

Mason Creek Utility District, Harris County, Texas

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Board of Directors of Mason Creek Utility District (District) will hold a meeting, open to the public, on October 14, 2020 beginning at 7:30 PM via telephone conference call with two-way audio pursuant to Texas Government Code, Section 551.125, as amended, and as modified by the Governor of Texas in the Governor's proclamation concerning the Covid-19 pandemic. The toll-free access number for the conference call is 800-719-8139; enter conference code 447079 when prompted. **Any Director or other person may participate in the meeting by calling such toll-free access number.** Also, an electronic copy of any agenda packet will be made available on the internet at www.mcupd.com/meeting-info/ (scroll to and click on link for "Agenda Packet"), and alternative means of communicating with District Directors include: (i) email addressed to "directors@mcud.com," (ii) mail, phone or fax to District Directors at 847 Dominion, Katy, Texas 77450, phone 281-578-7272, fax 281-578-1419. The subjects of the meeting are:

1. **Notices & Minutes.** Notice of this meeting (including report) and minutes of previous meetings.
2. **Delinquencies, Etc.** Utility and tax accounts, connections and re-connections, billing, charges, inquiries, violations of regulations, collections, payout agreements, service terminations, including hearing(s) related to same, litigation, etc.
3. **Bookkeeping, Funds Etc.,** including: (i) expenses, funds, bills, checks, payments and audits; (ii) investments (report, policy, etc.); (iii) depositories, related agreements, collateral, etc.; (iv) budget, amendments, etc.; (v) bookkeeping report; and (vi) related matters.
4. **Audits, Financial Reports, Management Letters, Etc.,** including engagement of auditor for FY 2020 and related matters.
5. **Bills, Etc.** Matters related to expenses, bills, invoices, checks, payments, payment options, contracts, etc.
6. **Taxes,** including assessments, collections, payout agreements, delinquencies, exemptions, appraisal rolls and tax rolls, tax rates, notices, hearings, proceeds, expenditures, banking arrangements (and agreements), penalties, assessor/collector, delinquent attorney and other tax matters including "true up" and prorated taxes (fire station), *also:* (i) **public hearing** regarding ad valorem taxes for Tax Year 2020; (ii) **order levying taxes** (Tax Year 2020); tax increase; debt service and maintenance and operations; etc.); and (iii) related matters, including amended District Information Form.
7. **Bonds, Notes, Etc.** for water, sewer, drainage, refunding and other purposes, including proceeds; applications and approvals; engineering, financial and other services, bond insurance; and related matters.
8. **Water Supply, Contracts, Etc.** including agreements with Green Trails MUD, HCMUD#81, City of Houston (strategic partnership and groundwater reduction, water rates, use of surface water and coordination with nearby districts) and other entities.
9. **Engineering, Projects, Etc.,** including: (i) smart water meter system, electrical improvements at Galleon Oaks Water Plant, lift stations, inspections, force main and sewer repair/rehab, generator, electrical modifications, pool building and equipment reconstruction (plane crash), and other projects, (ii) reports, studies, designs, estimates, permits, approvals, bids, contracts, bonds, insurance, payments, change orders for the foregoing, and (iii) related matters.
10. **Energy, Streetlights, Etc.** Matters relating to energy or electricity, power pool, contracts, streetlights, disclosures, audits, etc.
11. **Drainage, Detention, Etc.** Drainage, detention, flood control, regulations, HCFCD/County/USACE studies and projects, Hurricane Harvey, Buffalo Bayou watershed (including Mason Creek and other tributaries), Addicks & Barker Reservoirs and related matters.
12. **STP's.** Regional sewage treatment plants (WMMUD and Cinco Regional STP's), use of effluent, contracts, costs and related matters.
13. **Recreational Facilities, Etc.** including Mason Creek Community Center (buildings, pools, tenni , swim team, etc.), parks, trails and sidewalks and other facilities (inside or outside the District); *also:* (i) permits, contracts, property, neighbors/owners, operation, maintenance, promotion, inspection, repairs/replacements, improvements, supplies, equipment, insurance, open house, events, etc.; (ii) rates, rules, regulations, fees, users, events; (iii) Sweetwater Pool work; (iv) plane crash; and (iv) related matters.
14. **Operations & System Matters, Development, Etc.,** including: (i) operator activities and projects, including valve project and meter project; (ii) new or changed connections, applications for utility information or service, agreements, reimbursements, subdivision and other development matters (including facilities, costs, reimbursements, plats, easements, etc. for: Tiger Park/KTown Plaza tract on Westgreen Blvd., south of Mason Creek; child care center on Kingsland Blvd. west of MCCC; and other properties); (iv) system repairs, replacements, rehabilitations, extensions, alterations and relocations; (v) procurement of goods and services; (vi) TCEQ and City regulations, drinking water quality and reports, emergency operations, inspections, water conservation, drought contingencies, etc.; (vii) mutual aid and critical facilities; (viii) vehicles and equipment; (ix) inflow, infiltration, connections, grease traps, sampling, plumbing and other regulations; (x) fees and charges (including increases); (xi) rate order; (xii) related matters.
15. **Administrative Matters,** including: (a) office facilities; (b) repairs and improvements; (c) procurement of good and services; (d) supplies and equipment; (e) staffing, hiring, pay, benefits, etc.; (f) security and cybersecurity training, including costs and fees of office; (g) officers and employees, including duties, pay, benefits, holidays/vacations, etc.; (h) utility billing, etc.; (i) disposition of assets, claims, settlements, etc.; (j) District policies, including records management, conflicts, arbitrage, audits, etc.; (k) regulations (water, sewer, drainage, solid waste, recreation, administrative, etc.) and rate order; (l) elections, (m) insurance, renewals, claims, etc.; (n) communications, website, newsletters, alert system, etc. and (o) related matters.
16. **Inquiries; Next Meeting.** Inquiries and matters relating to the next meeting or items to be placed on the agenda.

