTILITY DISTRICT

LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)

MAY 31, 2021

<u>Due During Fiscal Years Ending May 31</u>	<u>Series 2019</u>		
	<u>Principal Due March 1</u>	<u>Interest Due September 1, March 1</u>	<u>Total</u>
2022	\$ 335,000	\$ 106,350	\$ 441,350
2023	345,000	96,300	441,300
2024	365,000	85,950	450,950
2025	375,000	75,000	450,000
2026	390,000	63,750	453,750
2027	410,000	52,050	462,050
2028	425,000	39,750	464,750
2029	440,000	27,000	467,000
2030	460,000	13,800	473,800
TOTALS	<u>\$ 3,545,000</u>	<u>\$ 559,950</u>	<u>\$ 4,104,950</u>

<u>Due During Fiscal Years Ending May 31</u>	<u>Annual Requirements for All Series</u>		
	<u>Total Principal Due</u>	<u>Total Interest Due</u>	<u>Total</u>
2022	\$ 485,000	\$ 209,850	\$ 694,850
2023	495,000	195,300	690,300
2024	515,000	180,450	695,450
2025	525,000	165,000	690,000
2026	540,000	149,250	689,250
2027	560,000	133,050	693,050
2028	575,000	116,250	691,250
2029	590,000	99,000	689,000
2030	610,000	81,300	691,300
2031	400,000	63,000	463,000
2032	400,000	51,000	451,000
2033	400,000	39,000	439,000
2034	400,000	26,000	426,000
2035	400,000	13,000	413,000
TOTALS	<u>\$ 6,895,000</u>	<u>\$ 1,521,450</u>	<u>\$ 8,416,450</u>

See accompanying independent auditor's report.

WOODCREEK MUNICIPAL UTILITY DISTRICT
ANALYSIS OF CHANGES IN LONG-TERM BONDED DEBT
FOR THE YEAR ENDED MAY 31, 2021

	<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	<u>Totals</u>
Bond Series:	2010	2016	2019	
Interest Rate:	Not Applicable	3.00% to 3.25%	3.00%	
Dates Interest Payable:	Not Applicable	September 1/ March 1	September 1/ March 1	
Maturity Dates:	Not Applicable	March 1, 2022/2035	March 1, 2022/2030	
Bonds Outstanding at Beginning of Current Year	\$ 305,000	\$ 3,500,000	\$ 3,560,000	\$ 7,365,000
Less Retirements	<u>(305,000)</u>	<u>(150,000)</u>	<u>(15,000)</u>	<u>(470,000)</u>
Bonds Outstanding at End of Current Year	<u>\$ 0</u>	<u>\$ 3,350,000</u>	<u>\$ 3,545,000</u>	<u>\$ 6,895,000</u>
Current Year Interest Paid	<u>\$ 12,200</u>	<u>\$ 106,500</u>	<u>\$ 106,800</u>	<u>\$ 225,500</u>

Bond Descriptions and Original Amount of Issue

- (1) Woodcreek Municipal Utility District Unlimited Tax and Revenue Bonds, Series 2010 (\$4,675,000)
- (2) Woodcreek Municipal Utility District Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 2016 (\$4,050,000)
- (3) Woodcreek Municipal Utility District Unlimited Tax Refunding Bonds, Series 2019 (\$3,610,000)

Paying Agent/Registrar

- (1) (2) (3) The Bank of New York Mellon Trust Company, N.A., Dallas, Texas

<u>Bond Authority</u>	<u>Tax Bonds</u>	<u>Other Bonds</u>	<u>Refunding Bonds</u>
Amount Authorized by Voters:	\$ 25,060,000	\$ 0	\$ 8,760,000
Amount Issued:	16,040,000		4,505,000**
Remaining to be Issued:	9,020,000*		4,255,000

*May also be used for refunding purposes.

**The District may issue refunding bonds in a principal amount not greater than the principal amount of refunded bonds, including the issuance of bonds sold at a substantial premium, without additional voted authority.

Debt Service Fund deposits balances as of May 31, 2021:	\$561,457
Average annual debt service payment for remaining term of all debt:	601,175

See accompanying independent auditor's report.

