

MAYDE CREEK MUNICIPAL UTILITY DISTRICT

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

AUGUST 31, 2019

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

MAYDE CREEK MUNICIPAL UTILITY DISTRICT

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

AUGUST 31, 2019

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-7
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET	8-11
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	12
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES	13-14
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES	15
NOTES TO THE FINANCIAL STATEMENTS	16-33
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL-GENERAL FUND	35
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL-SPECIAL REVENUE FUND	36
SUPPLEMENTARY INFORMATION REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE	
NOTES REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE (Included in the notes to the financial statements)	
SERVICES AND RATES	38-40
GENERAL FUND EXPENDITURES	41-42
INVESTMENTS	43
TAXES LEVIED AND RECEIVABLE	44-45
LONG-TERM DEBT SERVICE REQUIREMENTS	46-50
CHANGE IN LONG-TERM BOND DEBT	51-52
COMPARATIVE SCHEDULES OF REVENUES AND EXPENDITURES GENERAL FUND AND DEBT SERVICE FUND - FIVE YEARS	53-56
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS	57-58

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INDEPENDENT AUDITOR'S REPORT

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

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, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of August 31, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information, excluding that portion marked "Unaudited" on which we express no opinion or provide any assurance, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

December 20, 2019

**MAYDE CREEK MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2019**

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, 2019. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The Statement of Net Position includes all of the District's assets, liabilities and, if applicable, deferred inflows and outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

The Statement of Activities reports how the District's net position changed during the current fiscal year. All current 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, 2019**

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. The Capital Projects Fund was closed during the fiscal year.

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

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

NOTES TO THE FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities by \$9,296,782 as of August 31, 2019.

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

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

**MAYDE CREEK MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2019**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2019	2018	Change Positive (Negative)
Current and Other Assets	\$ 9,741,955	\$ 8,719,090	\$ 1,022,865
Capital Assets (Net of Accumulated Depreciation)	10,336,463	10,818,255	(481,792)
Total Assets	\$ 20,078,418	\$ 19,537,345	\$ 541,073
Deferred Outflow of Resources	\$ 249,179	\$ 288,966	\$ (39,787)
Long-Term Liabilities	\$ 9,485,557	\$ 10,446,589	\$ 961,032
Other Liabilities	1,545,258	1,432,811	(112,447)
Total Liabilities	\$ 11,030,815	\$ 11,879,400	\$ 848,585
Net Investment in Capital Assets	\$ 184,590	\$ (43,952)	\$ 228,542
Restricted	1,204,570	1,188,719	15,851
Unrestricted	7,907,622	6,802,144	1,105,478
Total Net Position	\$ 9,296,782	\$ 7,946,911	\$ 1,349,871

The following table provides a summary of the District's operations for the years ending August 31, 2019, and August 31, 2018.

	Summary of Changes in the Statement of Activities		
	2019	2018	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 2,427,511	\$ 2,451,362	\$ (23,851)
Payments in Lieu of Taxes	60,086	43,649	16,437
Charges for Services	2,295,836	2,173,912	121,924
Other Revenues	320,733	203,710	117,023
Total Revenues	\$ 5,104,166	\$ 4,872,633	\$ 231,533
Expenses for Services	3,754,295	3,803,179	48,884
Change in Net Assets	\$ 1,349,871	\$ 1,069,454	\$ 280,417
Net Position, Beginning of Year	7,946,911	6,877,457	1,069,454
Net Position, End of Year	\$ 9,296,782	\$ 7,946,911	\$ 1,349,871

**MAYDE CREEK MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2019**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of August 31, 2019, were \$7,863,589, an increase of \$981,661 from the prior year.

The General Fund fund balance increased by \$1,167,414, primarily due to property tax revenue, charges for services and receiving a contribution from the Authority exceeding operating expenditures.

The Debt Service Fund fund balance increased by \$11,809, primarily due to the structure of the District's outstanding debt.

The Capital Projects Fund was closed with a transfer to the General Fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors did not amend the budget during the fiscal year. Actual revenues were \$203,758 more than budgeted revenues. Actual expenditures were \$134,576 less than budgeted expenditures.

CAPITAL ASSETS

Capital assets as of August 31, 2019, total \$10,336,463 (net of accumulated depreciation) and include land and improvements, buildings and equipment as well as the water, wastewater, drainage and recreational systems. Completed projects include construction and engineering for the water plant suction pipe replacement. Construction in progress includes engineering for the wastewater treatment plant lift station conversion and wastewater treatment plant rehabilitation.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2019	2018	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 735,900	\$ 735,900	\$
Construction in Progress	101,421	10,720	90,701
Capital Assets, Net of Accumulated Depreciation:			
Recreational Facilities	901,352	1,087,446	(186,094)
Water System	2,930,371	3,099,584	(169,213)
Wastewater System	2,703,928	2,824,006	(120,078)
Drainage System	2,189,690	2,254,570	(64,880)
Meeting Facility	773,801	806,029	(32,228)
Total Net Capital Assets	<u>\$ 10,336,463</u>	<u>\$ 10,818,255</u>	<u>\$ (481,792)</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, 2019**

LONG-TERM DEBT ACTIVITY

At the end of the current fiscal year, the District had total long-term debt payable of \$10,141,906.

The changes in the debt position of the District during the fiscal year ended August 31, 2019, are summarized as follows:

Bond Debt Payable, September 1, 2018	\$ 11,032,916
Less: Bond Principal Paid	<u>891,010</u>
Bond Debt Payable, August 31, 2019	<u>\$ 10,141,906</u>

The Series 2012 bonds carry an underlying rating of "A" from Standard and Poor's Ratings Services and an insured rating of "AA" by virtue of bond insurance issued by Assured Guaranty Municipal Corp. The Series 2016A and Series 2016B bonds carry an underlying rating of "A3" from Moody's Investors Services and an insured rating of "AA" by virtue of bond insurance issued by Build America Mutual Assurance Company. The Series 2018 bonds carry an underlying rating of "A3" from Moody's Investors Services and an insured rating of "AA" by virtue of bond insurance issued by Mutual Assurance Company.