IMPORTANT: (1) Each subject listed above includes discussion, consideration, action, etc. (2) Subjects may be taken up in the order listed or in another order and may be taken up more than once during the meeting. (3) If a quorum is not present, those present may form an ad hoc committee to discuss, consider and act upon the subjects listed above. (4) Each subject listed above includes an executive or closed session to the extent allowed by: (i) Section 551.071, Texas Government Code for attorney consultations to seek advice about pending or contemplated litigation or a settlement offer, or a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Chapter 551, Texas Government Code; or (ii) Section 551.072, Texas Government Code for deliberating purchase, exchange, lease, or value of real property; or (iii) Section 551.074, Texas Government Code to deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee or to hear a complaint or charge against such officer or employee. (5) IF YOU HAVE A DISABILITY REQUIRING SPECIAL ARRANGEMENTS AT THE MEETING, PLEASE CONTACT THE DISTRICT'S OFFICE AT 281-578-7272 BEFORE THE MEETING. REASONABLE ACCOMMODATIONS WILL BE MADE TO ASSIST YOUR PARTICIPATION IN THE MEETING. THE MEETING PLACE MENTIONED ABOVE IS ACCESSIBLE BY WHEELCHAIRS.



**Mason Creek
Utility District**

Bookkeeper's Report

October 14, 2020

Account Balances

As of October 14, 2020

| Financial Institution (Acct Number) | Issue Date | Maturity Date | Interest Rate | Account Balance | Notes |
|--|---------------|------------------|------------------|-----------------------|-------------------|
| Fund: Operating | | | | | |
| Certificates of Deposit | | | | | |
| PROSPERITY BANK (XXXX8605) | 10/08/2019 | 10/07/2020 | 2.00 % | 1,076,587.73 | |
| BBVA USA-PREMIER (XXXX1422) | 12/16/2019 | 12/15/2020 | 1.47 % | 1,250,000.00 | |
| PROSPERITY BANK (XXXX9628) | 06/19/2020 | 06/19/2021 | 0.70 % | 401,130.06 | |
| PROSPERITY BANK (XXXX9631) | 06/19/2020 | 06/19/2021 | 0.70 % | 427,872.04 | |
| ALLEGIANCE BANK (XXXX4520) | 08/17/2020 | 08/17/2021 | 0.50 % | 275,000.00 | |
| ALLEGIANCE BANK (XXXX4868) | 08/24/2020 | 08/24/2021 | 0.50 % | 1,000,000.00 | |
| BANCORPSOUTH (XXXX6212) | 12/11/2019 | 12/11/2021 | 2.00 % | 225,000.00 | |
| ALLEGIANCE BANK (XXXX0243) | 09/08/2020 | 03/08/2022 | 0.55 % | 251,421.01 | |
| Money Market Funds | | | | | |
| PROSPERITY BANK (XXXX1586) | 09/05/2012 | | 0.45 % | 982,730.26 | Surplus Maint Tax |
| BBVA USA-PREMIER (XXXX1192) | 04/21/2016 | | 0.10 % | 722,028.46 | Surplus Maint Tax |
| Checking Account(s) | | | | | |
| BBVA USA-CHECKING (XXXX1842) | | | 0.10 % | 7,892.41 | Checking Account |
| Totals for Operating Fund: | | | | \$6,619,661.97 | |
| Fund: Capital Projects | | | | | |
| Money Market Funds | | | | | |
| BBVA USA-PREMIER (XXXX0525) | 03/09/2020 | | 0.10 % | 2,227,754.07 | |
| Checking Account(s) | | | | | |
| BBVA USA-CHECKING (XXXX9691) | | | 0.10 % | 300.00 | Checking Account |
| Totals for Capital Projects Fund: | | | | \$2,228,054.07 | |
| Fund: Debt Service | | | | | |
| Money Market Funds | | | | | |
| BBVA USA-DEBT (XXXX0943) | 04/21/2016 | | 0.10 % | 352,701.93 | |
| Totals for Debt Service Fund: | | | | \$352,701.93 | |
| Fund: Tax | | | | | |
| Money Market Funds | | | | | |
| COMERICA BANK - TEXAS (XXXX1698) | 07/01/2011 | | 0.15 % | 50,290.70 | Tax Collections |
| Checking Account(s) | | | | | |
| COMERICA BANK - TEXAS (XXXX8135) | | | 0.00 % | 1,027.66 | Checking Account |
| Totals for Tax Fund: | | | | \$51,318.36 | |
| Grand total for Mason Creek Utility District: | | | | \$9,251,736.33 | |

Mason Creek UD
Capital Projects Fund Breakdown
 October 14, 2020

Net Proceeds for All Bond Issues

Receipts

| | |
|---------------------------------|----------------|
| Series 2020 - Bond Proceeds | \$2,650,000.00 |
| Series 2020 - Interest Earnings | 1,973.01 |

