

MAYDE CREEK MUNICIPAL UTILITY DISTRICT

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

AUGUST 31, 2011

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ANNUAL FINANCIAL REPORT

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Board of Directors
Mayde Creek Municipal Utility District
Harris County, Texas

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities and each major fund of Mayde Creek Municipal Utility District (the "District"), as of and for the year ended August 31, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted as promulgated within the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of August 31, 2011, 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.

Board of Directors
Mayde Creek Municipal Utility District

The Management's Discussion and Analysis on pages 3 through 7 and the Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund and Special Revenue Fund on pages 38 and 39 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information, excluding that portion marked "Unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants

November 28, 2011

**MAYDE CREEK MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2011**

Management's discussion and analysis of Mayde Creek Municipal Utility District's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended August 31, 2011. Please read it in conjunction with the District's financial statements, which begin on page 8.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The basic financial statements include: (1) combined fund financial statements and government-wide financial statements and (2) notes to the financial statements. The combined fund financial statements and government-wide financial statements combine both: (1) the Statement of Net Assets and Governmental Funds Balance Sheet and (2) the Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances. This report also includes other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District's annual report includes two financial statements combining the government-wide financial statements and the fund financial statements. The government-wide portion of these statements provides both long-term and short-term information about the District's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of the government-wide statements is the Statement of Net Assets. This information is found in the Statement of Net Assets column on pages 8 through 13. The Statement of Net Assets is the District-wide statement of its financial position presenting information that includes all of the District's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

The government-wide portion of the Statement of Activities on pages 15 and 16 reports how the District's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has four governmental fund types. The General Fund accounts for resources not accounted for in another fund, customer service revenues, costs and general expenditures. The Special Revenue Fund accounts for financial resources collected and administered by the District for the operation of the regional sewage treatment plant. The Debt

**MAYDE CREEK MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2011**

FUND FINANCIAL STATEMENTS (Continued)

Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

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

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The adjustments columns, the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets on page 14 and the Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities on page 17 explain the differences between the two presentations and assist in understanding the differences between these two perspectives.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 18 through 36 in this report.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information ("RSI"). Budgetary comparison schedules are included as RSI for the General Fund and the Special Revenue Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of the District's financial position. In the case of the District, assets exceeded liabilities by \$4,371,924 as of August 31, 2011.

A portion of the District's net assets reflects its investment in capital assets (e.g. land and improvements, buildings, water, wastewater and drainage facilities), less any debt used to acquire those assets that is still outstanding. The District uses these assets to provide water, wastewater, drainage and recreational services.

The following is a comparative analysis of government-wide changes in the Statement of Net Assets as of August 31, 2011:

**MAYDE CREEK MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2011**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	<u>Summary of Changes in the Statement of Net Assets</u>		
	<u>2011</u>	<u>2010</u>	<u>Change Positive (Negative)</u>
Current and Other Assets	\$ 10,179,044	\$ 10,484,266	\$ (305,222)
Capital Assets (Net of Accumulated Depreciation)	<u>9,232,683</u>	<u>9,180,289</u>	<u>52,394</u>
Total Assets	<u>\$ 19,411,727</u>	<u>\$ 19,664,555</u>	<u>\$ (252,828)</u>
Long -Term Liabilities	\$ 13,835,000	\$ 14,430,000	\$ 595,000
Other Liabilities	<u>1,204,803</u>	<u>1,023,503</u>	<u>(181,300)</u>
Total Liabilities	<u>\$ 15,039,803</u>	<u>\$ 15,453,503</u>	<u>\$ 413,700</u>
Invested in Capital Assets, Net of Related Debt	\$ (1,188,444)	\$ (2,999,347)	\$ 1,810,903
Restricted	1,593,419	1,575,523	17,896
Unrestricted	<u>3,966,949</u>	<u>5,634,876</u>	<u>(1,667,927)</u>
Total Net Assets	<u>\$ 4,371,924</u>	<u>\$ 4,211,052</u>	<u>\$ 160,872</u>

The following table provides a summary of the District's operations for the years ending August 31, 2011, and August 31, 2010. The District's net assets increased by \$160,872, accounting for a 3.8% growth in net assets.

	<u>Summary of Changes in the Statement of Activities</u>		
	<u>2011</u>	<u>2010</u>	<u>Change Positive (Negative)</u>
Revenues:			
Property Taxes	\$ 1,572,399	\$ 1,551,184	\$ 21,215
Payments in Lieu of Taxes		3,196	(3,196)
Charges for Services	1,824,644	1,722,204	102,440
Other Revenues	<u>106,016</u>	<u>108,945</u>	<u>(2,929)</u>
Total Revenues	<u>\$ 3,503,059</u>	<u>\$ 3,385,529</u>	<u>\$ 117,530</u>
Expenses for Services	<u>(3,342,187)</u>	<u>(3,176,379)</u>	<u>(165,808)</u>
Change in Net Assets	\$ 160,872	\$ 209,150	\$ (48,278)
Net Assets, Beginning of Year	<u>4,211,052</u>	<u>4,001,902</u>	<u>209,150</u>
Net Assets, End of Year	<u>\$ 4,371,924</u>	<u>\$ 4,211,052</u>	<u>\$ 160,872</u>

**MAYDE CREEK MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2011**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of August 31, 2011, were \$7,121,731, a decrease of \$396,815 from the prior year.

The General Fund fund balance decreased by \$12,678, primarily due to operating expenditures exceeding service revenues.

The Debt Service Fund fund balance decreased by \$4,592, primarily due to the structure of the District's outstanding debt.

The Capital Projects Fund fund balance decreased by \$379,545, primarily due to the use of bond proceeds released from escrow from the Series 2008 Bonds.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors did not amend the budget during the fiscal year. Actual revenues were \$151,082 more than budgeted revenues. Actual expenditures were \$73,360 more than budgeted expenditures. See budgeted and actual comparison on page 38.

CAPITAL ASSETS

The District's investment in capital assets as of August 31, 2011, amounts to 9,232,683 (net of accumulated depreciation). This investment in capital assets includes land and improvements, buildings and equipment as well as the water, wastewater and drainage systems. Significant capital asset events during the current fiscal year included the engineering for the Master Plan - Park Projects and Mayde Creek Park System, purchase of playground equipment, and Silvermill Section 1 and 2 sanitary sewer rehabilitation. These projects are in progress at year end.

<u>Capital Assets At Year-End, Net of Accumulated Depreciation</u>			
	<u>2011</u>	<u>2010</u>	<u>Change Positive (Negative)</u>
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 421,300	\$ 421,300	\$
Construction in Progress	570,347	160,501	409,846
Capital Assets, Net of Accumulated Depreciation:			
Jogging Trails	257,725	268,828	(11,103)
Water System	2,942,229	3,094,667	(152,438)
Wastewater System	2,530,883	2,616,981	(86,098)
Drainage System	1,335,950	1,373,452	(37,502)
Meeting Facility	1,174,249	1,244,560	(70,311)
Total Net Capital Assets	<u>\$ 9,232,683</u>	<u>\$ 9,180,289</u>	<u>\$ 52,394</u>

Additional information on the District's capital assets can be found in Note 6 of this report.

**MAYDE CREEK MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2011**

LONG-TERM DEBT ACTIVITY

At the end of the current fiscal year, the District had total bond debt payable of \$14,430,000.

The changes in the debt position of the District during the fiscal year ended August 31, 2011, are summarized as follows:

Bond Debt Payable, September 1, 2010	\$ 15,000,000
Less: Bond Principal Paid	<u>570,000</u>
Bond Debt Payable, August 31, 2011	<u>\$ 14,430,000</u>

The District's bonds carry an underlying rating of "A" by Standard and Poor's. The Series 2002 and 2005 bonds carry an insured rating of "A". The Series 2003, 2004-A, and 2008 bonds carry an insured rating of "AA+". The Series 2009 bonds are uninsured. The above ratings are as of August 31, 2011, and reflect all rating upgrades or downgrades through the fiscal year end.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Mayde Creek Municipal Utility District, c/o Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, TX 77027.

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
STATEMENT OF NET ASSETS AND
GOVERNMENTAL FUNDS BALANCE SHEET
AUGUST 31, 2011

	General Fund	Special Revenue Fund
ASSETS		
Cash, Note 5	\$ 174,408	\$ 79,316
Investments, Note 5	3,204,008	2,253
Receivables:		
Property Taxes	7,248	
Penalty and Interest on Delinquent Taxes		
Service Accounts (Net of Allowance for Uncollectible Accounts of \$12,000)	162,061	
Other	6,285	
Due from Other Funds, Note 13	68,670	7,398
Prepaid Regional Water Authority Fees, Note 10		
Prepaid Costs	33,431	12,855
Due from Other Governmental Units		36,106
Advance for Regional Sewage Treatment Plant Operations, Note 8	29,500	
Unamortized Bond Issuance Costs		
Unamortized Bond Discount		
Land, Note 6		
Construction in Progress, Note 6		
Capital Assets (Net of Accumulated Depreciation), Note 6		
TOTAL ASSETS	\$ 3,685,611	\$ 137,928

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

<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
\$ 72,528	\$ 67,057	\$ 393,309	\$	\$ 393,309
1,155,603	2,671,859	7,033,723		7,033,723
32,819		40,067		40,067
13,950		13,950		13,950
		162,061		162,061
		6,285		6,285
		76,068	(76,068)	
			1,589,117	1,589,117
		46,286		46,286
		36,106		36,106
		29,500	(29,500)	
			634,289	634,289
			223,851	223,851
			421,300	421,300
			570,347	570,347
			8,241,036	8,241,036
<u>\$ 1,274,900</u>	<u>\$ 2,738,916</u>	<u>\$ 7,837,355</u>	<u>\$ 11,574,372</u>	<u>\$ 19,411,727</u>