CONTACTING THE DISTRICT'S 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 POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
AUGUST 31, 2019

	<u>General Fund</u>	<u>Special Revenue Fund</u>
ASSETS		
Cash	\$ 276,290	\$ 64,540
Investments	6,518,681	13,196
Receivables:		
Property Taxes	30,425	
Penalty and Interest on Delinquent Taxes		
Service Accounts	185,995	
Accrued Interest		
Other	3,441	
Due from Other Funds	1,431	31,724
Prepaid Regional Water Authority Fees		
Prepaid Costs	35,651	14,713
Due from Other Governments		124,921
Advance for Regional Sewage Treatment Plant Operations	44,250	
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	<u>\$ 7,096,164</u>	<u>\$ 249,094</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Refunding Bonds	<u>\$ -0-</u>	<u>\$ -0-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 7,096,164</u>	<u>\$ 249,094</u>

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

<u>Debt Service Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 145,520	\$ 486,350	\$	\$ 486,350
1,066,450	7,598,327		7,598,327
37,043	67,468		67,468
		11,816	11,816
	185,995		185,995
2,086	2,086		2,086
	3,441		3,441
	33,155	(33,155)	
		1,174,887	1,174,887
	50,364	36,300	86,664
	124,921		124,921
	44,250	(44,250)	
		735,900	735,900
		101,421	101,421
		9,499,142	9,499,142
<u>\$ 1,251,099</u>	<u>\$ 8,596,357</u>	<u>\$ 11,482,061</u>	<u>\$ 20,078,418</u>
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 249,179</u>	<u>\$ 249,179</u>
<u>\$ 1,251,099</u>	<u>\$ 8,596,357</u>	<u>\$ 11,731,240</u>	<u>\$ 20,327,597</u>

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

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
AUGUST 31, 2019

	General Fund	Special Revenue Fund
LIABILITIES		
Accounts Payable	\$ 86,279	\$ 99,094
Accrued Interest Payable		
Due to Other Governments	45,429	
Due to Other Funds	31,724	
Due to Taxpayers		
Due to Voluntary Services	3,284	
Security Deposits	233,013	
Accrued Interest Payable on Capital Appreciation Bonds		
Advances from Participants		150,000
Long-Term Liabilities:		
Due Within One Year		
Due After One Year		
	\$ 399,729	\$ 249,094
TOTAL LIABILITIES		
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	\$ 30,425	\$ -0-
FUND BALANCES		
Nonspendable:		
Prepaid Costs	\$ 35,651	\$
Advance for Regional Sewage Treatment Plant		
Operations	44,250	
Restricted for Authorized Construction		
Restricted for Debt Service		
Unassigned	6,586,109	
TOTAL FUND BALANCES	\$ 6,666,010	\$ -0-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 7,096,164	\$ 249,094
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

Debt Service Fund	Total	Adjustments	Statement of Net Position
\$ 2,602	\$ 187,975	\$	\$ 187,975
		24,691	24,691
	45,429		45,429
1,431	33,155	(33,155)	
12,444	12,444		12,444
	3,284		3,284
	233,013		233,013
		17,177	17,177
	150,000	(44,250)	105,750
		915,495	915,495
		9,485,557	9,485,557
<u>\$ 16,477</u>	<u>\$ 665,300</u>	<u>\$ 10,365,515</u>	<u>\$ 11,030,815</u>
<u>\$ 37,043</u>	<u>\$ 67,468</u>	<u>\$ (67,468)</u>	<u>\$ -0-</u>
\$	\$ 35,651	\$ (35,651)	\$
	44,250	(44,250)	
1,197,579	1,197,579	(1,197,579)	
	6,586,109	(6,586,109)	
<u>\$ 1,197,579</u>	<u>\$ 7,863,589</u>	<u>\$ (7,863,589)</u>	<u>\$ -0-</u>
<u>\$ 1,251,099</u>	<u>\$ 8,596,357</u>		
		\$ 184,590	\$ 184,590
		1,204,570	1,204,570
		<u>7,907,622</u>	<u>7,907,622</u>
		<u>\$ 9,296,782</u>	<u>\$ 9,296,782</u>

The accompanying notes to the 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 POSITION
AUGUST 31, 2019**

Total Fund Balances - Governmental Funds \$ 7,863,589

Amounts reported for governmental activities in the Statement of Net Position 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. 1,174,887

Bond insurance premiums paid at closing are amortized over the term of the refunding bonds. 36,300

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. 10,336,463

The difference between the net carrying amount of the refunded bonds and the reacquisition price is recorded as a deferred outflow of resources in the governmental activities and systematically charged to interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter. 249,179

Deferred inflows of resources related to property tax revenues and deferred penalty and interest revenues on delinquent taxes for the 2018 and prior tax levies became part of recognized revenues in the governmental activities of the District. 79,284

Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year-end consist of:

Accrued Interest Payable	\$ (41,868)	
Bonds Payable Within One Year	(915,495)	
Bonds Payable After One Year	<u>(9,485,557)</u>	<u>(10,442,920)</u>
Total Net Position - Governmental Activities		<u>\$ 9,296,782</u>

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

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MAYDE CREEK MUNICIPAL UTILITY DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED AUGUST 31, 2019

	General Fund	Special Revenue Fund
REVENUES		
Property Taxes	\$ 1,195,504	\$
Payments in Lieu of Taxes	60,086	
Water Service	505,930	
Wastewater Service	587,973	796,637
Administrative Fees from Regional Sewage Treatment Plant	57,850	
Regional Water Authority Fees	473,509	
Regional Water Authority Credits	116,628	
Community Center Fees	32,298	
Penalty and Interest	42,377	
Tap Connection and Inspection Fees	4,380	
Investment Revenues	139,529	550
Miscellaneous Revenues	67,842	18,127
TOTAL REVENUES	\$ 3,283,906	\$ 815,314
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 159,060	\$ 32,533
Contracted Services	573,402	94,610
Purchased Water Service	408,354	790
Purchased Wastewater Service	235,008	
Utilities	42,738	127,550
Regional Water Authority Assessments	20,642	
Repairs and Maintenance	406,681	210,175
Community Center	215,764	
Depreciation		
Other	160,170	248,234
Capital Outlay	3,359	101,422
Debt Service:		
Bond Principal		
Bond Interest		
TOTAL EXPENDITURES/EXPENSES	\$ 2,225,178	\$ 815,314
EXCESS (DEFICIENCY) OF REVENUES OVER		
EXPENDITURES	\$ 1,058,728	\$ -0-
OTHER FINANCING SOURCES (USES)		
Transfers In(Out)	\$ 108,686	\$ -0-
NET CHANGE IN FUND BALANCES	\$ 1,167,414	\$ -0-
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - SEPTEMBER 1, 2018	5,498,596	
FUND BALANCES/NET POSITION - AUGUST 31, 2019	\$ 6,666,010	\$ -0-

The accompanying notes to the 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 Activities</u>
\$ 1,222,610	\$	\$ 2,418,114	\$ 9,397	\$ 2,427,511
		60,086		60,086
		505,930		505,930
		1,384,610	(235,008)	1,149,602
		57,850		57,850
		473,509		473,509
		116,628	(116,628)	
		32,298		32,298
29,265		71,642	625	72,267
		4,380		4,380
36,581	2,059	178,719	56,045	234,764
		85,969		85,969
<u>\$ 1,288,456</u>	<u>\$ 2,059</u>	<u>\$ 5,389,735</u>	<u>\$ (285,569)</u>	<u>\$ 5,104,166</u>
\$ 6,606	\$ 1,384	\$ 199,583	\$	\$ 199,583
47,447		715,459		715,459
		409,144		409,144
		235,008	(235,008)	
		170,288		170,288
		20,642		20,642
		616,856		616,856
		215,764		215,764
			676,081	676,081
5,006	43	413,453		413,453
	89,508	194,289	(194,289)	
891,010		891,010	(891,010)	
326,578		326,578	(9,553)	317,025
<u>\$ 1,276,647</u>	<u>\$ 90,935</u>	<u>\$ 4,408,074</u>	<u>\$ (653,779)</u>	<u>\$ 3,754,295</u>
<u>\$ 11,809</u>	<u>\$ (88,876)</u>	<u>\$ 981,661</u>	<u>\$ (981,661)</u>	<u>\$ -0-</u>
<u>\$ -0-</u>	<u>\$ (108,686)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
\$ 11,809	\$ (197,562)	\$ 981,661	\$ (981,661)	\$
			1,349,871	1,349,871
1,185,770	197,562	6,881,928	1,064,983	7,946,911
<u>\$ 1,197,579</u>	<u>\$ -0-</u>	<u>\$ 7,863,589</u>	<u>\$ 1,433,193</u>	<u>\$ 9,296,782</u>