Disbursements

| | |
|--|--------------|
| Series 2020 - Disbursements (Attached) | (423,918.94) |
|--|--------------|

| | |
|---------------------------|-------------------------------------|
| Total Cash Balance | <u><u>\$2,228,054.07</u></u> |
|---------------------------|-------------------------------------|

Balances by Account

| | |
|------------------------------|--------------|
| Checking - BBVA Bank (9691) | \$300.00 |
| Series 2020 MM - BBVA (0525) | 2,227,754.07 |

| | |
|---------------------------|-------------------------------------|
| Total Cash Balance | <u><u>\$2,228,054.07</u></u> |
|---------------------------|-------------------------------------|

Balances by Bond Series

| | |
|-----------------------------|----------------|
| Series 2020 - Bond Proceeds | \$2,228,054.07 |
|-----------------------------|----------------|

| | |
|---------------------------|-------------------------------------|
| Total Cash Balance | <u><u>\$2,228,054.07</u></u> |
|---------------------------|-------------------------------------|

Remaining Costs/Surplus By Bond Series

| | |
|-------------------------------|-----------------------|
| Series 2020 - Remaining Costs | <u>\$2,188,205.50</u> |
|-------------------------------|-----------------------|

| | |
|--|-------------------------------------|
| Total Amount in Remaining Costs | <u><u>\$2,188,205.50</u></u> |
|--|-------------------------------------|

| | |
|---|--------------------|
| Total Surplus & Interest Balance | <u>\$39,848.57</u> |
|---|--------------------|

| | |
|--------------------------------------|-------------------------------------|
| Total Remaining Costs/Surplus | <u><u>\$2,228,054.07</u></u> |
|--------------------------------------|-------------------------------------|

MASON CREEK UD
\$2,650,000 SERIES 2020
COST COMPARISON

| <u>CONSTRUCTION COSTS</u> | <u>USE OF PROCEEDS</u> | <u>ACTUAL COSTS</u> | <u>REMAINING COSTS</u> | <u>VARIANCE (OVER)/UNDER</u> |
|---|----------------------------|--------------------------|----------------------------------|----------------------------------|
| Brondesbury Drive Lift Station Conversion | 750,000.00 | 49,300.00 | 700,700.00 | 0.00 |
| Rennie Drive Lift Station Conversion | 700,000.00 | 45,750.00 | 654,250.00 | 0.00 |
| Ellingham Drive Sanitary Sewer Rehabilitation | 550,000.00 | 0.00 | 550,000.00 | 0.00 |
| Contingencies | 200,000.00 | 86,744.50 | 113,255.50 | 0.00 |
| Engineering | 170,000.00 | 0.00 | 170,000.00 | 0.00 |
| TOTAL CONSTRUCTION COSTS | <u>2,370,000.00</u> | <u>181,794.50</u> | <u>2,188,205.50</u> | <u>0.00</u> |
| <u>NON-CONSTRUCTION COSTS</u> | | | | |
| Legal Fees | 68,000.00 | 68,000.00 | 0.00 | 0.00 |
| Financial Advisor | 46,375.00 | 46,375.00 | 0.00 | 0.00 |
| Bond Discount | 79,500.00 | 33,650.85 | 0.00 | 45,849.15 |
| Administrative Expense & Issuance Costs | 26,850.00 | 34,823.59 | 0.00 | (7,973.59) |
| TCEQ Bond Issuance Fee | 6,625.00 | 6,625.00 | 0.00 | 0.00 |
| Attorney General | 2,650.00 | 2,650.00 | 0.00 | 0.00 |
| Bond Application Report | 50,000.00 | 50,000.00 | 0.00 | 0.00 |
| TOTAL NON-CONSTRUCTION COSTS | <u>280,000.00</u> | <u>242,124.44</u> | <u>0.00</u> | <u>37,875.56</u> |
| TOTAL BOND ISSUE REQUIREMENT | <u>2,650,000.00</u> | <u>423,918.94</u> | <u>2,188,205.50</u> | <u>37,875.56</u> |
| | | | Interest Earned | 1,973.01 |
| | | | Total Remaining Costs & Interest | 2,190,178.51 |
| | | | Total Surplus & Interest | 39,848.57 |