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

**MAYDE CREEK MUNICIPAL UTILITY DISTRICT
STATEMENT OF NET ASSETS AND
GOVERNMENTAL FUNDS BALANCE SHEET
AUGUST 31, 2011**

	General Fund	Special Revenue Fund
LIABILITIES		
Accounts Payable	\$ 96,651	\$ 34,480
Accrued Interest Payable		
Due to Other Governmental Units	64,451	
Due to Developers	4,640	
Due to Other Funds, Note 13	7,398	3,448
Due to Taxpayers		
Due to Voluntary Services	8,261	
Security Deposits	171,550	
Deferred Revenues:		
Property Taxes	7,248	
Penalty and Interest on Delinquent Taxes Taps		
Advance for Regional Sewage Treatment Plant Operations, Note 8		100,000
Long Term Liabilities:		
Due Within One Year, Note 3		
Due After One Year, Note 3		
TOTAL LIABILITIES	\$ 360,199	\$ 137,928

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

<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
\$ 1,906	\$ 102,507	\$ 235,544	\$	\$ 235,544
			53,764	53,764
		64,451		64,451
		4,640		4,640
473	64,749	76,068	(76,068)	
1,093		1,093		1,093
		8,261		8,261
		171,550		171,550
32,819		40,067	(40,067)	
13,950		13,950	(13,950)	
		100,000	(29,500)	70,500
			595,000	595,000
			13,835,000	13,835,000
<u>\$ 50,241</u>	<u>\$ 167,256</u>	<u>\$ 715,624</u>	<u>\$ 14,324,179</u>	<u>\$ 15,039,803</u>

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

**MAYDE CREEK MUNICIPAL UTILITY DISTRICT
STATEMENT OF NET ASSETS AND
GOVERNMENTAL FUNDS BALANCE SHEET
AUGUST 31, 2011**

	<u>General Fund</u>	<u>Special Revenue Fund</u>
FUND BALANCES/NET ASSETS		
FUND BALANCES		
Nonspendable:		
Prepaid Costs	\$ 33,431	\$
Advance for Regional Sewage Treatment Plant Operations	29,500	
Restricted for Authorized Construction:		
Bond Proceeds		
Net Investment Revenues		
Restricted for Debt Service		
Assigned for 2012 Budget Deficit, Note 2	114,032	
Unassigned	<u>3,148,449</u>	<u> </u>
TOTAL FUND BALANCES	<u>\$ 3,325,412</u>	<u>\$ - 0 -</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,685,611</u>	<u>\$ 137,928</u>
NET ASSETS		
Invested in Capital Assets, Net of Related Debt		
Restricted for:		
Debt Service		
Capital Projects		
Unrestricted		
TOTAL NET ASSETS		

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

<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
\$	\$	\$ 33,431	\$ (33,431)	\$
		29,500	(29,500)	
	2,195,905	2,195,905	(2,195,905)	
	375,755	375,755	(375,755)	
1,224,659		1,224,659	(1,224,659)	
		114,032	(114,032)	
		3,148,449	(3,148,449)	
<u>\$ 1,224,659</u>	<u>\$ 2,571,660</u>	<u>\$ 7,121,731</u>	<u>\$ (7,121,731)</u>	<u>\$ - 0 -</u>
<u>\$ 1,274,900</u>	<u>\$ 2,738,916</u>	<u>\$ 7,837,355</u>		
			\$ (1,188,444)	\$ (1,188,444)
			1,217,664	1,217,664
			375,755	375,755
			<u>3,966,949</u>	<u>3,966,949</u>
			<u>\$ 4,371,924</u>	<u>\$ 4,371,924</u>

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

**MAYDE CREEK MUNICIPAL UTILITY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
AUGUST 31, 2011**

Total Fund Balances – Governmental Funds		\$ 7,121,731
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital contributions to the West Harris County Regional Water Authority are not current financial resources and, therefore, are not reported as assets in the governmental funds.		1,589,117
Unamortized bond issuance costs and bond discounts in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		858,140
Land used in governmental activities is not a financial resource and, therefore, is not reported as an asset in the governmental funds.		421,300
Construction in progress in governmental activities is not a financial resource and, therefore, is not reported as an asset in the governmental funds.		570,347
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		8,241,036
Accrued interest on long-term liabilities is not due and payable in the current period and, therefore, is not reported in the governmental funds.		(53,764)
Deferred tax revenues for the 2010 and prior tax levies became part of recognized revenues in the governmental activities of the District.		40,067
Deferred penalty and interest revenues for the 2010 and prior tax levies became part of recognized revenues in the governmental activities of the District.		13,950
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year end consist of:		
Bonds Payable Within One Year	\$ (595,000)	
Bonds Payable After One Year	<u>(13,835,000)</u>	<u>(14,430,000)</u>
Total Net Assets – Governmental Activities		<u>\$ 4,371,924</u>

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

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MAYDE CREEK MUNICIPAL UTILITY DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED AUGUST 31, 2011

	General Fund	Special Revenue Fund
REVENUES		
Property Taxes	\$ 297,426	\$
Water Service	392,763	
Wastewater Service	534,059	613,356
Administrative Fees from Regional Sewage Treatment Plant	55,464	
Regional Water Authority Fees	310,125	
Regional Water Authority Credits	116,628	
Community Center Fees	37,735	
Penalty and Interest	49,855	
Tap Connection and Inspection Fees	9,775	
Investment Revenues	4,677	16
Miscellaneous Revenues	19,543	
	<u>\$ 1,828,050</u>	<u>\$ 613,372</u>
TOTAL REVENUES		
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 164,752	\$ 11,793
Contracted Services	471,858	87,161
Purchased Wastewater Service, Note 8	172,461	
Utilities	88,586	209,558
Regional Water Authority Assessments, Note 10	349,617	
Repairs and Maintenance	191,172	42,547
Community Center	158,812	
Depreciation, Note 6		
Other	176,731	234,695
Capital Outlay	66,739	27,618
Debt Service:		
Bond Principal		
Bond Interest		
Bond Issuance Costs		
	<u>\$ 1,840,728</u>	<u>\$ 613,372</u>
TOTAL EXPENDITURES/EXPENSES		
NET CHANGE IN FUND BALANCES	\$ (12,678)	\$
CHANGE IN NET ASSETS		
FUND BALANCES/NET ASSETS - SEPTEMBER 1, 2010	<u>3,338,090</u>	<u></u>
FUND BALANCES/NET ASSETS - AUGUST 31, 2011	<u>\$ 3,325,412</u>	<u>\$ -0-</u>

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

Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
\$ 1,259,633	\$	\$ 1,557,059	\$ 15,340	\$ 1,572,399
		392,763		392,763
		1,147,415	(200,079)	947,336
		55,464		55,464
		310,125		310,125
		116,628	(116,628)	
		37,735		37,735
17,580		67,435	4,011	71,446
		9,775		9,775
2,165	3,979	10,837	74,860	85,697
776		20,319		20,319
<u>\$ 1,280,154</u>	<u>\$ 3,979</u>	<u>\$ 3,725,555</u>	<u>\$ (222,496)</u>	<u>\$ 3,503,059</u>
\$ 4,206	\$	\$ 180,751	\$	\$ 180,751
39,745		598,764		598,764
		172,461	(172,461)	
		298,144		298,144
		349,617		349,617
		233,719		233,719
		158,812		158,812
			371,973	371,973
3,437		414,863		414,863
	357,628	451,985	(451,985)	
		570,000	(570,000)	
		667,358	68,186	735,544
	25,896	25,896	(25,896)	
<u>\$ 1,284,746</u>	<u>\$ 383,524</u>	<u>\$ 4,122,370</u>	<u>\$ (780,183)</u>	<u>\$ 3,342,187</u>
\$ (4,592)	\$ (379,545)	\$ (396,815)	\$ 396,815	\$
			160,872	160,872
<u>1,229,251</u>	<u>2,951,205</u>	<u>7,518,546</u>	<u>(3,307,494)</u>	<u>4,211,052</u>
<u>\$ 1,224,659</u>	<u>\$ 2,571,660</u>	<u>\$ 7,121,731</u>	<u>\$ (2,749,807)</u>	<u>\$ 4,371,924</u>

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

**MAYDE CREEK MUNICIPAL UTILITY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2011**

Net Change in Fund Balances – Governmental Funds	\$ (396,815)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenues are recorded in the accounting period for which the taxes were levied.	15,340
Governmental funds report delinquent tax penalty and interest revenue when collected. However, in the Statement of Activities, revenues are recorded when the penalty and interest are assessed.	4,011
Governmental funds report the West Harris County Regional Water Authority credits as revenues. In the Statement of Net Assets, the principal portion of the credits decreases long-term receivables and the balance is recorded as investment revenue.	(41,768)
Governmental funds do not account for depreciation. However, in the Statement of Activities, capital assets are depreciated and depreciation expense is recorded.	(371,973)
Governmental funds report capital outlay as expenditures in the period purchased. However, in the Statement of Net Assets, capital assets are increased by new purchases, net of facilities deeded to other governmental entities, and the Statement of Activities is not affected.	424,367
Governmental funds report bond principal payments as expenditures. In the Statement of Net Assets, bond principal payments decrease long-term liabilities and the Statement of Activities is not affected.	570,000
Governmental funds report bond interest payments as expenditures in the year paid. However, in the Statement of Activities, interest is accrued on bonds through fiscal year end and the current amortized portion of bond issuance costs and bond discounts are added to bond interest expense.	(68,186)
Governmental funds report bond issuance costs paid out of the Capital Projects Fund as an expenditure. Bond discounts are reported as an other financing use. In the Statement of Net Assets, the bond issuance costs and the bond discount are amortized over the life of the bonds and the current amortization is added to bond interest expense in the Statement of Activities.	<u>25,896</u>
Change in Net Assets - Governmental Activities	<u>\$ 160,872</u>

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

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2011

NOTE 1. CREATION OF DISTRICT

Mayde Creek Municipal Utility District, located in Harris County, Texas, (the "District") was created effective July 23, 1973, by the Texas Water Commission, presently known as the Texas Commission on Environmental Quality (the "Commission"). Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, wastewater service, storm sewer drainage, irrigation, solid waste collection and disposal, including recycling, and to construct and maintain parks and recreational facilities for the residents of the District. The District is also empowered to contract for or employ its own peace officers with powers to make arrests and to establish, operate and maintain a fire department to perform all fire-fighting activities within the District. The Board of Directors held its first meeting on August 3, 1973, and the first bonds were sold on August 20, 1979.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

The Governmental Accounting Standards Board has established the criteria for determining whether or not a given entity is a component unit. The criteria are: (1) is the potential component unit a legally separate entity, (2) does the primary government appoint a voting majority of the potential component unit's board, (3) is the primary government able to impose its will on the potential component unit, (4) is there a financial benefit or burden relationship. The District was created as an independent municipality. The District does not meet the criteria for inclusion as a component unit of any entity nor does any other entity meet the component unit criteria for inclusion in the District's basic financial statements. The District has entered into a joint venture with Clay Road Municipal Utility District and Ricewood Municipal Utility District for wastewater disposal. The District has oversight responsibility for the regional sewage treatment plant. Additional disclosure concerning this joint venture is provided in Note 8.