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

**MAYDE CREEK MUNICIPAL UTILITY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2019**

Net Change in Fund Balances - Governmental Funds	\$	981,661
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report tax revenues when collected. However, in the government-wide financial statements, revenues are recorded in the accounting period for which the taxes are levied.		9,397
Governmental funds report penalty and interest revenue on property taxes when collected. However, in the government-wide financial statements, revenues are recorded when the penalty and interest are assessed.		625
Governmental funds report West Harris County Regional Water Authority credits as revenues. However, in the government-wide financial statements, the principal portion of the credits decreases long-term receivables and the balance is recorded as investment revenue.		(60,583)
Governmental funds do not account for depreciation. However, in the government-wide financial statements, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.		(676,081)
Governmental funds report capital asset costs as expenditures in the period purchased. However, in the government-wide financial statements, capital assets are increased by new purchases that meet the District's threshold for capitalization, and are owned and maintained by the District. All other capital asset purchases are expensed in the Statement of Activities.		194,289
Governmental funds report principal payments on long-term debt as expenditures. However, in the government-wide financial statements, principal payments decrease long-term liabilities and the Statement of Activities is not affected.		891,010
Governmental funds report interest payments on long-term debt as expenditures in the year paid. However, in the government-wide financial statements, interest is accrued on the debt through fiscal year end.		9,553
Change in Net Position - Governmental Activities	\$	<u>1,349,871</u>

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

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2019

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

The District is a political subdivision of the State of Texas governed by an elected board. GASB has established the criteria for determining whether an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District’s financial statement as component units.

The District has entered into a joint operations agreement 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 operations agreement is provided in Note 8.

Financial Statement Presentation

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

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2019

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

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

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

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

Government-Wide Financial Statements

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

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

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

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2019

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

Fund Financial Statements

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

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 restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes.

Capital Projects Fund - To account for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs. The Capital Projects Fund was closed during the fiscal year.

Basis of Accounting

The District uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both “measurable and available.” Measurable means the amount can be determined. Available means collectable within the current period or soon enough thereafter to pay current liabilities. The District considers revenues reported in 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 THE FINANCIAL STATEMENTS
AUGUST 31, 2019

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

Property taxes considered available by the District and included in revenues 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 inflows of resources related to property 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 other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as 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. Engineering fees and certain other costs are capitalized as part of the asset.

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

	Years
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 THE FINANCIAL STATEMENTS
AUGUST 31, 2019

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 as the District does not have employees. 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 Position and Statement of Activities, the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets, liabilities, and deferred inflows and outflows of resources associated with the activities are reported. Fund equity is classified as net position.

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

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

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.

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2019

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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 and does not have any assigned fund balances.

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.

NOTE 3. LONG-TERM DEBT

	Refunding Series 2012	Series 2016A Refunding
Amounts Outstanding – August 31, 2019	\$ 4,275,000	\$ 2,100,000
Interest Rates	3.00%-3.50%	2.00%
Maturity Dates – Serially Beginning/Ending	August 1, 2020/2024	August 1, 2020/2026
Interest Payment Dates	February 1/August 1	February 1/August 1
Callable Dates	August 1, 2019*	August 1, 2023*

* 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 2016A Refunding term bonds maturing on August 1, 2024, and August 1, 2026, are subject to mandatory redemption by random selection beginning August 1, 2021, and August 1, 2025, respectively.

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2019

NOTE 3. LONG-TERM DEBT (Continued)

	Series 2016B Refunding		Series 2018
	Current Interest Bonds	Capital Appreciation Bonds	
Amount Outstanding – August 31, 2019	\$ 2,065,000	\$ 1,906	\$ 1,700,000
Interest Rates	3.00%	1.75%-2.15%	2.65%-3.00%
Maturity Dates – Serially Beginning/Ending	August 1, 2025, 2026	August 1, 2020/2023	August 1, 2028/2030
Interest Payment Dates	February 1/ August 1	February 1/ August 1	February 1/ August 1
Callable Dates	August 1, 2023*	Non- Callable**	August 1, 2025*

* In whole or in part, or any date thereafter at par plus unpaid accrued interest. Series 2016B Refunding term bonds maturing on August 1, 2025, are subject to mandatory redemption by random selection beginning August 1, 2024

** The Series 2016B Capital Appreciation Bonds are non-callable. The par value of these bonds is \$1,906 and the maturity value is \$20,000. Interest on these bonds will be paid at maturity. As of August 30, 2019 the accreted value of these bonds is approximately \$19,083. Accrued interest of \$17,177 has been recorded as liability in the Statement of Net Position.

The following is a summary of transactions regarding the changes in long-term debt for the year ended August 31, 2019:

	September 1, 2018	Additions	Retirements	August 31, 2019
Bonds Payable	\$ 11,032,916	\$	\$ 891,010	\$ 10,141,906
Unamortized Discounts	(28,302)		(4,778)	(23,524)
Unamortized Premiums	332,985		50,315	282,670
Bonds Payable, Net	\$ 11,337,599	\$ -0-	\$ 936,547	\$ 10,401,052
		Amount Due Within One Year		\$ 915,495
		Amount Due After One Year		9,485,557
		Bonds Payable, Net		\$ 10,401,052

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2019

NOTE 3. LONG-TERM DEBT (Continued)

As of August 31, 2019, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2020	\$ 915,495	\$ 300,792	\$ 1,216,287
2021	930,484	278,853	1,209,337
2022	965,470	251,017	1,216,487
2023	1,000,457	217,330	1,217,787
2024	1,050,000	177,937	1,227,937
2025-2029	4,680,000	408,398	5,088,398
2030	600,000	18,000	618,000
	<u>\$ 10,141,906</u>	<u>\$ 1,652,327</u>	<u>\$ 11,794,233</u>

As of August 31, 2019, the District had authorized but unissued bonds in the amount of \$5,555,000 for utility facilities and refundings and \$930,000 for recreational facilities.

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 2012 and Series 2016A 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, 2019, the District levied an ad valorem debt service tax at the rate of \$0.45 per \$100 of assessed valuation, which resulted in a tax levy of \$1,229,005 on the adjusted taxable valuation of \$273,112,278 for the 2018 tax year. The bond 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.

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2019

NOTE 4. SIGNIFICANT BOND 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 District has covenanted that it will take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross proceeds of the bonds, within the meaning of section 148(f) of the Internal Revenue Code, be rebated to the federal government. The minimum requirement for determination of the rebatable amount is on each 5th year anniversary of each issue.
- C. 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 via the Electronic Municipal Market Access (“EMMA”) system, 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.