Actual vs. Budget Comparison

September 2020

| | | September 2020 | | | July 2020 - September 2020 | | | Annual |
|-----------------------|---------------------------------|----------------|----------------|---------------|----------------------------|------------------|---------------|------------------|
| | | Actual | Budget | Over/(Under) | Actual | Budget | Over/(Under) | Budget |
| Revenues | | | | | | | | |
| 14110 | Water - Customer Service | 149,106 | 130,000 | 19,106 | 397,108 | 410,000 | (12,892) | 1,294,142 |
| 14112 | Ground Water Reduction Program | 41,300 | 35,000 | 6,300 | 109,935 | 115,000 | (5,065) | 345,300 |
| 14125 | TCEQ Assessment Fees | 1,375 | 1,023 | 352 | 3,702 | 3,070 | 632 | 12,280 |
| 14140 | Transfer Fees | 325 | 517 | (192) | 1,700 | 1,550 | 150 | 6,200 |
| 14150 | Tap Connections | 0 | 167 | (167) | 525 | 500 | 25 | 2,000 |
| 14151 | Fire Tap Connection Fees | 756 | 758 | (2) | 2,269 | 2,275 | (6) | 9,100 |
| 14210 | Sewer - Customer Service Fee | 126,176 | 115,000 | 11,176 | 343,026 | 365,000 | (21,974) | 1,161,868 |
| 14310 | Penalties & Interest | 0 | 2,083 | (2,083) | (96) | 6,250 | (6,346) | 25,000 |
| 14330 | Miscellaneous Income | 0 | 417 | (417) | 0 | 1,250 | (1,250) | 5,000 |
| 14332 | Recycle Bin Sales | 120 | 83 | 37 | 300 | 250 | 50 | 1,000 |
| 14333 | Reclaimed Water Revenue-Cinco | 417 | 417 | 0 | 1,250 | 1,250 | 0 | 5,000 |
| 14334 | Insurance Income | 0 | 0 | 0 | 66,900 | 0 | 66,900 | 2,500 |
| 14350 | Maintenance Tax Collections | 2,831 | 3,000 | (169) | 143,707 | 143,500 | 207 | 2,221,200 |
| 14370 | Interest Earned on Temp. Invest | 19,104 | 11,772 | 7,332 | 51,962 | 35,315 | 16,647 | 141,260 |
| 14375 | COH Sales Tax Revenues | 22,376 | 20,275 | 2,101 | 55,530 | 60,825 | (5,295) | 243,300 |
| 14380 | Interest on Checking Accounts | 104 | 54 | 50 | 176 | 162 | 14 | 650 |
| 14900 | Use of Prior Yr Reserves | 0 | 0 | 0 | 0 | 0 | 0 | 748,382 |
| Total Revenues | | 363,991 | 320,566 | 43,425 | 1,177,994 | 1,146,197 | 31,796 | 6,224,182 |
| Expenditures | | | | | | | | |
| 16011 | Solid Waste Collection | 0 | 55,833 | (55,833) | 109,651 | 167,500 | (57,849) | 670,000 |
| 16012 | Garbage- Dumpster | 1,228 | 1,167 | 61 | 4,226 | 3,500 | 726 | 14,000 |
| 16013 | Recycle Bins & Carts | 3,490 | 3,500 | (10) | 3,490 | 3,500 | (10) | 3,500 |
| 16120 | Ground Water Fee | 0 | 40,000 | (40,000) | 68,621 | 130,000 | (61,379) | 400,932 |
| 16130 | Maintenance & Repairs | 88,151 | 83,333 | 4,818 | 250,434 | 250,000 | 434 | 1,000,000 |
| 16130-1 | Meter Change Out Program | 1,496 | 8,333 | (6,838) | 163,860 | 25,000 | 138,860 | 100,000 |
| 16132 | Valve Replacements | 0 | 16,667 | (16,667) | 0 | 50,000 | (50,000) | 200,000 |
| 16135 | Surface Water Projects | 0 | 0 | 0 | 0 | 0 | 0 | 100,000 |
| 16140 | Chemicals-Fuel-Gasoline | 2,495 | 2,417 | 78 | 13,030 | 7,250 | 5,780 | 29,000 |
| 16160 | Utilities | 0 | 14,167 | (14,167) | 33,713 | 42,500 | (8,786) | 170,000 |
| 16162 | Utilities-Streetlights | 0 | 8,950 | (8,950) | 14,896 | 26,850 | (11,954) | 107,400 |
| 16220 | Purchase Sewer Service | 23,858 | 28,533 | (4,675) | 89,883 | 85,600 | 4,283 | 342,400 |
| 16220-1 | Capital Outlay-WMM STP | 0 | 8,333 | (8,333) | 667 | 25,000 | (24,333) | 100,000 |
| 16220-2 | Capital Outlay - Cinco STP | 0 | 0 | 0 | 0 | 0 | 0 | 100,000 |
| 16270 | Rents & Leases | 0 | 417 | (417) | 0 | 1,250 | (1,250) | 5,000 |
| 16330 | Legal Fees | 0 | 1,667 | (1,667) | 0 | 5,000 | (5,000) | 20,000 |
| 16340 | Auditing Fees | 0 | 0 | 0 | 0 | 0 | 0 | 18,000 |
| 16350 | Engineering Fees | 0 | 7,500 | (7,500) | 19,777 | 22,500 | (2,723) | 90,000 |
| 16365 | Directors Fees | 1,800 | 1,950 | (150) | 6,450 | 5,850 | 600 | 23,400 |
| 16366 | Directors Expenses & Conference | 180 | 200 | (20) | (401) | 670 | (1,071) | 4,000 |
| 16380 | Permit Expense | 0 | 0 | 0 | 155 | 0 | 155 | 7,000 |
| 16385 | TCEQ Assessment Fees | 0 | 0 | 0 | 0 | 0 | 0 | 12,280 |
| 16390 | Telephone Expense | 1,208 | 2,083 | (876) | 5,068 | 6,250 | (1,182) | 25,000 |
| 16420 | Billing & Collecting | 500 | 3,917 | (3,417) | 6,322 | 11,750 | (5,428) | 47,000 |
| 16430 | Bookkeeping Fees | 3,308 | 3,750 | (442) | 12,998 | 11,250 | 1,748 | 45,000 |
| 16435 | Sales Tax Monitoring | 0 | 0 | 0 | 0 | 0 | 0 | 2,000 |
| 16450 | Legal Notices & Other Publ. | 0 | 175 | (175) | 322 | 525 | (203) | 2,100 |
| 16460 | Office Supplies & Services | 3,922 | 2,500 | 1,422 | 11,176 | 7,500 | 3,676 | 30,000 |
| 16460-1 | Office Furniture & Fixtures | 0 | 0 | 0 | 0 | 0 | 0 | 5,000 |
| 16465 | Bank Service Charges | 33 | 1,083 | (1,050) | 860 | 3,250 | (2,390) | 13,000 |
| 16467 | ACH & Credit Card Fees | 1,257 | 1,083 | 174 | 3,357 | 3,250 | 107 | 13,000 |
| 16530 | Insurance & Surety Bond | 0 | 0 | 0 | 289 | 300 | (11) | 77,000 |