Financial Statement Presentation

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

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2011

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

GASB Codification Section 2200.110 established standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Assets and a Statement of Activities. GASB Codification Section 2200.117 requires the classification of net assets into three components: Invested in Capital Assets, Net of Related Debt; Restricted; and Unrestricted. These classifications are defined as follows:

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

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

Government-Wide Financial Statements

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

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

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2011

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements (Continued)

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

Fund Financial Statements

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

Governmental Funds

The District has four governmental funds and considers these funds to be major funds.

General Fund - To account for resources not required to be accounted for in another fund, customer service revenues, costs and general expenditures.

Special Revenue Fund – To account for financial resources collected and administered by the District for the operation of a regional sewage treatment plant.

Debt Service Fund - To account for ad valorem taxes and financial resources accumulated for servicing bond debt and the cost of assessing and collecting taxes.

Capital Projects Fund - To account for financial resources segregated for acquisition or construction of facilities and related costs.

Basis of Accounting

The District uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both "measurable and available." Measurable means the amount can be determined. Available means collectable within the current period or soon enough thereafter to pay current liabilities. The District considers revenue reported in governmental funds to be available if they are collectable within 60 days after year end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures when payment is due.

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2011

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

Property taxes considered available by the District and included in revenue include taxes collected during the year and taxes collected after year-end, which were considered available to defray the expenditures of the current year. Deferred tax revenues are those taxes which the District does not reasonably expect to be collected soon enough in the subsequent period to finance current expenditures.

Amounts transferred from one fund to another fund are reported as an other financing source or use. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide Statement of Net Assets. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as an expenditure in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Interest costs, including developer interest, engineering fees and certain other costs are capitalized as part of the asset.

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

	<u>Years</u>
Jogging Trails	30
Buildings	40
Water System	10-45
Wastewater System	10-45
Drainage System	10-45
All Other Equipment	3-20

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2011

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgeting

In compliance with governmental accounting principles, the Board of Directors annually adopts an unappropriated budget for the General Fund and the Special Revenue Fund. The budgets were not amended during the current fiscal year.

Pensions

The District has not established a pension plan. The District has one employee and makes payments into the social security/medicare system. The Internal Revenue Service has determined that fees of office received by Directors are considered to be wages subject to federal income tax withholding for payroll tax purposes only.

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net Assets and Statement of Activities, the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets, financial position, and cash flows. All assets and liabilities associated with the activities are reported. Fund equity is classified as net assets.

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

Fund Balances

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*, requires the classification of fund balances in governmental funds using the following hierarchy:

Nonspendable: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2011

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balances (Continued)

Restricted: amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally.

Committed: amounts that can be spent only for purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. This action must be made no later than the end of the fiscal year. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. The District does not have any committed fund balances.

Assigned: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances. As of August 31, 2011, the District has assigned \$114,032 of its current General Fund fund balance to cover a portion of the 2012 budget.

Unassigned: all other spendable amounts in the General Fund.

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

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Subsequent Events

In preparing these financial statements, Management has evaluated and disclosed all material subsequent events through November 28, 2011, which is the date these statements were available to be issued.

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2011

NOTE 3. BONDS PAYABLE

	Series 2002	Series 2003
Amounts Outstanding – August 31, 2011	\$ 2,110,000	\$ 1,815,000
Interest Rates	4.500% - 4.750%	4.500% - 5.000%
Maturity Dates – Serially Beginning/Ending	August 1, 2012/2022	August 1, 2012/2023
Interest Payment Dates	February 1/August 1	February 1/August 1
Callable Dates	February 1, 2011*	August 1, 2012*
	Series 2004-A	Refunding Series 2005
Amounts Outstanding – August 31, 2011	\$ 2,975,000	\$ 3,510,000
Interest Rates	3.750%-4.750%	3.500%-4.000%
Maturity Dates – Serially Beginning/Ending	August 1, 2012/2017, 2019, 2020/2024	August 1, 2012/2020
Interest Payment Dates	February 1/August 1	February 1/August 1
Callable Dates	August 1, 2012*	August 1, 2013*
	Series 2008	Series 2009
Amounts Outstanding – August 31, 2011	\$ 2,070,000	\$ 1,950,000
Interest Rates	5.625%-5.800%	3.000%-4.750%
Maturity Dates – Serially Beginning/Ending	August 1, 2025/2026	August 1, 2014/2020 2026/2027
Interest Payment Dates	February 1/August 1	February 1/August 1
Callable Dates	August 1, 2017*	August 1, 2017*

* Or on any date thereafter, at the option of the District, in whole or in part, at par plus accrued interest to the date fixed for redemption. Series 2004-A Term Bonds maturing August 1, 2019, are subject to mandatory redemption in part by lot or other customary method beginning August 1, 2018. Series 2009 Term Bonds maturing August 1, 2026, are subject to mandatory redemption in part by lot or other customary method beginning August 1, 2025.

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2011

NOTE 3. BONDS PAYABLE (Continued)

The following is a summary of transactions regarding bonds payable for the year ended August 31, 2011:

Bond Debt Payable - September 1, 2010		\$	15,000,000
Less: Bond Principal Retirement -			
Series 2002	\$		80,000
Series 2003			65,000
Series 2004-A			115,000
Series 2005 Refunding			310,000
			570,000
Bond Debt Payable - August 31, 2011			\$ 14,430,000
Bond Debt Payable -			
Due Within One Year		\$	595,000
Due After One Year			13,835,000
			\$ 14,430,000
Bond Debt Payable - August 31, 2011			\$ 14,430,000
Original Bonds Voted			\$ 26,340,000
Original Bonds Approved			\$ 19,085,000
Original Bonds Issued			\$ 19,085,000
Refunding Bonds Issued (Net of Bonds Refunded)			\$ - 0 -
Park and Recreational Voted			\$ 3,000,000
Park and Recreational Issued			\$ 2,070,000

As of August 31, 2011, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2012	\$ 595,000	\$ 645,172	\$ 1,240,172
2013	620,000	621,346	1,241,346
2014	665,000	596,794	1,261,794
2015	740,000	570,282	1,310,282
2016	770,000	540,657	1,310,657
2017-2021	4,350,000	2,214,613	6,564,613
2022-2026	5,430,000	1,157,365	6,587,365
2027	1,260,000	59,850	1,319,850
	\$ 14,430,000	\$ 6,406,079	\$ 20,836,079

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2011

NOTE 3. BONDS PAYABLE (Continued)

The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount. The Series 2002, Series 2003, Series 2004-A and Series 2005 bonds are further payable from and secured by a lien on and pledge of net revenues to be received from the operations of the District's waterworks and sanitary sewer system.

During the year ended August 31, 2011, the District levied an ad valorem debt service tax at the rate of \$0.725 per \$100 of assessed valuation, which resulted in a tax levy of \$1,272,392 on the adjusted taxable valuation of \$175,502,380 for the 2010 tax year. The bond orders/resolutions 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. See Note 7 for maintenance tax.

The District's tax calendar is as follows:

- Levy Date - October 1, or as soon thereafter as practicable.
- Lien Date - January 1.
- Due Date - Not later than January 31.
- Delinquent Date - February 1, at which time the taxpayer is liable for penalty and interest.

NOTE 4. SIGNIFICANT RESOLUTIONS AND LEGAL REQUIREMENTS

- A. The bond resolutions state that any profits realized from or interest accruing on investments shall belong to the fund from which the moneys for such investments were taken; provided, however, that at the discretion of the Board of Directors, the profits realized from and interest accruing on investments made from any fund may be transferred to the Debt Service Fund.
- B. The bond resolutions state that the District is required by the Securities and Exchange Commission to provide continuing disclosure of certain general financial information and operating data to the Municipal Securities Rule Making Board, and the state information depository. This information, along with the audited annual financial statements, is to be provided within six months after the end of each fiscal year and shall continue to be provided through the life of the bonds.

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2011

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes.

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District's deposits was \$393,309 and the bank balance was \$406,544. Of the bank balance, \$322,010 was covered by federal depository insurance and the balance was covered by collateral pledged in the name of the District and held in a third-party depository.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Assets at August 31, 2011, as listed below:

	Cash
GENERAL FUND	\$ 174,408
SPECIAL REVENUE FUND	79,316
DEBT SERVICE FUND	72,528
CAPITAL PROJECTS FUND	67,057
TOTAL DEPOSITS	\$ 393,309

Investments

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all District funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the District's financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth. The District's investments must be made "with

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2011

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." No person may invest District funds without express written authority from the Board of Directors.

Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. Authorized investments are summarized as follows: (1) obligations of the United States or its agencies and instrumentalities, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) certain collateralized mortgage obligations, (4) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies and instrumentalities, (5) certain A rated or higher obligations of states, agencies, counties, cities, and other political subdivisions of any state, (6) bonds issued, assumed or guaranteed by the State of Israel, (7) insured or collateralized certificates of deposit, (8) certain fully collateralized repurchase agreements secured by delivery, (9) certain bankers' acceptances with limitations, (10) commercial paper rated A-1 or P-1 or higher and a maturity of 270 days or less, (11) no-load money market mutual funds and no-load mutual funds with limitations, (12) certain guaranteed investment contracts, (13) certain qualified governmental investment pools and (14) a qualified securities lending program.

All investments are recorded at cost, which the District considers to be fair value. The District invests in TexPool, an external investment pool that is not SEC-registered. The State Comptroller of Public Accounts of the State of Texas has oversight of the pool. Federated Investors manages the daily operations of the pool under a contract with the Comptroller. The fair value of the District's position in the pool is the same as the value of pool shares.

As of August 31, 2011, the District had the following investments and maturities:

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2011

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Fund and Investment Type	Fair Value	Maturities in Years			
		Less Than 1	1-5	6-10	More Than 10
<u>GENERAL FUND</u>					
Texpool	\$ 3,204,008	\$ 3,204,008	\$	\$	\$
<u>SPECIAL REVENUE FUND</u>					
Texpool	2,253	2,253			
<u>DEBT SERVICE FUND</u>					
Texpool	1,155,603	1,155,603			
<u>CAPITAL PROJECTS FUND</u>					
Texpool	2,671,859	2,671,859			
TOTAL INVESTMENTS	<u>\$ 7,033,723</u>	<u>\$ 7,033,723</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At August 31, 2011, the District's investments in TexPool were rated "AAAm" by Standard and Poor's.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investments in TexPool to have a maturity of less than one year due to the fact the share position can usually be redeemed each day at the discretion of the District.

Restrictions

All cash and investments of the Special Revenue Fund are restricted for the regional sewage treatment plant operations.

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

All cash and investments of the Capital Projects Fund are restricted for the purchase of capital assets.

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2011

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended August 31, 2011:

	<u>September 1, 2010</u>	<u>Increases</u>	<u>August 31, 2011</u>
Capital Assets Not Being Depreciated			
Land and Land Improvements	\$ 421,300	\$	\$ 421,300
Construction in Progress	<u>160,501</u>	<u>409,846</u>	<u>570,347</u>
Total Capital Assets Not Being Depreciated	<u>\$ 581,801</u>	<u>\$ 409,846</u>	<u>\$ 991,647</u>
Capital Assets at Historical Cost Subject to Depreciation			
Jogging Trails	\$ 333,069		\$ 333,069
Water System	4,456,392	6,374	4,462,766
Wastewater System	3,693,934	8,147	3,702,081
Drainage System	1,687,561		1,687,561
Meeting Facility	<u>1,482,387</u>		<u>1,482,387</u>
Total Capital Assets at Historical Cost Subject to Depreciation	<u>\$ 11,653,343</u>	<u>\$ 14,521</u>	<u>\$ 11,667,864</u>
Less Accumulated Depreciation			
Jogging Trails	\$ 64,241	\$ 11,103	\$ 75,344
Water System	1,361,725	158,812	1,520,537
Wastewater System	1,076,953	94,245	1,171,198
Drainage System	314,109	37,502	351,611
Meeting Facility	<u>237,827</u>	<u>70,311</u>	<u>308,138</u>
Total Accumulated Depreciation	<u>\$ 3,054,855</u>	<u>\$ 371,973</u>	<u>\$ 3,426,828</u>
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 8,598,488</u>	<u>\$ (357,452)</u>	<u>\$ 8,241,036</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 9,180,289</u>	<u>\$ 52,394</u>	<u>\$ 9,232,683</u>

The District has financed drainage facilities which have been conveyed to other entities for maintenance.

NOTE 7. MAINTENANCE TAX

On January 20, 1979, the voters of the District approved the levy and collection of a maintenance tax not to exceed \$0.25 per \$100 of assessed valuation of taxable property within the District. On May 10, 2008, the voters of the District approved an increase to the levy and collection of a maintenance tax not to exceed \$0.50 per \$100 of assessed valuation of taxable property within the District. During the year ended August 31, 2011, the District levied an ad valorem maintenance tax at the rate of \$0.171 per \$100 of assessed valuation, which resulted in a tax levy of \$300,109 on the adjusted taxable valuation of \$175,502,380 for the 2010 tax year. This maintenance tax is to be used by the General Fund to pay expenditures of operating the District's waterworks and wastewater system.

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2011

NOTE 8. JOINT VENTURE FOR WASTEWATER DISPOSAL

On March 5, 1979, the District, Clay Road Municipal Utility District and Ricewood Municipal Utility District executed a contract providing for the construction and operation of a 126,000 gallons-per-day regional sewage treatment plant. The contract is for a period of 40 years. The contract provides for each district to pay its pro rata share of the construction and engineering costs of the plant and provides for each district to share in any future expansions of the plant based upon each district's desired capacity in the expansion. Oversight of the plant is exercised by the Board of Directors of the District. Financial activity of the plant has been reported in the financial statements of the District in the Special Revenue Fund. Separate financial statements on the plant may be obtained by contacting the District's attorney at (713) 860-6400.

On December 9, 1982, and on April 30, 1984, the parties executed amendments to the existing contract providing for two expansions of the regional sewage treatment plant. On March 16, 1987, the second expansion was completed and currently the plant is capable of processing 2,000,000 gallons per day. On March 18, 2003, the third amendment to the agreement was approved to provide for the sale of 135,000 gallons per day of capacity from Ricewood to Mayde Creek. On December 1, 2004, the fourth amendment to the agreement was executed and states that all districts will fund their pro-rata share of rehabilitative improvements to the regional sewage treatment plant at an estimated cost of \$2,529,984.

The participating districts and their respective pro rata share of capacity in the regional sewage treatment plant are as follows:

	<u>Capacity in Gallons per Day</u>	<u>Percentage of Total Capacity</u>
Mayde Creek Municipal Utility District	590,000	29.50%
Ricewood Municipal Utility District	860,000	43.00
Clay Road Municipal Utility District	<u>550,000</u>	<u>27.50</u>
Total	<u>2,000,000</u>	<u>100.00%</u>

Each district is responsible for its share of the operating costs of the plant plus an administrative charge of ten percent. Each district is billed monthly based upon actual costs incurred during the prior month. Allocations are based upon each district's pro rata share of capacity owned in the plant.

Under the terms of the contract between the districts, a reasonable operating reserve consisting of at least two months estimated operating costs will be established. The District has determined that a reserve of \$100,000 is reasonable. Each district has paid their pro rata share of the reserve based upon capacity owned in the plant.

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2011

NOTE 8. JOINT VENTURE FOR WASTEWATER DISPOSAL (Continued)

The District's pro-rata share of the operating reserve is \$29,500. During the current fiscal year the District recorded \$172,461 for its pro rata share of the actual operating costs of the plant.

NOTE 9. WATER SUPPLY AGREEMENTS

Clay Road Municipal Utility District

On February 26, 1980, the District executed an emergency water supply agreement with Clay Road Municipal Utility District ("Clay Road"). The agreement was amended on January 28, 1986 and February 1, 2008. The term of the contract is 40 years. All necessary costs of connection to each district's system were shared equally between the districts. The charge for service to either district is as follows:

First Day in Any Calendar Month:

No charge

First and Second Day in Any Calendar Month:

0 to 100 connections	\$	40.00
Each additional increment of 100 connections (or any portion thereof)	\$	40.00

Third and Subsequent Days:

0 to 100 connections	\$	20.00
Each additional increment of 100 connections (or any portion thereof)	\$	20.00

In addition to the payment for water service described above, the receiving district shall also pay to the supplying district any pumpage fees or other charges incurred by the supplying district with respect to the water supplied levied by any regional water authority or other entity lawfully authorized to levy fees or charges for the pumpage of ground water, including a charge per 1,000 gallons of water in the amount charged by the West Harris County Regional Water Authority.

Ricewood Utility District

On February 3, 1982, the District entered into an agreement with Ricewood Utility District ("Ricewood") to provide emergency water supply services. The agreement was amended on October 22, 1985. The term of the agreement is for a period of 35 years. The districts usually do not bill each other for water received through the interconnect.

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2011

NOTE 9. WATER SUPPLY AGREEMENTS (Continued)

Ricewood Utility District (Continued)

First Day in Any Calendar Month:

No charge, unless usage extends to a second day.

First and Second Day in Any Calendar Month:

0 to 100 connections	\$	40.00
Each additional increment of 100 connections (or any portion thereof)	\$	40.00

Third and Subsequent Days:

0 to 100 connections	\$	20.00
Each additional increment of 100 connections (or any portion thereof)	\$	20.00

Harris County Municipal Utility District No. 238

On August 28, 1995, the District entered into an agreement with Harris County Municipal Utility District No. 238 (“District No. 238”). The term of the contract is 35 years. District No. 238 is responsible for constructing the water line to connect to the District’s line. The price to be paid for water delivered shall be \$0.75 per thousand gallons of average daily usage for the number of days water is received. If the supplying district has converted to surface water, the rate per thousand gallons shall be the actual cost to the supplying district to purchase surface water. The agreement was amended on June 28, 1999, to more accurately reflect actual usage of water for billing purposes. On June 8, 2009, the Second Amendment to the Water Supply Agreement was executed with District No. 238. In this agreement water delivered during an emergency will be billed at the rate of \$0.75 per thousand gallons of “average daily usage”. Methods for calculating average daily usage are predicated upon whether water is recovered from groundwater, treated surface water from the regional water authority or a combination of both sources. The agreement also makes provision for billings between districts should a district, not party to the agreement, supplies water to a participating district and such water supplied is passed through to another participating district. The agreement further provides that should either district be in the process of converting its water disinfection system from chlorine to chloramines a method of notification of such change and appropriate controls of the supply valves must be carefully controlled.