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 \$730,219 and the bank balance was \$872,402. The District was not exposed to custodial credit risk at year-end.

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2019

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at August 31, 2019, as listed below:

	Cash	Certificates of Deposit	Total
GENERAL FUND	\$ 276,290	\$	\$ 276,290
SPECIAL REVENUE FUND	64,540		64,540
DEBT SERVICE FUND	145,520	243,869	389,389
TOTAL DEPOSITS	<u>\$ 486,350</u>	<u>\$ 243,869</u>	<u>\$ 730,219</u>

Investments

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all District funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the District’s financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth. The District’s investments must be made “with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person’s own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived.” No person may invest District funds without express written authority from the Board of Directors.

Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. The District has adopted a written investment policy to establish the guidelines by which it may invest. This policy is reviewed annually. The District’s investment policy may be more restrictive than the Public Funds Investment Act.

The District invests in TexPool, an external investment pool that is not SEC-registered. The Texas Comptroller of Public Accounts has oversight of the pool. Federated Investors, Inc. manages the daily operations of the pool under a contract with the Comptroller. TexPool measures all of its portfolio assets at amortized cost. As a result, the District also measures its investments in TexPool at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from TexPool.

The District measures its investments in certificates of deposit at acquisition cost.

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2019

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments

As of August 31, 2019, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities in Years			
		Less Than 1	1-5	6-10	More Than 10
<u>GENERAL FUND</u>					
TexPool	\$ 6,518,681	\$ 6,518,681	\$	\$	\$
<u>SPECIAL REVENUE FUND</u>					
TexPool	13,196	13,196			
<u>DEBT SERVICE FUND</u>					
TexPool	822,581	822,581			
Certificates of Deposit	<u>243,869</u>	<u>243,869</u>			
TOTAL INVESTMENTS	<u>\$ 7,598,327</u>	<u>\$ 7,598,327</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, 2019, the District's investments in TexPool were rated "AAAm" by Standard and Poor's. The District also manages credit risk by investing in certificates of deposits covered by FDIC insurance.

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. The District also manages interest rate risk by investing in certificates of deposit with maturities of approximately one year or less.

Restrictions

All cash and investments of the Special Revenue Fund are restricted for the regional sewage treatment plant operations. All cash and investments of the Debt Service Fund are restricted for the payment of debt service and the cost of assessing and collecting taxes.

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2019

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended August 31, 2019:

	September 1, 2018	Increases	Decreases	August 31, 2019
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 735,900	\$	\$	\$ 735,900
Construction in Progress	10,720	194,289	103,588	101,421
Total Capital Assets Not Being Depreciated	\$ 746,620	\$ 194,289	\$ 103,588	\$ 837,321
Capital Assets Subject to Depreciation				
Recreational Facilities	\$ 2,330,712	\$	\$	\$ 2,330,712
Water System	6,121,229	103,588		6,224,817
Wastewater System	4,804,593			4,804,593
Drainage System	2,919,602			2,919,602
Meeting Facility	1,490,011			1,490,011
Total Capital Assets Subject to Depreciation	\$ 17,666,147	\$ 103,588	\$ - 0 -	\$ 17,769,735
Less Accumulated Depreciation				
Recreational Facilities	\$ 1,243,266	\$ 186,094	\$	\$ 1,429,360
Water System	3,021,645	272,801		3,294,446
Wastewater System	1,980,587	120,078		2,100,665
Drainage System	665,032	64,880		729,912
Meeting Facility	683,982	32,228		716,210
Total Accumulated Depreciation	\$ 7,594,512	\$ 676,081	\$ - 0 -	\$ 8,270,593
Total Depreciable Capital Assets, Net of Accumulated Depreciation	\$ 10,071,635	\$ (572,493)	\$ - 0 -	\$ 9,499,142
Total Capital Assets, Net of Accumulated Depreciation	\$ 10,818,255	\$ (378,204)	\$ 103,588	\$ 10,336,463

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

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2019

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, 2019, the District levied an ad valorem maintenance tax at the rate of \$0.44 per \$100 of assessed valuation, which resulted in a tax levy of \$1,201,694 on the adjusted taxable valuation of \$273,112,278 for the 2018 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.

NOTE 8. JOINT OPERATIONS 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 or auditor.

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. Effective March 1, 2019, the fifth amendment to the agreement extend the term to June 10, 2019. Effective June 1, 2019, the sixth amendment to the agreement extend the term to August 10, 2019. Effective August 1, 2019, the seventh amendment to the agreement extend the term to October 10, 2019. The District operates the facilities and holds title for the benefit of the participants.

**MAYDE CREEK MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2019**

NOTE 8. JOINT VENTURE FOR WASTEWATER DISPOSAL (Continued)

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

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

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 \$150,000 is reasonable. Each district has paid their pro-rata share of the reserve based upon capacity owned in the plant.

The District’s pro-rata share of the operating reserve is \$44,250. During the current fiscal year the District recorded \$235,008 for its pro-rata share of the actual operating costs of the plant. A new Joint Operations Agreement is being prepared and plans for adoption will occur in next year’s fiscal year end.

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:

**MAYDE CREEK MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2019**

NOTE 9. WATER SUPPLY AGREEMENTS (Continued)

Clay Road Municipal Utility District (Continued)

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 to provide for a second point of water interconnection and on October 18, 2011, to provide for a third point of water interconnection. The term of the agreement is for a period of 40 years.

Water delivered during an emergency an emergency will be billed at a rate of \$1.00 per thousand gallons. 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.

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2019

NOTE 9. WATER SUPPLY AGREEMENTS (Continued)

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 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.

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 current fee is \$2.95 per 1,000 gallons of water pumped from each well. The District recorded an expenditure of \$20,642 for fees assessed during the current fiscal year.

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2019

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

The District also recorded an expenditure of \$408,354 for water received from the Authority during the current fiscal year. The current rate is \$3.35 per 1,000 gallons of water received.

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 \$33,662 was principal and \$25,042 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>
2020	\$ 35,288	\$ 23,416	\$ 58,704
2021	36,993	21,711	58,704
2022	38,779	19,925	58,704
2023	40,652	18,052	58,704
2024	42,616	16,088	58,704
2025-2029	246,018	47,502	293,520
2030-2031	<u>71,119</u>	<u>2,261</u>	<u>73,380</u>
	<u>\$ 511,465</u>	<u>\$ 148,955</u>	<u>\$ 660,420</u>

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 \$26,921 was principal and \$31,003 was interest.

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2019

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

Fiscal Year	Principal	Interest	Total
2020	28,178	29,746	57,924
2021	29,494	28,430	57,924
2022	30,871	27,053	57,924
2023	32,313	25,611	57,924
2024	38,822	24,102	57,924
2025-2029	194,324	95,293	289,620
2030-2034	222,139	45,481	289,620
2035-2036	70,277	2,158	72,435
	<u>\$ 663,422</u>	<u>\$ 277,873</u>	<u>\$ 941,295</u>

NOTE 11. 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 12. INTERFUND BALANCES AND TRANSFERS

As of August 31, 2019, the District had the following significant interfund liabilities. The Debt Service Fund (Tax Account) owed the General Fund \$1,431 for maintenance tax collections. The General Fund owed the Special Revenue Fund \$8,371 for administrative services. The General Fund owed the Special Revenue Fund \$23,353 for purchased sewer services.