WOODCREEK MUNICIPAL UTILITY DISTRICT
COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES,
GENERAL FUND
FOR YEARS ENDED MAY 31

	AMOUNT					PERCENT OF TOTAL REVENUES				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
REVENUES										
Property taxes	\$ 367,797	\$ 348,553	\$ 248,938	\$ 235,360	\$ 204,399	34.3 %	34.1 %	27.6 %	27.1 %	23.4 %
Water service	296,786	282,562	271,698	265,249	286,401	27.7	27.7	30.2	30.5	32.6
Sewer service	218,762	211,404	213,754	212,293	220,229	20.4	20.7	23.7	24.4	25.2
Surface water fees	150,557	132,331	123,863	114,485	121,353	14.1	13.0	13.8	13.2	13.9
Penalty and other revenues	17,678	19,095	18,221	21,292	17,805	1.7	1.9	2.0	2.4	2.0
Tap connection and inspection fees	0	0	0	0	4,975	0.0	0.0	0.0	0.0	0.6
Sales and Use Taxes	13,284	15,116	15,927	15,844	16,554	1.2	1.5	1.8	1.8	1.9
Interest on deposits and investments	6,430	11,604	7,953	5,533	3,175	0.6	1.1	0.9	0.6	0.4
TOTAL REVENUES	1,071,294	1,020,665	900,354	870,056	874,891	100.0	100.0	100.0	100.0	100.0
EXPENDITURES										
Current:										
Professional fees	83,127	80,949	75,602	87,287	74,824	7.8	7.9	8.4	10.0	8.6
Contracted services	82,507	95,821	134,938	82,760	89,538	7.7	9.4	15.0	9.5	10.2
Utilities	120,392	106,245	110,350	123,761	109,561	11.2	10.4	12.3	14.2	12.5
Groundwater pumpage fees	125,521	117,306	128,112	116,720	137,969	11.7	11.5	14.2	13.4	15.7
Repairs and maintenance	256,944	221,794	201,849	203,947	155,532	24.0	21.7	22.4	23.5	17.8
Other operating expenditures	53,819	90,408	55,920	63,369	75,500	5.0	8.9	6.2	7.3	8.6
Administrative expenditures	53,781	67,350	58,922	83,570	53,052	5.0	6.6	6.5	9.6	6.1
Capital outlay	81,433	100,987	0	8,823	1,625	7.6	9.9	0.0	1.0	0.2
TOTAL EXPENDITURES	857,524	880,860	765,693	770,237	697,601	80.0	86.3	85.0	88.5	79.7
EXCESS REVENUES (EXPENDITURES)	\$ 213,770	\$ 139,805	\$ 134,661	\$ 99,819	\$ 177,290	20.0 %	13.7 %	15.0 %	11.5 %	20.3 %
TOTAL ACTIVE RETAIL WATER CONNECTIONS	901	906	904	901	901					
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	897	902	901	898	898					

See accompanying independent auditor's report.

WOODCREEK MUNICIPAL UTILITY DISTRICT
COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES,
DEBT SERVICE FUND
FOR YEARS ENDED MAY 31

	<u>AMOUNT</u>					<u>PERCENT OF TOTAL REVENUES</u>				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
REVENUES										
Property taxes	\$ 693,738	\$ 680,152	\$ 719,175	\$ 708,858	\$ 749,177	98.3 %	98.2 %	98.3 %	98.1 %	97.8 %
Penalty and interest	12,056	8,246	11,541	12,629	9,824	1.7	1.2	1.6	1.7	1.3
Accrued interest on bonds received at date of sale	0	2,708	0	0	6,201	0.0	0.4	0.0	0.0	0.8
Interest on deposits and investments and other	<u>279</u>	<u>1,369</u>	<u>1,000</u>	<u>1,200</u>	<u>664</u>	<u>0.0</u>	<u>0.2</u>	<u>0.1</u>	<u>0.2</u>	<u>0.1</u>
TOTAL REVENUES	<u>706,073</u>	<u>692,475</u>	<u>731,716</u>	<u>722,687</u>	<u>765,866</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
EXPENDITURES										
Current:										
Professional fees	4,044	2,632	4,021	3,614	6,269	0.6	0.4	0.5	0.5	0.8
Contracted services	25,236	26,400	20,590	20,740	20,282	3.6	3.8	2.8	2.9	2.6
Other expenditures	10,530	9,004	15,414	13,123	14,754	1.5	1.3	2.1	1.8	1.9
Debt service:										
Principal retirement	470,000	490,000	430,000	415,000	375,000	66.5	70.7	58.8	57.4	49.1
Refunding contribution	0	2,000	0	0	0	0.0	0.3	0.0	0.0	0.0
Interest and fees	<u>227,750</u>	<u>204,825</u>	<u>286,719</u>	<u>298,331</u>	<u>223,144</u>	<u>32.3</u>	<u>29.6</u>	<u>39.2</u>	<u>41.3</u>	<u>29.1</u>
TOTAL EXPENDITURES	<u>737,560</u>	<u>734,861</u>	<u>756,744</u>	<u>750,808</u>	<u>639,449</u>	<u>104.5</u>	<u>106.1</u>	<u>103.4</u>	<u>103.9</u>	<u>83.5</u>
EXCESS REVENUES (EXPENDITURES)	<u>\$ (31,487)</u>	<u>\$ (42,386)</u>	<u>\$ (25,028)</u>	<u>\$ (28,121)</u>	<u>\$ 126,417</u>	<u>(4.5) %</u>	<u>(6.1) %</u>	<u>(3.4) %</u>	<u>(3.9) %</u>	<u>16.5 %</u>