NOTE 10. WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

The District is located within the boundaries of the West Harris County Regional Water Authority (the “Authority”). The Authority was created under Article 16, Section 59 of the Texas Constitution by House Bill 1842 (the “Act”), as passed by the 77th Texas Legislature, in

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2011

NOTE 10. WEST HARRIS COUNTY REGIONAL WATER AUTHORITY
(Continued)

2001. The Act empowers the Authority for purposes including the acquisition and provision of surface water and groundwater for residential, commercial, industrial, agricultural, and other uses, the reduction of groundwater withdrawals, the conservation, preservation, protection, recharge, and prevention of waste of groundwater, and of groundwater reservoirs or their subdivisions, and the control of subsidence caused by withdrawal of water from those groundwater reservoirs or their subdivisions. The Authority is overseeing that their participants comply with subsidence district pumpage requirements. A nine-member board of directors governs the Authority. The directors serve staggered four-year terms. Each director must qualify to serve as director in the manner provided by Section 49.055 of the Water Code.

The Authority charges a fee, based on the amount of water pumped from a well, to the owner of wells located within the boundaries of the Authority, unless exempted. This fee enables the Authority to fulfill its purpose and regulatory functions. The fee for 2010 was \$1.25 per 1,000 gallons of water pumped from each well. Effective January 1, 2011, the fee increased to \$1.55 per 1,000 gallons of water pumped from each well. The District recorded an expenditure of \$349,617 for fees assessed during the current fiscal year.

On April 20, 2005, the District made a capital contribution of \$861,186 to the Authority for the District's share of surface water facilities. The Authority will provide the District monthly reimbursement credits over 306 months to be applied against all fees, rates, and charges due from the District for groundwater pumpage fees or surface water purchased after June 1, 2005. The reimbursement credits include an issuance cost component of \$7,832 and interest at 4.7264% from June 1, 2005 through the date that the 306th credit is applied by the Authority. The District began receiving credits in June, 2005. Total credits received in the current fiscal year were \$58,704 of which \$23,081 was principal and \$35,623 was interest.

The following is a schedule of the remaining reimbursement credits to be received under the terms of the agreement.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 24,196	\$ 34,508	\$ 58,704
2013	25,364	33,340	58,704
2014	26,590	32,114	58,704
2015	27,874	30,830	58,704
2016	29,220	29,484	58,704
2017-2021	168,685	124,835	293,520
2028-2026	213,554	79,966	293,520
2027-2031	<u>225,631</u>	<u>23,861</u>	<u>249,492</u>
	<u>\$ 741,114</u>	<u>\$ 388,938</u>	<u>\$ 1,130,052</u>

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2011

NOTE 10. WEST HARRIS COUNTY REGIONAL WATER AUTHORITY
(Continued)

On January 25, 2010, the District made an additional capital contribution of \$867,135 to the Authority. The Authority will provide the District monthly reimbursement credits over 310 months to be applied against all fees, rates, and charges due from the District for groundwater pumpage fees or surface water purchased after March 1, 2010. The reimbursement credits include an issuance cost component of \$10,038 and interest at 4.5725% from March 1, 2010 through the date that the 310th credit is applied by the Authority. The District began receiving credits in March, 2010. Total credits received in the current fiscal year were \$57,924 of which \$18,687 was principal and \$39,237 was interest.

Fiscal Year	Principal	Interest	Total
2012	\$ 19,559	\$ 38,365	\$ 57,924
2013	20,473	37,451	57,924
2014	21,429	36,495	57,924
2015	22,429	35,495	57,924
2016	23,477	34,447	57,924
2017-2021	134,887	154,733	289,620
2022-2026	169,462	120,158	289,620
2027-2031	212,900	76,720	289,620
2032-2036	<u>223,387</u>	<u>22,820</u>	<u>246,207</u>
	<u>\$ 848,003</u>	<u>\$ 556,684</u>	<u>\$ 1,404,687</u>

NOTE 11. ESCROW REQUIREMENTS

On December 2, 2004, the District closed on the sale of \$3,500,000 of Series 2004-A bonds. The Commission required the District to escrow \$2,346,186 from the Series 2004-A bonds. On May 27, 2005, the Commission approved the release of \$861,186 for the District's capital contribution to the West Harris County Regional Water Authority. On October 25, 2005, the Commission approved the release of \$1,182,500 to pay for costs associated with the construction of the District administration building. On October 21, 2010, the Commission approved the release of \$302,500 from escrow for the Silvermill, Sections 1 & 2 wastewater systems. As of the fiscal year, no amount remains in escrow.

On December 23, 2008, the District closed on the sale of its \$2,070,000 Series 2008 Unlimited Tax Park Bonds. The Commission required the District to escrow \$1,623,600 from the bonds. On March 15, 2011, the Commission approved the release of escrow for the following projects: \$467,500 for park equipment, \$279,400 for landscaping, \$310,200 for trail system, \$236,500 for lighting and electrical and \$330,000 for a pedestrian bridge. As of the fiscal year end, no amount remains in escrow.

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2011

NOTE 12. 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. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 13. INTERFUND PAYABLES/RECEIVABLES

As of August 31, 2011, the District had the following significant interfund liabilities: The Debt Service Fund (Tax Account) owed the General Fund \$473 for maintenance tax collections; the Special Revenue Fund owed the General Fund \$3,448 for administrative services; the General Fund owed the Special Revenue Fund \$7,398 for purchased sewer services; the Capital Projects owed the General Fund \$64,749 for bond issuance costs related to the sale of the Series 2009 Bonds and pedestrian bridge.

MAYDE CREEK MUNICIPAL UTILITY DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

AUGUST 31, 2011

**MAYDE CREEK MUNICIPAL UTILITY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2011**

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	\$ 200,000	\$ 297,426	\$ 97,426
Payment in Lieu of Taxes	7,990		(7,990)
Water Service	385,000	392,763	7,763
Wastewater Service	540,000	534,059	(5,941)
Administrative Fees from Regional Sewage Treatment Plant	58,850	55,464	(3,386)
Regional Water Authority Fees	260,000	310,125	50,125
Regional Water Authority Credits	116,628	116,628	
Community Center Fees	25,000	37,735	12,735
Penalty and Interest	48,000	49,855	1,855
Tap Connection and Inspection Fees		9,775	9,775
Investment Revenues	12,000	4,677	(7,323)
Miscellaneous Revenues	23,500	19,543	(3,957)
TOTAL REVENUES	\$ 1,676,968	\$ 1,828,050	\$ 151,082
EXPENDITURES			
Services Operations:			
Professional Fees	\$ 166,000	\$ 164,752	\$ 1,248
Contracted Services	466,000	471,858	(5,858)
Purchased Wastewater Service	190,968	172,461	18,507
Utilities	111,200	88,586	22,614
Regional Water Authority Assessments	260,000	349,617	(89,617)
Repairs and Maintenance	168,000	191,172	(23,172)
Community Center	219,200	158,812	60,388
Other	178,000	176,731	1,269
Capital Outlay	8,000	66,739	(58,739)
TOTAL EXPENDITURES	\$ 1,767,368	\$ 1,840,728	\$ (73,360)
NET CHANGE IN FUND BALANCE	\$ (90,400)	\$ (12,678)	\$ 77,722
FUND BALANCE - AUGUST 1, 2010	3,338,090	3,338,090	
FUND BALANCE - JULY 31, 2011	\$ 3,247,690	\$ 3,325,412	\$ 77,722

See accompanying independent auditor's report.

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUND – WASTEWATER TREATMENT FACILITIES
FOR THE YEAR ENDED AUGUST 31, 2011

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Wastewater Service	\$ 647,350	\$ 613,356	\$ (33,994)
Investment Revenues		16	16
TOTAL REVENUES	\$ 647,350	\$ 613,372	\$ (33,978)
EXPENDITURES			
Services Operations:			
Professional Fees	\$ 10,500	\$ 11,793	\$ (1,293)
Contracted Services	90,450	87,161	3,289
Utilities	203,000	209,558	(6,558)
Repairs and Maintenance	72,000	42,547	29,453
Other	271,400	234,695	36,705
Capital Outlay		27,618	(27,618)
TOTAL EXPENDITURES	\$ 647,350	\$ 613,372	\$ 33,978
NET CHANGE IN FUND BALANCE	\$ -0-	\$ -0-	\$ -0-
FUND BALANCE - AUGUST 1, 2010	_____	_____	_____
FUND BALANCE - JULY 31, 2011	\$ -0-	\$ -0-	\$ -0-

See accompanying independent auditor's report.

**MAYDE CREEK MUNICIPAL UTILITY DISTRICT
SUPPLEMENTARY INFORMATION REQUIRED BY THE
WATER DISTRICT FINANCIAL MANAGEMENT GUIDE
AUGUST 31, 2011**

**MAYDE CREEK MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED AUGUST 31, 2011**

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

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

2. RETAIL SERVICE PROVIDERS

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

Based on the rate order approved May 23, 2011.

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1,000 Gallons over Minimum Use</u>	<u>Usage Levels</u>
WATER:	\$ 12.50	7,000	N	\$ 1.25	7,001 – 10,000
				\$ 1.50	10,001 – 14,000
				\$ 2.00	14,001 – 18,000
				\$ 2.50	18,001 – 22,000
				\$ 3.00	22,001 and up
WASTEWATER:	\$ 26.43		Y		
SURCHARGE:					
Regional Water Authority Fees			N	\$ 1.63	1,000 and up
Commission Regulatory Assessment			N	0.5% of water and wastewater charges	
District employs winter averaging for wastewater usage?					<u> </u> <u> X </u>
				Yes	No

Total monthly charges per 10,000 gallons usage: Water: \$16.25 Wastewater: \$26.43 Surcharge: \$16.51 Total: \$59.19

See accompanying independent auditor's report.