During the current fiscal year, the District recorded transfers from the Capital Projects Fund to the General Fund in the amount of \$108,686 to close the Capital Project Fund.

NOTE 13. USE OF SURPLUS FUNDS

In accordance with Rule 30 T.A.C. 293.83(c)(3) of the Commission, the District approved the use of \$119,000 of surplus Capital Projects Fund monies to fund water and wastewater treatment plant rehabilitation and construction repairs.

MAYDE CREEK MUNICIPAL UTILITY DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

AUGUST 31, 2019

**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, 2019**

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	\$ 1,120,000	\$ 1,195,504	\$ 75,504
Payments in Lieu of Taxes	67,000	60,086	(6,914)
Water Service	450,000	505,930	55,930
Wastewater Service	575,000	587,973	12,973
Administrative Fees from Regional Sewage Treatment Plant	61,020	57,850	(3,170)
Regional Water Authority Fees	460,000	473,509	13,509
Regional Water Authority Credits	116,628	116,628	
Community Center Fees	40,000	32,298	(7,702)
Penalty and Interest	45,000	42,377	(2,623)
Tap Connection and Inspection Fees	4,500	4,380	(120)
Investment Revenues	72,000	139,529	67,529
Miscellaneous Revenues	69,000	67,842	(1,158)
TOTAL REVENUES	\$ 3,080,148	\$ 3,283,906	\$ 203,758
EXPENDITURES			
Services Operations:			
Professional Fees	\$ 238,000	\$ 159,060	\$ 78,940
Contracted Services	570,400	573,402	(3,002)
Purchased Water Service	450,000	408,354	41,646
Purchased Wastewater Service	198,854	235,008	(36,154)
Utilities	71,000	42,738	28,262
Regional Water Authority Assessments	70,000	20,642	49,358
Repairs and Maintenance	350,000	406,681	(56,681)
Community Center	221,000	215,764	5,236
Other	190,500	160,170	30,330
Capital Outlay		3,359	(3,359)
TOTAL EXPENDITURES	\$ 2,359,754	\$ 2,225,178	\$ 134,576
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 720,394	\$ 1,058,728	\$ 338,334
OTHER FINANCING SOURCES(USES)			
Transfers In (Out)	\$ -0-	\$ 108,686	\$ 108,686
NET CHANGE IN FUND BALANCE	\$ 720,394	\$ 1,167,414	\$ 447,020
FUND BALANCE - SEPTEMBER 1, 2018	5,498,596	5,498,596	
FUND BALANCE - AUGUST 31, 2019	\$ 6,218,990	\$ 6,666,010	\$ 447,020

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, 2019**

	<u>Original and Final Budget</u>	<u>Actual</u>	Variance Positive (Negative)
REVENUES			
Wastewater Service	\$ 671,101	\$ 796,637	\$ 125,536
Investment Revenues	120	550	430
Miscellaneous Revenues		18,127	18,127
TOTAL REVENUES	<u>\$ 671,221</u>	<u>\$ 815,314</u>	<u>\$ 144,093</u>
EXPENDITURES			
Services Operations:			
Professional Fees	\$ 31,000	\$ 32,533	\$ (1,533)
Contracted Services	97,020	94,610	2,410
Purchased Water Service	12,000	790	11,210
Utilities	151,800	127,550	24,250
Repairs and Maintenance	75,000	210,175	(135,175)
Other	269,401	248,234	21,167
Capital Outlay	35,000	101,422	(66,422)
TOTAL EXPENDITURES	<u>\$ 671,221</u>	<u>\$ 815,314</u>	<u>\$ (144,093)</u>
NET CHANGE IN FUND BALANCE	\$ -0-	\$ -0-	\$ -0-
FUND BALANCE - SEPTEMBER 1, 2018	_____	_____	_____
FUND BALANCE - AUGUST 31, 2019	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

See accompanying independent auditor's report.

MAYDE CREEK MUNICIPAL UTILITY DISTRICT

SUPPLEMENTARY INFORMATION REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

AUGUST 31, 2019

**MAYDE CREEK MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED AUGUST 31, 2019**

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
<u> X </u>	Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)				
_____	Other (specify): _____				

2. RETAIL SERVICE PROVIDERS

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

Based on the rate order effective June 25, 2018.

	<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:	\$ 20.00	5,000	N	\$ 1.50 \$ 2.00 \$ 2.50 \$ 3.00	5,001 – 10,000 10,001 – 15,000 15,001 – 20,000 20,001 and up
WASTEWATER:	\$ 28.37		Y		
SURCHARGE:					
Regional Water Authority Fees			N	\$ 3.69	All
Commission Regulatory Assessment			N	0.5% of water and wastewater charges	
District employs winter averaging for wastewater usage?					_____ <u> X </u> Yes No

Total monthly charges per 10,000 gallons usage: Water: \$27.50 Wastewater: \$28.37 Surcharge: \$36.90 Total: \$92.77

See accompanying independent auditor's report.

**MAYDE CREEK MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED AUGUST 31, 2019**

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	
≤ ³ / ₄ "	1,680	1,671	x 1.0	1,671
1"	49	48	x 2.5	120
1½"	3	3	x 5.0	15
2"	11	10	x 8.0	80
3"			x 15.0	
4"	1	1	x 25.0	25
6"			x 50.0	
8"	1	1	x 80.0	80
10"			x 115.0	
Total Water Connections	<u>1,745</u>	<u>1,734</u>		<u>1,991</u>
Total Wastewater Connections	<u>1,718</u>	<u>1,708</u>	x 1.0	<u>1,708</u>

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

Gallons pumped into system:	10,628,000	Water Accountability Ratio 97% (Gallons billed and sold/Gallons pumped and purchased)
Gallons purchased:	130,468,000	From: West Harris County Regional Water Authority
Gallons billed to customers:	136,284,000	

See accompanying independent auditor's report.

**MAYDE CREEK MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED AUGUST 31, 2019**

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

Does the District have Debt Service standby fees? Yes No

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

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes No

County or Counties in which District is located:

Harris County, Texas

Is the District located within a city?

Entirely Partly Not at all

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

Entirely 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

See accompanying independent auditor's report.