Actual vs. Budget Comparison

September 2020

| | September 2020 | | | July 2020 - September 2020 | | | Annual Budget | |
|---------------------------------------|--------------------------------|-----------|--------------|----------------------------|-----------|--------------|------------------|-----------|
| | Actual | Budget | Over/(Under) | Actual | Budget | Over/(Under) | | |
| Expenditures | | | | | | | | |
| 16550 | Security Expenses | 0 | 1,833 | (1,833) | 134 | 5,500 | (5,366) | 22,000 |
| 16560 | Miscellaneous Expense | 3,861 | 2,096 | 1,765 | 8,528 | 6,288 | 2,240 | 25,150 |
| 16563 | Sales Tax Expense | 0 | 0 | 0 | 0 | 0 | 0 | 120 |
| 1660001 | Salaries- Employees | 42,930 | 38,892 | 4,038 | 116,562 | 116,675 | (113) | 466,700 |
| 1660002 | Payroll Tax Expense | 3,422 | 3,333 | 89 | 9,467 | 10,000 | (533) | 40,000 |
| 1661001 | Health Insurance | 11,508 | 11,250 | 258 | 36,372 | 33,750 | 2,622 | 135,000 |
| 1661002 | Reimbursements-Employee | 4,320 | 1,667 | 2,653 | 5,772 | 5,000 | 772 | 20,000 |
| 16611 | Mileage Reimbursement-Employee | 400 | 475 | (75) | 1,200 | 1,425 | (225) | 5,700 |
| 16620 | Pension Costs | 0 | 0 | 0 | 0 | 0 | 0 | 28,000 |
| 17100 | Capital Outlay | 0 | 0 | 0 | 61,204 | 60,000 | 1,204 | 150,000 |
| 17100-5 | Capital - Brondesbury LS Rehab | 0 | 0 | 0 | 0 | 0 | 0 | 1,000,000 |
| 17100-6 | Capital- Rennie LS Rehab | 0 | 0 | 0 | 0 | 0 | 0 | 100,000 |
| 17100-7 | Capital - SS Lines - Repairs | 0 | 0 | 0 | 0 | 0 | 0 | 250,000 |
| Total Expenditures | | 199,366 | 357,104 | (157,738) | 1,058,085 | 1,134,683 | (76,597) | 6,018,682 |
| Other Revenues | | | | | | | | |
| 14385 | MCCC-Room Rental Fee | 0 | 2,917 | (2,917) | 0 | 8,750 | (8,750) | 35,000 |
| 14390 | MCCC-Pool Usage Fees | 0 | 2,083 | (2,083) | 0 | 6,250 | (6,250) | 25,000 |
| 14395 | MCCC-Tennis Usage Fees | 933 | 833 | 100 | 1,708 | 2,500 | (792) | 10,000 |
| Total Other Revenues | | 933 | 5,833 | (4,900) | 1,708 | 17,500 | (15,792) | 70,000 |
| Other Expenditures | | | | | | | | |
| 16020 | MCCC-Pool Contracted Serv. | 0 | 6,167 | (6,167) | 27,638 | 18,500 | 9,138 | 74,000 |
| 16131 | MCCC-Maint. & Repairs | 737 | 8,333 | (7,596) | 28,759 | 25,000 | 3,759 | 100,000 |
| 16131-1 | Club House Repairs | 0 | 0 | 0 | 0 | 0 | 0 | 25,000 |
| 16131-3 | MCCC Repairs - Pool | 0 | 1,667 | (1,667) | 0 | 5,000 | (5,000) | 20,000 |
| 16161 | MCCC_Uilities | 0 | 1,250 | (1,250) | 2,139 | 3,750 | (1,611) | 15,000 |
| 16391 | MCCC-Telephone | 0 | 283 | (283) | 0 | 850 | (850) | 3,400 |
| 16461 | MCCC-Bldg. Supplies & Services | 600 | 1,250 | (650) | 1,800 | 3,750 | (1,950) | 15,000 |
| 16466 | Pool Tags & Team Supplies | 0 | 208 | (208) | 0 | 625 | (625) | 2,500 |
| 16561 | MCCC-Miscellaneous Exp. | 0 | 883 | (883) | 0 | 2,650 | (2,650) | 10,600 |
| 16650 | MCCC-Plane Crash | 0 | 0 | 0 | 93 | 0 | 93 | 0 |
| 16700 | MCCC Capital Outlay | 0 | 0 | 0 | 0 | 0 | 0 | 10,000 |
| Total Other Expenditures | | 1,337 | 20,042 | (18,705) | 60,429 | 60,125 | 304 | 275,500 |
| Excess Revenues (Expenditures) | | \$164,222 | (\$50,747) | \$214,968 | \$61,188 | (\$31,110) | \$92,298 | \$0 |