**MAYDE CREEK MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED AUGUST 31, 2011**

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered			x 1.0	
≤¾"	1,663	1,626	x 1.0	1,626
1"	55	55	x 2.5	138
1½"			x 5.0	
2"	17	17	x 8.0	136
3"			x 15.0	
4"	2	2	x 25.0	50
6"			x 50.0	
8"	1	1	x 80.0	80
10"			x 115.0	
Total Water Connections	<u>1,738</u>	<u>1,701</u>		<u>2,030</u>
Total Wastewater Connections	<u>1,724</u>	<u>1,687</u>	x 1.0	<u>1,687</u>

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

Gallons pumped into system:	239,259,000	Water Accountability Ratio = 92.1% (Gallons billed and sold/Gallons pumped and purchased)
Gallons billed to customers:	214,084,000	
Gallons sold to other districts:	6,350,000	To: Harris County Municipal Utility District No. 238

See accompanying independent auditor's report.

**MAYDE CREEK MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED AUGUST 31, 2011**

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

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

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

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes X No _____

County or Counties in which District is located:

Harris County, Texas

Is the District located within a city?

Entirely _____ Partly _____ Not at all X

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

Entirely X Partly _____ Not at all _____

ETJ's in which District is located:

City of Houston, Texas.

Are Board Members appointed by an office outside the District?

Yes _____ No X

See accompanying independent auditor's report.

**MAYDE CREEK MUNICIPAL UTILITY DISTRICT
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED AUGUST 31, 2011**

PERSONNEL EXPENDITURES (Including Benefits)	\$ <u>-0-</u>
PROFESSIONAL FEES:	
Auditing	\$ 16,000
Engineering	36,148
Legal	<u>112,604</u>
TOTAL PROFESSIONAL FEES	\$ <u>164,752</u>
PURCHASED SERVICES FOR RESALE:	
Purchased Wastewater Service	\$ <u>172,461</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 16,700
Operations and Billing	<u>49,832</u>
TOTAL CONTRACTED SERVICES	\$ <u>66,532</u>
UTILITIES:	
Electricity	\$ 87,999
Telephone	<u>587</u>
TOTAL UTILITIES	\$ <u>88,586</u>
REPAIRS AND MAINTENANCE	\$ <u>191,172</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 30,450
Insurance	17,336
Legal Notices	440
Office Supplies and Postage	35,163
Payroll Taxes	6,649
Other	<u>36,657</u>
TOTAL ADMINISTRATIVE EXPENDITURES	\$ <u>126,695</u>
CAPITAL OUTLAY:	
Capitalized Assets	\$ 66,739
Expenditures Not Capitalized	<u> </u>
TOTAL CAPITAL OUTLAY	\$ <u>66,739</u>

See accompanying independent auditor's report.

**MAYDE CREEK MUNICIPAL UTILITY DISTRICT
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED AUGUST 31, 2011**

TAP CONNECTIONS	\$ <u>5,250</u>
SOLID WASTE DISPOSAL	\$ <u>341,919</u>
SECURITY	\$ <u>63,407</u>
FIRE FIGHTING	\$ <u>-0-</u>
PARKS AND RECREATION	\$ <u>5,000</u>
COMMUNITY CENTER:	
Property Management	\$ 54,000
Building Maintenance and Repairs	23,733
Building Landscaping	46,934
Furniture and Equipment	5,152
Equipment Lease	1,198
Office Supplies	5,659
Telephone	6,244
Utilities	14,560
Solid Waste Disposal	94
Other	<u>1,238</u>
TOTAL COMMUNITY CENTER	\$ <u>158,812</u>
OTHER EXPENDITURES:	
Chemicals	\$ 7,188
Laboratory Fees	3,659
Permit Fees	3,610
Reconnection Fees	20,687
Inspection Fees	60
Regional Water Authority Assessments	349,617
Commission Regulatory Assessments	<u>4,582</u>
TOTAL OTHER EXPENDITURES	\$ <u>389,403</u>
TOTAL EXPENDITURES	\$ <u>1,840,728</u>

Number of persons employed by the District 1 Full-Time -0- Part-Time

See accompanying independent auditor's report.

**MAYDE CREEK MUNICIPAL UTILITY DISTRICT
INVESTMENTS
AUGUST 31, 2011**

<u>Fund</u>	<u>Identification or Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Accrued Interest Receivable at End of Year</u>
<u>GENERAL FUND</u>					
TexPool	25634-00003	0.0851%	Daily	\$ 2,228,816	\$
TexPool	25634-00004	0.0851%	Daily	<u>975,192</u>	<u> </u>
TOTAL GENERAL FUND				<u>\$ 3,204,008</u>	<u>\$ -0-</u>
<u>SPECIAL REVENUE FUND</u>					
TexPool	25634-00017	0.0851%	Daily	<u>\$ 2,253</u>	<u>\$ -0-</u>
<u>DEBT SERVICE FUND</u>					
TexPool	25634-00001	0.0851%	Daily	<u>\$ 1,155,603</u>	<u>\$ -0-</u>
<u>CAPITAL PROJECTS FUND</u>					
TexPool	25634-00019	0.0851%	Daily	\$ 1,502,221	
TexPool	25634-00020	0.0851%	Daily	842,038	
TexPool	25634-00012	0.0851%	Daily	<u>327,600</u>	<u> </u>
TOTAL CAPITAL PROJECTS FUND				<u>\$ 2,671,859</u>	<u>\$ -0-</u>
TOTAL				<u>\$ 7,033,723</u>	<u>\$ -0-</u>

See accompanying independent auditor's report.

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2011

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
SEPTEMBER 1, 2010	\$	4,557	\$	20,170
Adjustments to Beginning				
Balance		<u>8</u>	\$	<u>(110)</u>
		\$ 4,565		\$ 20,060
Original 2010 Tax Levy	\$	273,427	\$	1,159,266
Adjustment to 2010 Tax Levy		<u>26,682</u>	<u>300,109</u>	<u>113,126</u>
				<u>1,272,392</u>
TOTAL TO BE				
ACCOUNTED FOR		\$ 304,674		\$ 1,292,452
 TAX COLLECTIONS:				
Prior Years	\$	2,345	\$	8,557
Current Year		<u>295,081</u>	<u>297,426</u>	<u>1,251,076</u>
				<u>1,259,633</u>
 TAXES RECEIVABLE -				
AUGUST 31, 2011		<u>\$ 7,248</u>		<u>\$ 32,819</u>
 TAXES RECEIVABLE BY				
YEAR:				
2010		\$ 5,028		\$ 21,316
2009		561		2,526
2008		557		1,196
2007		296		599
2006		177		358
2005		156		364
2004		117		397
2003		136		563
2002		67		440
2001		59		1,902
2000		10		368
1999 and Prior		<u>84</u>		<u>2,790</u>
TOTAL		<u>\$ 7,248</u>		<u>\$ 32,819</u>

See accompanying independent auditor's report.

**MAYDE CREEK MUNICIPAL UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2011**

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
PROPERTY VALUATIONS:				
Land	\$ 43,612,516	\$ 43,816,567	\$ 43,747,576	\$ 43,527,483
Improvements	148,995,903	159,547,436	180,868,256	169,031,239
Personal Property	3,514,173	3,270,564	3,346,142	4,152,532
Exemptions	<u>(20,620,212)</u>	<u>(21,195,687)</u>	<u>(20,905,052)</u>	<u>(9,189,276)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 175,502,380</u>	<u>\$ 185,438,880</u>	<u>\$ 207,056,922</u>	<u>\$ 207,521,978</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.725	\$ 0.685	\$ 0.515	\$ 0.505
Maintenance**	<u>0.171</u>	<u>0.152</u>	<u>0.240</u>	<u>0.250</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.896</u>	<u>\$ 0.837</u>	<u>\$ 0.755</u>	<u>\$ 0.755</u>
ADJUSTED TAX LEVY*	<u>\$ 1,572,501</u>	<u>\$ 1,552,124</u>	<u>\$ 1,563,281</u>	<u>\$ 1,566,791</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED				
	<u>98.32 %</u>	<u>99.80 %</u>	<u>99.88 %</u>	<u>99.93 %</u>

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

** Maintenance Tax – Maximum tax rate of \$0.50 per \$100 of assessed valuation approved by voters on May 10, 2008.

See accompanying independent auditor's report.

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2011

SERIES - 2002

Due During Fiscal Years Ending August 31	Principal Due August 1	Interest Due February 1/ August 1	Total
2012	\$ 80,000	\$ 98,255	\$ 178,255
2013	80,000	94,655	174,655
2014	80,000	91,055	171,055
2015	80,000	87,455	167,455
2016	85,000	83,855	168,855
2017	85,000	80,030	165,030
2018	85,000	76,205	161,205
2019	95,000	72,295	167,295
2020	100,000	67,925	167,925
2021	650,000	63,325	713,325
2022	690,000	32,775	722,775
2023			
2024			
2025			
2026			
2027			
	<u>\$ 2,110,000</u>	<u>\$ 847,830</u>	<u>\$ 2,957,830</u>

See accompanying independent auditor's report.

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2011

S E R I E S - 2 0 0 3

Due During Fiscal Years Ending August 31	Principal Due August 1	Interest Due February 1/ August 1	Total
2012	\$ 70,000	\$ 83,916	\$ 153,916
2013	75,000	80,766	155,766
2014	80,000	78,048	158,048
2015	80,000	75,048	155,048
2016	85,000	71,848	156,848
2017	90,000	68,320	158,320
2018	95,000	64,495	159,495
2019	95,000	60,363	155,363
2020	100,000	56,206	156,206
2021	105,000	51,206	156,206
2022	105,000	45,956	150,956
2023	835,000	40,706	875,706
2024			
2025			
2026			
2027			
	<u>\$ 1,815,000</u>	<u>\$ 776,878</u>	<u>\$ 2,591,878</u>

See accompanying independent auditor's report.