**MAYDE CREEK MUNICIPAL UTILITY DISTRICT
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED AUGUST 31, 2019**

PROFESSIONAL FEES:	
Auditing	\$ 18,375
Engineering	35,481
Legal	<u>105,204</u>
TOTAL PROFESSIONAL FEES	<u>\$ 159,060</u>
PURCHASED SERVICES FOR RESALE:	
Purchased Water Service	\$ 408,354
Purchased Wastewater Service	<u>235,008</u>
TOTAL PURCHASED SERVICES FOR RESALE	<u>\$ 643,362</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 18,400
Operations and Billing	69,730
Solid Waste Disposal	354,941
Security	<u>130,331</u>
TOTAL CONTRACTED SERVICES	<u>\$ 573,402</u>
UTILITIES:	
Electricity	\$ 35,361
Telephone	<u>7,377</u>
TOTAL UTILITIES	<u>\$ 42,738</u>
REPAIRS AND MAINTENANCE	<u>\$ 406,681</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 17,550
Insurance	19,438
Office Supplies and Postage	40,895
Payroll Taxes	9,282
Other	<u>26,232</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 113,397</u>
CAPITAL OUTLAY	<u>\$ 3,359</u>

See accompanying independent auditor's report.

**MAYDE CREEK MUNICIPAL UTILITY DISTRICT
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED AUGUST 31, 2019**

COMMUNITY CENTER:

Property Management	\$ 79,560
Building Cleaning	10,950
Building Equipment and Furniture	3,424
Building Insurance	4,335
Building Maintenance and Repairs	94,427
Law Enforcement	2,600
Office Supplies	1,928
Telephone	5,333
Utilities	8,532
Solid Waste Disposal	1,273
Other	<u>3,402</u>

TOTAL COMMUNITY CENTER \$ 215,764

OTHER EXPENDITURES:

Chemicals	\$ 4,079
Inspection Fees	2,333
Laboratory Fees	10,606
Permit Fees	4,348
Reconnection Fees	20,072
Regional Water Authority Assessments	20,642
Commission Regulatory Assessments	<u>5,335</u>

TOTAL OTHER EXPENDITURES \$ 67,415

TOTAL EXPENDITURES \$ 2,225,178

See accompanying independent auditor's report.

**MAYDE CREEK MUNICIPAL UTILITY DISTRICT
INVESTMENTS
AUGUST 31, 2019**

Fund	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
<u>GENERAL FUND</u>					
TexPool	XXXX0003	Varies	Daily	\$ 6,518,681	\$ -0-
<u>SPECIAL REVENUE FUND</u>					
TexPool	XXXX0017	Varies	Daily	\$ 13,196	\$ -0-
<u>DEBT SERVICE FUND</u>					
TexPool	XXXX0001	Varies	Daily	\$ 822,581	\$
Certificate of Deposit	XXXX0186	2.42%	04/25/20	243,869	2,086
TOTAL DEBT SERVICE FUND				\$ 1,066,450	\$ 2,086
TOTAL				\$ 7,598,327	\$ 2,086

See accompanying independent auditor's report.

**MAYDE CREEK MUNICIPAL UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2019**

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE - SEPTEMBER 1, 2018	\$ 25,314		\$ 32,757	
Adjustments to Beginning Balance	<u>(1,079)</u>	\$ 24,235	<u>(2,109)</u>	\$ 30,648
Original 2018 Tax Levy	\$ 1,090,251		\$ 1,115,029	
Adjustment to 2018 Tax Levy	<u>111,443</u>	<u>1,201,694</u>	<u>113,976</u>	<u>1,229,005</u>
TOTAL TO BE ACCOUNTED FOR		\$ 1,225,929		\$ 1,259,653
TAX COLLECTIONS:				
Prior Years	\$ 6,375		\$ 6,455	
Current Year	<u>1,189,129</u>	<u>1,195,504</u>	<u>1,216,155</u>	<u>1,222,610</u>
TAXES RECEIVABLE - AUGUST 31, 2019		<u>\$ 30,425</u>		<u>\$ 37,043</u>
TAXES RECEIVABLE BY YEAR:				
2018		\$ 12,565		\$ 12,850
2017		6,231		6,231
2016		5,258		5,372
2015		3,529		5,341
2014		1,669		3,338
2013		549		1,525
2012		204		686
2011		175		743
2010		199		842
2009 and prior		<u>46</u>		<u>115</u>
TOTAL		<u>\$ 30,425</u>		<u>\$ 37,043</u>

See accompanying independent auditor's report.

**MAYDE CREEK MUNICIPAL UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2019**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
PROPERTY VALUATIONS:				
Land	\$ 47,168,994	\$ 47,118,255	\$ 44,704,495	\$ 44,699,796
Improvements	248,960,433	246,157,055	234,047,041	214,738,978
Personal Property	3,879,373	3,905,914	4,143,379	5,001,464
Exemptions	<u>(26,896,522)</u>	<u>(30,371,210)</u>	<u>(34,953,302)</u>	<u>(38,468,981)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 273,112,278</u>	<u>\$ 266,810,014</u>	<u>\$ 247,941,613</u>	<u>\$ 225,971,257</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.45	\$ 0.46	\$ 0.47	\$ 0.56
Maintenance**	<u>0.44</u>	<u>0.46</u>	<u>0.46</u>	<u>0.37</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.89</u>	<u>\$ 0.92</u>	<u>\$ 0.93</u>	<u>\$ 0.93</u>
ADJUSTED TAX LEVY*	<u>\$ 2,430,699</u>	<u>\$ 2,454,652</u>	<u>\$ 2,305,857</u>	<u>\$ 2,101,533</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>98.95 %</u>	<u>99.49 %</u>	<u>99.53 %</u>	<u>99.57 %</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, 2019**

REFUNDING SERIES - 2012

Due During Fiscal Years Ending August 31	Principal Due August 1	Interest Due February 1/ August 1	Total
2020	\$ 365,000	\$ 143,175	\$ 508,175
2021	925,000	132,225	1,057,225
2022	960,000	104,475	1,064,475
2023	990,000	70,875	1,060,875
2024	1,035,000	36,225	1,071,225
2025			
2026			
2027			
2028			
2029			
2030			
	<u>\$ 4,275,000</u>	<u>\$ 486,975</u>	<u>\$ 4,761,975</u>

See accompanying independent auditor's report.

**MAYDE CREEK MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2019**

REFUNDING SERIES - 2016 A

Due During Fiscal Years Ending August 31	Principal Due August 1	Interest Due February 1/ August 1	Total
2020	\$ 550,000	\$ 42,000	\$ 592,000
2021	5,000	31,000	36,000
2022	5,000	30,900	35,900
2023	10,000	30,800	40,800
2024	10,000	30,600	40,600
2025	125,000	30,400	155,400
2026	135,000	27,900	162,900
2027	1,260,000	25,200	1,285,200
2028			
2029			
2030			
	<u>\$ 2,100,000</u>	<u>\$ 248,800</u>	<u>\$ 2,348,800</u>

See accompanying independent auditor's report.

**MAYDE CREEK MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2019**

REFUNDING SERIES - 2016B

Due During Fiscal Years Ending August 31	Principal Due August 1	Interest Due February 1/ August 1	Total
2020	\$ 495	\$ 66,455	\$ 66,950
2021	484	66,466	66,950
2022	470	66,480	66,950
2023	457	66,493	66,950
2024	5,000	61,950	66,950
2025	1,020,000	61,800	1,081,800
2026	1,040,000	31,200	1,071,200
2027			
2028			
2029			
2030			
	<u>\$ 2,066,906</u>	<u>\$ 420,844</u>	<u>\$ 2,487,750</u>

See accompanying independent auditor's report.