Balance Sheet

As of September 30, 2020

Sep 30, 20

ASSETS

| | | |
|--|-----------|------------------|
| Current Assets | | |
| Checking/Savings | | |
| 11100 · Cash in Bank | | 155,889 |
| 11200 · Money Market Accounts | | |
| 1130001 · Money Market - Prosperity | 982,730 | |
| 1130003 · Money Market - BBVA | 1,772,028 | |
| Total 11200 · Money Market Accounts | | 2,754,759 |
| 11300 · Certificates of Deposit | | 4,907,011 |
| Total Checking/Savings | | 7,817,659 |
| Other Current Assets | | |
| 11500 · Accounts Receivable | | 323,960 |
| 11520 · Taxes Receivable | | 59,531 |
| 11580 · Accrued Interest | | 72,584 |
| 11720 · Due from COH -Sales Tax Rebate | | 48,154 |
| 11730 · Due From Bond Fund | | 1,629 |
| 11750 · Due From Tax Account | | 139,639 |
| 11783 · Advance for STP West Memorial | | 40,832 |
| 11784 · Advance Cinco STP | | 30,000 |
| Total Other Current Assets | | 716,328 |
| Total Current Assets | | 8,533,986 |
| TOTAL ASSETS | | 8,533,986 |

LIABILITIES & EQUITY

| | | |
|---------------------------------------|--|------------------|
| Liabilities | | |
| Current Liabilities | | |
| Accounts Payable | | |
| 12000 · Accounts Payable | | 127,888 |
| Total Accounts Payable | | 127,888 |
| Other Current Liabilities | | |
| 12610 · Customer Meter Deposits | | 50,651 |
| 12615 · MCCC Tennis Key Deposit | | 10,812 |
| 12620 · Deposits - Other | | 500 |
| 12700 · State Assessment Fees | | 5,124 |
| 12770 · Unclaimed Property | | 958 |
| 12790 · Deferred Tax Inflows | | 59,531 |
| Total Other Current Liabilities | | 127,576 |
| Total Current Liabilities | | 255,464 |
| Total Liabilities | | 255,464 |
| Equity | | |
| 13010 · Unassigned Fund Balance | | 8,217,335 |
| Net Income | | 61,188 |
| Total Equity | | 8,278,523 |
| TOTAL LIABILITIES & EQUITY | | 8,533,986 |