See accompanying independent auditor's report.

WOODCREEK MUNICIPAL UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS

MAY 31, 2021

Complete District Mailing Address: Woodcreek Municipal Utility District
c/o Bacon, Wallace & Philbin, L.L.P.
6363 Woodway, Suite 800
Houston, Texas 77057

District Business Telephone No.: 713-739-1060

Submission date of the most recent District Registration Form: June 24, 2020

Limit on Fees of Office that a Director may receive during a fiscal year: \$7,200

BOARD MEMBERS

<u>Name and Address</u>	<u>Term of Office (Elected/ Appointed)</u>	<u>Fees of Office Paid</u>	<u>Expense Reimb.</u>	<u>Title at Year End</u>
Roy L. Cook 23726 Ardmore Cove Drive Spring, Texas 77386	Elected 6/14/18- 5/07/22	\$ 1,500	\$ 0	President
John W. Sneed 20702 Highland Hollow Houston, Texas 77073	Elected 5/02/20- 5/04/24	2,100	63	Vice President
Charles D. Carter 20602 Woodcluster Lane Houston, Texas 77073	Elected 5/02/20- 5/04/24	2,250	48	Secretary
Frank Files 20802 Harvest Hill Lane Houston, Texas 77073	Elected 5/06/18- 5/07/22	1,950	48	Assistant Secretary
Cathy Griggs 20739 Stone Mountain Lane Houston, Texas 77073	Elected 5/02/20- 5/04/24	2,850	0	Director

See accompanying independent auditor's report.

WOODCREEK MUNICIPAL UTILITY DISTRICTBOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS (Continued)MAY 31, 2021CONSULTANTS

<u>Name and Address</u>	<u>Date Hired</u>	<u>Fees and Expense Reimbursements</u>	<u>Title at Year End</u>
Bacon, Wallace & Philbin, L.L.P. 6363 Woodway, Suite 800 Houston, Texas 77057	11/27/90	\$ 53,317	Attorney
Perdue, Brandon, Fielder, Collins & Mott, L.L.P. 1235 North Loop West, Suite 600 Houston, Texas 77008	2/19/15	4,044	Delinquent Tax Attorney
Myrtle Cruz, Inc. 3401 Louisiana, Suite 400 Houston, Texas 77002	7/26/78	18,326	Bookkeeper
Mary Jarmon 3401 Louisiana, Suite 400 Houston, Texas 77002	4/17/03	0	Investment Officer
Hays Utility South Corporation P.O. Box 1209 Spring, Texas 77383	4/10/78	154,576	Operator
Koehn and Associates Engineers, Inc. 2500 Central Parkway, Suite Z Houston, Texas 77092	6/28/83	38,772	Engineer
Wheeler & Associates, Inc. 6935 Barney Road, Suite 110 Houston, Texas 77092	7/26/78	26,742	Tax Assessor- Collector
Harris County Appraisal District P.O. Box 900275 Houston, Texas 77292	Legislative Action	7,723	Central Appraisal District
Masterson Advisors, LLC 3 Greenway Plaza, Suite 1100 Houston, Texas 77046	5/15/18	0	Financial Advisor
Mark C. Eyring, CPA, PLLC 12702 Century Drive, Suite C2 Stafford, Texas 77477	Prior to 1992	10,950	Independent Auditor

See accompanying independent auditor's report.