**MAYDE CREEK MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2019**

S E R I E S - 2 0 1 8			
Due During Fiscal Years Ending August 31	Principal Due August 1	Interest Due February 1/ August 1	Total
2020	\$	\$ 49,162	\$ 49,162
2021		49,162	49,162
2022		49,162	49,162
2023		49,162	49,162
2024		49,162	49,162
2025		49,162	49,162
2026		49,162	49,162
2027		49,162	49,162
2028	525,000	49,162	574,162
2029	575,000	35,250	610,250
2030	600,000	18,000	618,000
	\$ 1,700,000	\$ 495,708	\$ 2,195,708

See accompanying independent auditor's report.

**MAYDE CREEK MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2019**

**ANNUAL REQUIREMENTS
FOR ALL SERIES**

Due During Fiscal Years Ending August 31	Total Principal Due	Total Interest Due	Total Principal Interest Due
2020	\$ 915,495	\$ 300,792	\$ 1,216,287
2021	930,484	278,853	1,209,337
2022	965,470	251,017	1,216,487
2023	1,000,457	217,330	1,217,787
2024	1,050,000	177,937	1,227,937
2025	1,145,000	141,362	1,286,362
2026	1,175,000	108,262	1,283,262
2027	1,260,000	74,362	1,334,362
2028	525,000	49,162	574,162
2029	575,000	35,250	610,250
2030	600,000	18,000	618,000
	<u>\$ 10,141,906</u>	<u>\$ 1,652,327</u>	<u>\$ 11,794,233</u>

See accompanying independent auditor's report.

**MAYDE CREEK MUNICIPAL UTILITY DISTRICT
CHANGE IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED AUGUST 31, 2019**

Description	Original Bonds Issued	Bonds Outstanding September 1, 2018
Mayde Creek Municipal Utility District Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds - Series 2012	\$ 6,170,000	\$ 4,625,000
Mayde Creek Municipal Utility District Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds - Series 2016A	3,050,000	2,640,000
Mayde Creek Municipal Utility District Unlimited Tax Park Refunding Bonds - Series 2016B	2,070,000	2,067,916
Mayde Creek Municipal Utility District Unlimited Tax Bonds - Series 2018	<u>1,700,000</u>	<u>1,700,000</u>
TOTAL	<u>\$ 12,990,000</u>	<u>\$ 11,032,916</u>

Bond Authority:	<u>Tax Bonds</u>	<u>Refunding Bonds</u>	<u>Park Bonds</u>
Amount Authorized by Voters	\$ 26,340,000	\$ - 0 -	\$ 3,000,000
Amount Issued	<u>20,785,000</u>	<u> </u>	<u>2,070,000</u>
Remaining to be Issued	<u>\$ 5,555,000</u>	<u>\$ - 0 -</u>	<u>\$ 930,000</u>

Debt Service Fund cash and investment balances as of August 31, 2019: \$ 1,211,970

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 1,072,203

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

See accompanying independent auditor's report.

<u>Current Year Transactions</u>			
<u>Bonds Sold</u>	<u>Retirements</u>		<u>Bonds Outstanding August 31, 2019</u>
	<u>Principal</u>	<u>Interest</u>	
\$	\$ 350,000	\$ 153,675	\$ 4,275,000
	540,000	52,800	2,100,000
	1,010	70,940	2,066,906
		49,163	1,700,000
<u>\$ - 0 -</u>	<u>\$ 891,010</u>	<u>\$ 326,578</u>	<u>\$ 10,141,906</u>

The Bank of New York
Mellon Trust Company, NA
Dallas, TX

The Bank of New York
Mellon Trust Company, NA
Dallas, TX

The Bank of New York
Mellon Trust Company, NA
Dallas, TX

The Bank of New York
Mellon Trust Company, NA
Dallas, TX

See accompanying independent auditor's report.

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

	Amount		
	2019	2018	2017
REVENUES			
Property Taxes	\$ 1,195,504	\$ 1,226,119	\$ 1,127,755
Payments in Lieu of Taxes	60,086	43,649	58,103
Water Service	505,930	516,037	464,843
Wastewater Service	587,973	578,779	560,158
Administrative Fees from Regional Sewage Treatment Plant	57,850	54,510	59,563
Regional Water Authority Fees	473,509	461,623	445,122
Regional Water Authority Credits	116,628	116,628	116,628
Community Center Fees	32,298	47,507	31,803
Penalty and Interest	42,377	44,109	40,286
Tap Connection and Inspection Fees	4,380	6,733	20,726
Investment Revenues	139,529	55,685	14,941
Miscellaneous Revenues	67,842	59,298	67,269
TOTAL REVENUES	\$ 3,283,906	\$ 3,210,677	\$ 3,007,197
EXPENDITURES			
Professional Fees	\$ 159,060	\$ 159,811	\$ 170,487
Contracted Services	573,402	561,245	512,430
Purchased Water Service	408,354	400,926	432,721
Purchased Wastewater Service	235,008	176,788	176,023
Utilities	42,738	64,752	44,954
Regional Water Authority Assessments	20,642	77,774	10,458
Repairs and Maintenance	406,681	288,376	264,594
Community Center	215,764	188,620	150,192
Other	160,170	179,751	158,056
Capital Outlay	3,359	21,420	113,125
Bond Issuance Costs			29,652
TOTAL EXPENDITURES	\$ 2,225,178	\$ 2,119,463	\$ 2,062,692
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 1,058,728	\$ 1,091,214	\$ 944,505
OTHER FINANCING SOURCES (USES)			
Transfers In(Out)	\$ 108,686	\$ 1,343,146	\$
Contribution from Other Entity			426,396
TOTAL OTHER FINANCING SOURCES (USES)	\$ 108,686	\$ 1,343,146	\$ 426,396
NET CHANGE IN FUND BALANCE	\$ 1,167,414	\$ 2,434,360	\$ 1,370,901
BEGINNING FUND BALANCE	5,498,596	3,064,236	1,693,335
ENDING FUND BALANCE	\$ 6,666,010	\$ 5,498,596	\$ 3,064,236