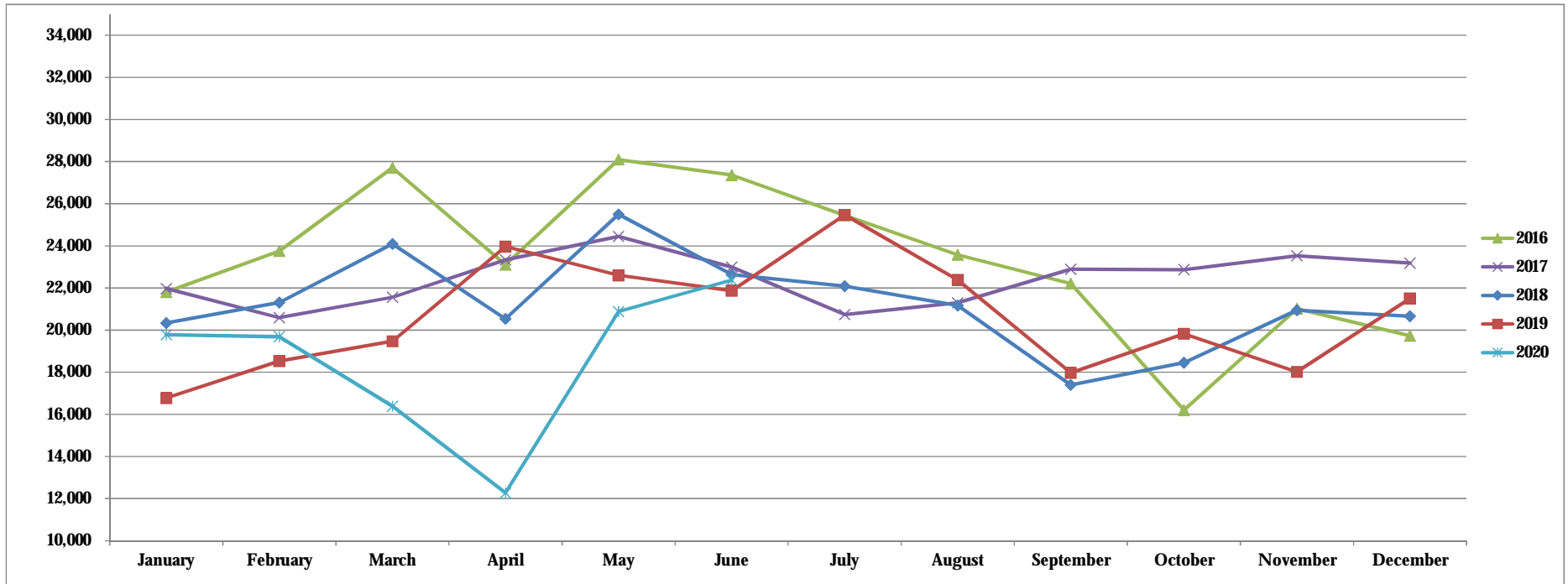
District Debt Service Payments

10/01/2020 - 10/01/2021

| Paying Agent | Series | Date Due | Date Paid | Principal | Interest | Total Due |
|-------------------------------------|------------------|----------------------|-----------|--------------|-------------|--------------|
| Debt Service Payment Due 02/01/2021 | | | | | | |
| UMB | 2020 - Refunding | 02/01/2021 | | 0.00 | 11,516.67 | 11,516.67 |
| UMB | 2020 - WS&D | 02/01/2021 | | 0.00 | 26,550.00 | 26,550.00 |
| | | Total Due 02/01/2021 | | 0.00 | 38,066.67 | 38,066.67 |
| Debt Service Payment Due 08/01/2021 | | | | | | |
| UMB | 2020 - Refunding | 08/01/2021 | | 125,000.00 | 17,275.00 | 142,275.00 |
| UMB | 2020 - WS&D | 08/01/2021 | | 50,000.00 | 26,550.00 | 76,550.00 |
| | | Total Due 08/01/2021 | | 175,000.00 | 43,825.00 | 218,825.00 |
| | | District Total | | \$175,000.00 | \$81,891.67 | \$256,891.67 |

Mason Creek UD Sales Tax Revenue History

| Year | January | February | March | April | May | June | July | August | September | October | November | December | Total |
|--------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|--------------------|
| 2016 | 21,806 | 23,758 | 27,709 | 23,108 | 28,099 | 27,362 | 25,449 | 23,576 | 22,216 | 16,208 | 21,012 | 19,732 | 280,035 |
| 2017 | 21,968 | 20,592 | 21,562 | 23,340 | 24,447 | 23,000 | 20,735 | 21,305 | 22,891 | 22,875 | 23,536 | 23,186 | 269,437 |
| 2018 | 20,339 | 21,310 | 24,097 | 20,538 | 25,498 | 22,643 | 22,087 | 21,168 | 17,400 | 18,453 | 20,944 | 20,660 | 255,136 |
| 2019 | 16,779 | 18,537 | 19,468 | 23,973 | 22,607 | 21,874 | 25,471 | 22,379 | 17,969 | 19,826 | 18,020 | 21,510 | 248,412 |
| 2020 | 19,788 | 19,686 | 16,381 | 12,271 | 20,883 | 22,376 | | | | | | | 111,386 |
| Total | \$185,612 | \$195,758 | \$214,428 | \$231,011 | \$246,088 | \$239,027 | \$216,575 | \$209,631 | \$204,514 | \$184,178 | \$194,910 | \$215,501 | \$2,537,231 |



Mason Creek UD

2021 AWBD Mid-Winter Conference Friday, January 29 - Saturday, January 30, 2021 JW Marriott - Austin, TX

| DIRECTOR | | CONFERENCE REGISTRATION | | ADVANCE | PRIOR CONFERENCE EXPENSES |
|----------------------|-----------|-------------------------|------|---------|---------------------------------|
| Name | Attending | Online | Paid | Paid | Paid |
| Len Forsyth | | | | | |
| James (Trey) Hamblet | | | | | |
| Robert Wills | | | | | |
| John Cameron | | | | | |
| Brian Connolly | | | | | |

Note: Register on-line www.awbd-tx.org (For log in assistance, contact Taylor Cavnar: tcavnar@awbd-tx.org)

This page only confirms registration for the conference, not hotel registrations.

All hotel reservations are the sole responsibility of each attendee.

Your conference registration confirmation will contain a housing reservation request web link.

The link will require the registration number from your conference registration before you can reserve a room.

All requests for an advance of funds must be sent via email to the bookkeeper within 30 days of conference.

REGISTRATION DATES:

| | | | |
|-----------------------|--------|----------|-------|
| Early Registration: | Begins | 09/02/20 | \$310 |
| Regular Registration: | Begins | 10/01/20 | \$360 |
| Late Registration: | Begins | 12/17/20 | \$460 |

CANCELLATION POLICY:

All cancellations must be made in writing.

A \$50.00 administrative fee is assessed for each conference registration cancelled on or before 12/16/2020.

There will be no refunds after 12/16/2020.

All registrations are non-transferable.

HOUSING INFORMATION:

Hotel reservations are only available to attendees who are registered with AWBD-TX for the Conference.

If you have questions, please call Taylor Cavnar or Sara Albright at (281) 350-7090.

MASON CREEK UTILITY DISTRICT

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

JUNE 30, 2020

MASON CREEK UTILITY DISTRICT

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

JUNE 30, 2020

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Mason Creek Utility District
Harris County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Mason Creek Utility District (the "District"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of June 30, 2020, 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 Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The 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

October 14, 2020

Management's discussion and analysis of Mason Creek Utility District's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2020. 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 Funds 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 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 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 three governmental fund types. The General Fund accounts for resources not accounted for in another fund, customer service revenues, operating costs and general expenditures. The Debt 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.