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2011

S E R I E S - 2 0 0 4 - A

<u>Due During Fiscal Years Ending August 31</u>	<u>Principal Due August 1</u>	<u>Interest Due February 1/ August 1</u>	<u>Total</u>
2012	\$ 120,000	\$ 123,049	\$ 243,049
2013	130,000	117,349	247,349
2014	130,000	111,174	241,174
2015	140,000	104,999	244,999
2016	140,000	98,348	238,348
2017	150,000	92,748	242,748
2018	155,000	87,124	242,124
2019	165,000	80,923	245,923
2020	175,000	74,324	249,324
2021	185,000	67,324	252,324
2022	195,000	59,693	254,693
2023	200,000	51,600	251,600
2024	1,090,000	43,600	1,133,600
2025			
2026			
2027			
	<u>\$ 2,975,000</u>	<u>\$ 1,112,255</u>	<u>\$ 4,087,255</u>

See accompanying independent auditor's report.

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2011

S E R I E S - 2 0 0 5

<u>Due During Fiscal Years Ending August 31</u>	<u>Principal Due August 1</u>	<u>Interest Due February 1/ August 1</u>	<u>Total</u>
2012	\$ 325,000	\$ 134,053	\$ 459,053
2013	335,000	122,677	457,677
2014	355,000	110,618	465,618
2015	375,000	97,482	472,482
2016	390,000	83,420	473,420
2017	405,000	68,795	473,795
2018	425,000	53,000	478,000
2019	440,000	36,000	476,000
2020	460,000	18,400	478,400
2021			
2022			
2023			
2024			
2025			
2026			
2027			
	<u>\$ 3,510,000</u>	<u>\$ 724,445</u>	<u>\$ 4,234,445</u>

See accompanying independent auditor's report.

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2011

S E R I E S - 2 0 0 8			
Due During Fiscal Years Ending August 31	Principal Due August 1	Interest Due February 1/ August 1	Total
2012	\$	\$ 118,205	\$ 118,205
2013		118,205	118,205
2014		118,205	118,205
2015		118,205	118,205
2016		118,205	118,205
2017		118,205	118,205
2018		118,205	118,205
2019		118,205	118,205
2020		118,205	118,205
2021		118,205	118,205
2022		118,205	118,205
2023		118,205	118,205
2024		118,205	118,205
2025	1,010,000	118,205	1,128,205
2026	1,060,000	59,626	1,119,626
2027			
	\$ 2,070,000	\$ 1,714,496	\$ 3,784,496

See accompanying independent auditor's report.

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2011

SERIES - 2009

Due During Fiscal Years Ending August 31	Principal Due August 1	Interest Due February 1/ August 1	Total
2012	\$	\$ 87,694	\$ 87,694
2013		87,694	87,694
2014	20,000	87,694	107,694
2015	65,000	87,093	152,093
2016	70,000	84,981	154,981
2017	70,000	82,531	152,531
2018	75,000	79,905	154,905
2019	75,000	76,981	151,981
2020	70,000	73,981	143,981
2021		71,182	71,182
2022		71,182	71,182
2023		71,182	71,182
2024		71,182	71,182
2025	115,000	71,182	186,182
2026	130,000	65,861	195,861
2027	1,260,000	59,850	1,319,850
	<u>\$ 1,950,000</u>	<u>\$ 1,230,175</u>	<u>\$ 3,180,175</u>

See accompanying independent auditor's report.

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2011

ANNUAL REQUIREMENTS
FOR ALL SERIES

Due During Fiscal Years Ending August 31	Total Principal Due	Total Interest Due	Total Principal Interest Due
2012	\$ 595,000	\$ 645,172	\$ 1,240,172
2013	620,000	621,346	1,241,346
2014	665,000	596,794	1,261,794
2015	740,000	570,282	1,310,282
2016	770,000	540,657	1,310,657
2017	800,000	510,629	1,310,629
2018	835,000	478,934	1,313,934
2019	870,000	444,767	1,314,767
2020	905,000	409,041	1,314,041
2021	940,000	371,242	1,311,242
2022	990,000	327,811	1,317,811
2023	1,035,000	281,693	1,316,693
2024	1,090,000	232,987	1,322,987
2025	1,125,000	189,387	1,314,387
2026	1,190,000	125,487	1,315,487
2027	1,260,000	59,850	1,319,850
	<u>\$ 14,430,000</u>	<u>\$ 6,406,079</u>	<u>\$ 20,836,079</u>

See accompanying independent auditor's report.

**MAYDE CREEK MUNICIPAL UTILITY DISTRICT
CHANGE IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED AUGUST 31, 2010**

Description	Original Bonds Issued	Bonds Outstanding September 1, 2009
Mayde Creek Municipal Utility District Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds – Series 2002	\$ 2,190,000	\$ 2,190,000
Mayde Creek Municipal Utility District Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds – Series 2003	1,930,000	1,895,000
Mayde Creek Municipal Utility District Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds – Series 2004-A	3,500,000	3,195,000
Mayde Creek Municipal Utility District Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds – Series 2005	5,250,000	4,250,000
Mayde Creek Municipal Utility District Unlimited Tax Park Bonds – Series 2008	2,070,000	2,070,000
Mayde Creek Municipal Utility District Unlimited Tax Bonds – Series 2009	<u>1,950,000</u>	<u> </u>
TOTAL	<u>\$ 16,890,000</u> (1)	<u>\$ 13,600,000</u>
Bond Authority:	<u>Tax Bonds</u>	<u>Refunding Bonds</u>
Amount Authorized by Voters	\$ 29,340,000	\$ -0-
Amount Issued (1)	<u>21,155,000</u>	<u>-0-</u>
Remaining to be Issued	<u>\$ 8,185,000</u>	<u>\$ -0-</u>
Debt Service Fund cash and investment balances as of August 31, 2010:		<u>\$ 1,234,163</u>
Average annual debt service payment (principal and interest) for remaining term of all bond debt:		<u>\$ 1,298,437</u>

See accompanying independent auditor's report.

Current Year Transactions				
Bonds Sold	Retirements		Bonds Outstanding August 31, 2011	
	Principal	Interest		
\$	\$ 80,000	\$ 101,855	\$ 2,110,000	Wells Fargo Bank National Association Houston, TX
	65,000	86,191	1,815,000	Wells Fargo Bank National Association Houston, TX
	115,000	128,511	2,975,000	Wells Fargo Bank National Association Houston, TX
	310,000	144,902	3,510,000	Wells Fargo Bank National Association Houston, TX
		118,205	2,070,000	Wells Fargo Bank National Association Houston, TX
		87,694	1,950,000	Wells Fargo Bank National Association Houston, TX
<u>\$ - 0 -</u>	<u>\$ 570,000</u>	<u>\$ 667,358</u>	<u>\$ 14,430,000</u>	

- (1) The District has fully retired the Series 1979 Bonds in the amount of \$2,390,000, Series 1983 Bonds in the amount of \$1,875,000, Series 1995 Refunding Bonds in the amount of \$2,910,000, Series 1997 Bonds in the amount of \$1,240,000, Series 1999 Bonds in the amount of \$2,225,000, Series 2001 Bonds in the amount of \$1,785,000, and Series 2004 Refunding Bonds in the amount of \$935,000. The District issued \$2,910,000 of Series 1995 Refunding Bonds to advance refund \$3,055,000 of bonds, issued \$935,000 of Series 2004 Refunding Bonds to call \$935,000 of bonds and issued \$5,250,000 of Series 2005 Refunding Bonds to advance refund \$5,250,000 of bonds.

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

See accompanying independent auditor's report.

**MAYDE CREEK MUNICIPAL UTILITY DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND – FIVE YEARS**

	Amount		
	2011	2010	2009
REVENUES			
Property Taxes	\$ 297,426	\$ 290,106	\$ 497,408
Payment in Lieu of Taxes		3,196	7,990
Water Service	392,763	331,020	396,500
Wastewater Service	534,059	535,882	530,959
Administrative Fees from Regional Sewage Treatment Plant	55,464	64,088	60,732
Regional Water Authority Fees	310,125	187,417	179,799
Regional Water Authority Credits	116,628	92,493	58,704
Community Center Fees	37,735	23,155	19,040
Penalty and Interest	49,855	47,326	48,625
Tap Connection and Inspection Fees	9,775	720	230
Investment Revenues	4,677	6,520	29,171
Miscellaneous Revenues	19,543	19,781	18,114
TOTAL REVENUES	<u>\$ 1,828,050</u>	<u>\$ 1,601,704</u>	<u>\$ 1,847,272</u>
EXPENDITURES			
Professional Fees	\$ 164,752	\$ 161,755	\$ 146,240
Contracted Services	471,858	65,867	438,314
Purchased Water Service			2,715
Purchased Wastewater Service	172,461	192,663	197,041
Utilities	88,586	66,894	97,186
Regional Water Authority Assessments	349,617	200,828	194,620
Repairs and Maintenance	191,172	137,338	251,309
Community Center	158,812	161,685	197,793
Other	176,731	552,079	167,524
Capital Outlay	66,739	25,625	87,857
TOTAL EXPENDITURES	<u>\$ 1,840,728</u>	<u>\$ 1,564,734</u>	<u>\$ 1,780,599</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (12,678)</u>	<u>\$ 36,970</u>	<u>\$ 66,673</u>
OTHER FINANCING SOURCES (USES)			
Transfers In(Out)	<u>\$ - 0 -</u>	<u>\$ 298,821</u>	<u>\$ 546,606</u>
NET CHANGE IN FUND BALANCE	<u>\$ (12,678)</u>	<u>\$ 335,791</u>	<u>\$ 613,279</u>
BEGINNING FUND BALANCE	<u>3,338,090</u>	<u>3,002,299</u>	<u>2,389,020</u>
ENDING FUND BALANCE	<u>\$ 3,325,412</u>	<u>\$ 3,338,090</u>	<u>\$ 3,002,299</u>

See accompanying independent auditor's report.