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2016	2015	2019	2018	2017	2016	2015
\$ 831,049	\$ 625,080	36.4 %	38.2 %	37.5 %	32.9 %	28.4 %
3,859	15,590	1.8	1.4	1.9	0.2	0.7
414,083	353,255	15.4	16.1	15.5	16.4	16.1
556,025	557,384	17.9	18.0	18.6	22.0	25.3
50,913	52,506	1.8	1.7	2.0	2.0	2.4
398,128	331,096	14.4	14.4	14.8	15.7	15.0
116,628	116,628	3.6	3.6	3.9	4.6	5.3
35,249	29,670	1.0	1.5	1.1	1.4	1.3
35,172	33,179	1.3	1.4	1.3	1.4	1.5
8,640	8,620	0.1	0.2	0.7	0.3	0.4
5,825	1,220	4.2	1.7	0.5	0.2	0.1
74,463	76,676	2.1	1.8	2.2	2.9	3.5
<u>\$ 2,530,034</u>	<u>\$ 2,200,904</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 247,945	\$ 250,590	4.8 %	5.0 %	5.7 %	9.8 %	11.4 %
487,160	499,694	17.5	17.5	17.0	19.3	22.7
218,288		12.4	12.5	14.4	8.6	
170,178	167,795	7.2	5.5	5.9	6.7	7.6
60,389	75,677	1.3	2.0	1.5	2.4	3.4
225,657	361,900	0.6	2.4	0.3	8.9	16.4
296,156	282,979	12.4	9.0	8.8	11.7	12.9
131,687	180,738	6.6	5.9	5.0	5.2	8.2
156,346	158,913	4.9	5.6	5.3	6.2	7.2
1,451,894	439,024	0.1	0.7	3.8	57.4	19.9
10,223				1.0	0.4	
<u>\$ 3,455,923</u>	<u>\$ 2,417,310</u>	<u>67.8 %</u>	<u>66.1 %</u>	<u>68.7 %</u>	<u>136.6 %</u>	<u>109.7 %</u>
<u>\$ (925,889)</u>	<u>\$ (216,406)</u>	<u>32.2 %</u>	<u>33.9 %</u>	<u>31.3 %</u>	<u>(36.6) %</u>	<u>(9.7) %</u>
\$ 77,860	\$					
	470,000					
<u>\$ 77,860</u>	<u>\$ 470,000</u>					
\$ (848,029)	\$ 253,594					
2,541,364	2,287,770					
<u>\$ 1,693,335</u>	<u>\$ 2,541,364</u>					

See accompanying independent auditor's report.

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

	Amount		
	2019	2018	2017
REVENUES			
Property Taxes	\$ 1,222,610	\$ 1,228,729	\$ 1,154,157
Penalty and Interest	29,265	46,806	22,271
Investment Revenues	36,581	17,838	13,364
Miscellaneous Revenues	<u> </u>	<u> 358</u>	<u> 80</u>
TOTAL REVENUES	<u>\$ 1,288,456</u>	<u>\$ 1,293,731</u>	<u>\$ 1,189,872</u>
EXPENDITURES			
Tax Collection Expenditures	\$ 56,309	\$ 73,704	\$ 49,762
Debt Service Principal	891,010	695,514	856,570
Debt Service Interest and Fees	329,328	491,605	302,777
Payment to Refunded Bond Escrow Agent			23,000
Bond Issuance Costs	<u> </u>	<u> </u>	<u> 210,539</u>
TOTAL EXPENDITURES	<u>\$ 1,276,647</u>	<u>\$ 1,260,823</u>	<u>\$ 1,442,648</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 11,809</u>	<u>\$ 32,908</u>	<u>\$ (252,776)</u>
OTHER FINANCING SOURCES (USES)			
Refunding Bonds	\$	\$	\$ 5,120,000
Payment to Refunded Bond Escrow Agent			(5,252,564)
Bond Premium	<u> </u>	<u> </u>	<u> 351,188</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 218,624</u>
NET CHANGE IN FUND BALANCE	\$ 11,809	\$ 32,908	\$ (34,152)
BEGINNING FUND BALANCE	<u>1,185,770</u>	<u>1,152,862</u>	<u>1,187,014</u>
ENDING FUND BALANCE	<u>\$ 1,197,579</u>	<u>\$ 1,185,770</u>	<u>\$ 1,152,862</u>
TOTAL ACTIVE RETAIL WATER CONNECTIONS	<u>1,734</u>	<u>1,722</u>	<u>1,720</u>
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	<u>1,708</u>	<u>1,696</u>	<u>1,694</u>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2016	2015	2019	2018	2017	2016	2015
\$ 1,260,383	\$ 1,257,239	94.9 %	95.0 %	97.0 %	97.9 %	97.2 %
21,436	34,653	2.3	3.6	1.9	1.7	2.7
4,968	1,763	2.8	1.4	1.1	0.4	0.1
261	464					
<u>\$ 1,287,048</u>	<u>\$ 1,294,119</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 50,248	\$ 53,774	4.4 %	5.7 %	4.2 %	3.9 %	4.2 %
780,000	760,000	69.2	53.8	72.0	60.6	58.7
465,331	487,905	25.6	38.0	25.4	36.2	37.7
				1.9		
7,500				17.7	0.6	
<u>\$ 1,303,079</u>	<u>\$ 1,301,679</u>	<u>99.2 %</u>	<u>97.5 %</u>	<u>121.2 %</u>	<u>101.3 %</u>	<u>100.6 %</u>
\$ (16,031)	\$ (7,560)	<u>0.8 %</u>	<u>2.5 %</u>	<u>(21.2) %</u>	<u>(1.3) %</u>	<u>(0.6) %</u>
\$	\$					
<u>\$ - 0 -</u>	<u>\$ - 0 -</u>					
\$ (16,031)	\$ (7,560)					
1,203,045	1,210,605					
<u>\$ 1,187,014</u>	<u>\$ 1,203,045</u>					
1,720	1,717					
<u>1,693</u>	<u>1,707</u>					

See accompanying independent auditor's report.

**MAYDE CREEK MUNICIPAL UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
AUGUST 31, 2019**

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:	<u>Term of Office (Elected or Appointed)</u>	<u>Fees of Office for the year ended August 31, 2019</u>	<u>Expense Reimbursements for the year ended August 31, 2019</u>	<u>Title</u>
Willie Jo Reynolds	05/18 05/22 (Elected)	\$ 2,850	\$ 2,548	President
Jorge Diaz	04/16 05/20 (Appointed)	\$ 4,950	\$ 1,871	Vice President
Betty Mancia Alvarenga	05/18 05/22 (Elected)	\$ 4,200	\$ 1,989	Secretary
Cyrus Dumas	10/17 05/20 (Appointed)	\$ 1,650	\$ -0-	Director
Jessica Graham	06/19 05/20 (Appointed)	\$ 150	\$ -0-	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):
December 12, 2019.

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 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, 2019**

	<u>Date Hired</u>	<u>Fees for the year ended August 31, 2019 District</u>	<u>Fees for the year ended August 31, 2019 Plant</u>	<u>Title</u>
Consultants:				
Allen Boone Humphries Robinson LLP	03/25/11	\$ 106,589	\$ 1,248	General Counsel
McCall Gibson Swedlund Barfoot PLLC	07/29/96	\$ 18,375	\$ 5,550	Auditor
Claudia Redden & Associates, Inc	08/25/88	\$ 25,405	\$ 13,041	Bookkeeper
Perdue Brandon Fielder Collins & Mott, LLP	04/18/11	\$ 6,606	\$ -0-	Delinquent Tax Attorney
IDS Engineering Group	04/21/93	\$ 42,860	\$ 127,156	Engineer
Claudia Redden	08/09/10	\$ -0-	\$ -0-	Investment Officer
Rathmann & Associates, L.P.	04/11/11	\$ -0-	\$ -0-	Financial Advisor
Environmental Development Partners, L.L.C.	11/01/01	\$ 332,108	\$ 69,122	Operator
Bob Leared Interests	01/22/85	\$ 31,023	\$ -0-	Tax Assessor/ Collector

See accompanying independent auditor's report.