		Percentage of Total Revenue				
2008	2007	2011	2010	2009	2008	2007
\$ 522,314	\$ 493,733	16.2 %	18.1 %	26.9 %	28.6 %	26.6 %
	7,780		0.2	0.4		0.4
346,886	355,222	21.5	20.7	21.6	19.0	19.2
530,189	493,106	29.2	33.5	28.7	29.0	26.5
52,092	43,721	3.0	4.0	3.3	2.9	2.4
145,087	108,619	17.0	11.7	9.7	7.9	5.9
58,704	58,704	6.4	5.8	3.2	3.2	3.2
27,915	23,668	2.1	1.4	1.0	1.5	1.3
49,506	43,274	2.7	3.0	2.6	2.7	2.3
305	129,205	0.5			0.1	7.0
70,697	71,290	0.3	0.4	1.6	3.9	3.8
21,801	26,493	1.1	1.2	1.0	1.2	1.4
<u>\$ 1,825,496</u>	<u>\$ 1,854,815</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 137,398	\$ 89,099	9.0 %	10.1 %	7.9 %	7.5 %	4.8 %
412,401	320,168	25.8	4.1	23.7	22.6	17.3
				0.1		
165,336	135,570	9.4	12.0	10.7	9.1	7.3
76,072	79,018	4.8	4.2	5.3	4.2	4.3
159,373	127,079	19.1	12.5	10.5	8.7	6.9
138,750	131,407	10.5	8.6	13.6	7.6	7.1
92,139	66,018	8.7	10.1	10.7	5.0	3.6
166,485	253,347	9.7	34.5	9.1	9.1	13.6
197,808	46,490	3.7	1.6	4.8	10.8	2.5
<u>\$ 1,545,762</u>	<u>\$ 1,248,196</u>	<u>100.7 %</u>	<u>97.7 %</u>	<u>96.4 %</u>	<u>84.6 %</u>	<u>67.4 %</u>
<u>\$ 279,734</u>	<u>\$ 606,619</u>	<u>(0.7) %</u>	<u>2.3 %</u>	<u>3.6 %</u>	<u>15.4 %</u>	<u>32.6 %</u>
<u>\$ - 0 -</u>	<u>\$ - 0 -</u>					
\$ 279,734	\$ 606,619					
2,109,286	1,502,667					
<u>\$ 2,389,020</u>	<u>\$ 2,109,286</u>					

See accompanying independent auditor's report.

**MAYDE CREEK MUNICIPAL UTILITY DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND – FIVE YEARS**

	Amount		
	2011	2010	2009
REVENUES			
Property Taxes	\$ 1,259,633	\$ 1,282,441	\$ 1,067,358
Penalty and Interest	17,580	41,683	27,331
Interest on Investments	2,165	3,464	13,694
Miscellaneous Revenues	776		1,085
TOTAL REVENUES	\$ 1,280,154	\$ 1,327,588	\$ 1,109,468
EXPENDITURES			
Tax Collection Expenditures	\$ 44,588	\$ 54,534	\$ 47,854
Debt Service Principal	570,000	550,000	530,000
Debt Service Interest and Fees	670,158	656,555	573,627
TOTAL EXPENDITURES	\$ 1,284,746	\$ 1,261,089	\$ 1,151,481
NET CHANGE IN FUND BALANCE	\$ (4,592)	\$ 66,499	\$ (42,013)
BEGINNING FUND BALANCE	1,229,251	1,162,752	1,204,765
ENDING FUND BALANCE	\$ 1,224,659	\$ 1,229,251	\$ 1,162,752
TOTAL ACTIVE RETAIL WATER CONNECTIONS	1,701	1,722	1,722
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	1,687	1,707	1,707

See accompanying independent auditor's report.

		Percentage of Total Revenue				
2008	2007	2011	2010	2009	2008	2007
\$ 1,057,115	\$ 1,002,100	98.4 %	96.6 %	96.2 %	90.7 %	88.7 %
45,956	53,820	1.4	3.1	2.5	3.9	4.8
47,530	73,901	0.2	0.3	1.2	4.1	6.5
15,472	180			0.1	1.3	
<u>\$ 1,166,073</u>	<u>\$ 1,130,001</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 55,719	\$ 62,980	3.5 %	4.1 %	4.3 %	4.8 %	5.6 %
500,000	485,000	44.5	41.4	47.8	42.9	42.9
519,548	533,798	52.3	49.5	51.7	44.6	47.3
<u>\$ 1,075,267</u>	<u>\$ 1,081,778</u>	<u>100.3 %</u>	<u>95.0 %</u>	<u>103.8 %</u>	<u>92.3 %</u>	<u>95.8 %</u>
\$ 90,806	\$ 48,223	(0.3) %	5.0 %	(3.8) %	7.7 %	4.2 %
<u>1,113,959</u>	<u>1,065,736</u>					
<u>\$ 1,204,765</u>	<u>\$ 1,113,959</u>					
<u>1,715</u>	<u>1,710</u>					
<u>1,700</u>	<u>1,692</u>					

See accompanying independent auditor's report.

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**MAYDE CREEK MUNICIPAL UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
AUGUST 31, 2011**

District Mailing Address - Mayde Creek Municipal Utility District
c/o Allen Boone Humphries Robinson LLP
3200 Southwest Freeway, Suite 2600
Houston, TX 77027

District Telephone Number - (713) 860-6460

Board Members:	Term of Office (Elected or Appointed)	Fees of Office for the year ended <u>August 31, 2011</u>	Expense Reimbursements for the year ended <u>August 31, 2011</u>	<u>Title</u>
Kathy Welker-Tam	05/08 05/12 (Elected)	\$ 5,700	\$ 1,175	President/ Investment Officer
Willie Jo Reynolds	05/10 05/14 (Elected)	\$ 5,850	\$ 1,023	Vice President
Pedro A. Rosas	05/08 05/12 (Elected)	\$ 6,000	\$ 1,435	Secretary
Juan G. Montano	05/10 05/14 (Elected)	\$ 5,700	\$ 1,913	Treasurer
Marco Polo Flores	05/08 05/12 (Elected)	\$ 7,200	\$ 2,194	Director

Note: No Director has any business or family relationships (as defined by the Texas Water Code) with major landowners in the District, with the District's developer or with any of the District's consultants.

Submission date of most recent District Registration Form (TWC Sections 36.054 and 49.054): April 18, 2011.

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200 as set by Board Resolution (TWC Section 49.060) on July 28, 2003. Fees of Office are the amounts actually paid to a Director during the District's current fiscal year.

See accompanying independent auditor's report.

**MAYDE CREEK MUNICIPAL UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
AUGUST 31, 2011**

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended August 31, 2011 District</u>	<u>Fees for the year ended August 31, 2011 Plant</u>	<u>Title</u>
Michael A. Cole, P.C. 5120 Bayard Lane Houston, TX 77006	01/23/92 03/26/01	\$ 41,620 \$ 2,291	\$ -0- \$ -0-	Prior Attorney/ Delinquent Tax Attorney
Allen Boone Humphries Robinson LLP 3200 Southwest Freeway, Suite 2600 Houston, TX 77027	03/25/11	\$ 70,384	\$ -0-	Attorney
McCall Gibson Swedlund Barfoot PLLC 13100 Wortham Center Drive, Suite 235 Houston, TX 77065-5610	07/29/96	\$ 16,000	\$ 4,000	Auditor
Claudia Redden & Associates, Inc. P. O Box 11890 Spring, TX 77391-1890	08/25/88	\$ 23,232	\$ 11,059	Bookkeeper
Harris County Appraisal District 13013 Northwest Freeway Houston, TX 77040-6305	Legislative Action	\$ 13,034	\$ -0-	Central Appraisal District
Perdue Brandon Fielder Collins & Mott 1235 N. Loop West, Suite 600 Houston, TX 77008	04/18/11	\$ 1,915	\$ -0-	Delinquent Tax Attorney
Pate Engineers, Inc. 13333 Northwest Frwy., Suite 300 Houston, TX 77040	04/21/93	\$ 150,986	\$ 7,793	Engineer
Blitch Associates, Inc. 11111 Katy Freeway, Suite 820 Houston, TX 77079	11/23/09 to 03/28/11	\$ -0-	\$ -0-	Prior Financial Advisor
Claudia Redden P. O Box 11890 Spring, TX 77391-1890	08/09/10	\$ -0-	\$ -0-	Investment Officer

See accompanying independent auditor's report.

**MAYDE CREEK MUNICIPAL UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
AUGUST 31, 2011**

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended August 31, 2011 District</u>	<u>Fees for the year ended August 31, 2011 Plant</u>	<u>Title</u>
Rathman & Associates, L.P. 8584 Katy Freeway, Suite 250 Houston, TX 77024	04/11/11	\$ -0-	\$ -0-	Financial Advisor
Environmental Development Partners P. O. Box 690928 Houston, TX 77269-2170	11/01/01	\$ 223,011	\$ 38,127	Operator
West Harris County Regional Water Authority 3200 Southwest Freeway Suite 2600 Houston, TX 77027	Legislative Action	\$ 349,617	\$ -0-	Regional Water Authority
Bob Leared, RTA Bob Leared Interests 11111 Katy Freeway, Suite 725 Houston, TX 77079-2197	01/22/85	\$ 26,943	\$ -0-	Tax Assessor/ Collector

See accompanying independent auditor's report.