FUND FINANCIAL STATEMENTS (Continued)

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

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The adjustments columns, the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities explain the differences between the two presentations and assists 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"). A budgetary comparison schedule is included as RSI for the General 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 exceeded liabilities by \$17,605,849 as of June 30, 2020. A portion of the District's net position reflects its net investment in capital assets (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 the Statement of Net Position as of June 30, 2020, and June 30, 2019:

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

| | Summary of Changes in the Statement of Net Position | | |
|---|---|---------------|----------------------------------|
| | 2020 | 2019 | Change Positive (Negative) |
| Current and Other Assets | \$ 11,600,070 | \$ 8,164,886 | \$ 3,435,184 |
| Capital Assets (Net of Accumulated Depreciation) | 10,632,198 | 11,137,258 | (505,060) |
| Total Assets | \$ 22,232,268 | \$ 19,302,144 | \$ 2,930,124 |
| Bonds Payable | \$ 4,199,428 | \$ 1,651,064 | \$ (2,548,364) |
| Other Liabilities | 426,991 | 388,667 | (38,324) |
| Total Liabilities | \$ 4,626,419 | \$ 2,039,731 | \$ (2,586,688) |
| Net Position: | | | |
| Net Investment in Capital Assets | \$ 8,655,128 | \$ 9,486,194 | \$ (831,066) |
| Restricted | 637,791 | 405,763 | 232,028 |
| Unrestricted | 8,312,930 | 7,370,456 | 942,474 |
| Total Net Position | \$ 17,605,849 | \$ 17,262,413 | \$ 343,436 |

*

The following table provides a comparative analysis of the District's operations for the fiscal years ending June 30, 2020, and June 30, 2019:

| | Summary of Changes in the Statement of Activities | | |
|---------------------------------|---|---------------|----------------------------------|
| | 2020 | 2019 | Change Positive (Negative) |
| Revenues: | | | |
| Property Taxes | \$ 2,253,719 | \$ 2,022,901 | \$ 230,818 |
| Charges for Services | 2,828,868 | 2,623,845 | 205,023 |
| Sales Taxes | 228,058 | 245,075 | (17,017) |
| Other Revenues | 464,860 | 339,766 | 125,094 |
| Total Revenues | \$ 5,775,505 | \$ 5,231,587 | \$ 543,918 |
| Expenses for Services | 5,432,069 | 4,692,233 | (739,836) |
| Change in Net Position | \$ 343,436 | \$ 539,354 | \$ (195,918) |
| Net Position, Beginning of Year | 17,262,413 | 16,723,059 | 539,354 |
| Net Position, End of Year | \$ 17,605,849 | \$ 17,262,413 | \$ 343,436 |

* As Adjusted

*

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of June 30, 2020, were \$11,108,417, an increase of \$3,373,748 from the prior year.

The General Fund fund balance increased by \$931,096, primarily due to service and property tax revenues exceeding operating and capital expenditures as well as insurance proceeds received in the current year.

The Debt Service Fund fund balance increased by \$220,294, primarily due to the structure of the District's outstanding debt requirements and a transfer from the General Fund.

The Capital Projects Fund fund balance increased by \$2,222,358, primarily due to proceeds received from the sale of Series 2020 Bonds.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors adopted an unappropriated budget for the current fiscal year. Actual revenues were \$443,219 more than budgeted, primarily due to higher than projected property tax and investment revenues as well as insurance reimbursements. Actual expenditures were \$1,565,154 less than budgeted, primarily due to lower than expected capital expenditures due to the timing of anticipated projects.

LONG-TERM DEBT ACTIVITY

As of June 30, 2020, the District had total bond debt payable of \$4,240,000. The changes in the debt position of the District during the fiscal year ended June 30, 2020, are summarized as follows:

| | |
|----------------------------------|---------------------|
| Bond Debt Payable, July 1, 2019 | \$ 1,695,000 |
| Add: Bond Sale - Series 2020 | 2,650,000 |
| Less: Bond Principal Paid | <u>105,000</u> |
| Bond Debt Payable, June 30, 2020 | <u>\$ 4,240,000</u> |

The District's Series 2011 and Series 2020 bonds carry an insured rating of "AA" by virtue of bond insurance issued by Assured Guaranty Municipal Corporation. The District's underlying rating is "A+". Credit enhanced ratings provided through bond insurance policies are subject to change based on the rating of the bond insurance company. The ratings above include all changes, if any, through June 30, 2020.

CAPITAL ASSETS

Capital assets as of June 30, 2020, total \$10,632,198 and include buildings and equipment as well as the water, wastewater and drainage systems. Significant capital asset activity during the current fiscal year included the District's share of improvements at the West Memorial Municipal Utility District Regional Sewage Treatment Plant, various motors, pumps and other equipment, various improvements to recreational facilities and other improvements at the community center and other District facilities.

| Capital Assets At Year-End, Net of Accumulated Depreciation | | | |
|---|----------------------|----------------------|----------------------------------|
| | 2020 | 2019 | Change Positive (Negative) |
| Capital Assets Not Being Depreciated: | | | |
| Land and Land Improvements | \$ 729,167 | \$ 729,167 | \$ |
| Construction in Progress | 480,684 | 325,079 | 155,605 |
| Capital Assets, Net of Accumulated Depreciation: | | | |
| Community Center | 166,509 | 241,551 | (75,042) |
| Recreational Facility | 30,623 | 37,291 | (6,668) |
| Buildings and Improvements | 637,520 | 503,182 | 134,338 |
| Furniture and Equipment | 584,801 | 665,483 | (80,682) |
| Water System | 4,185,446 | 4,539,663 | (354,217) |
| Wastewater System | 3,771,188 | 4,019,969 | (248,781) |
| Drainage System | 46,260 | 75,870 | (29,610) |
| Total Net Capital Assets | <u>\$ 10,632,198</u> | <u>\$ 11,137,255</u> | <u>\$ (505,057)</u> |
| * As Adjusted | | * | |

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 Mason Creek Utility District, 847 Dominion, Katy, Texas 77450.

MASON CREEK UTILITY DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2020

| | General Fund | Debt Service Fund |
|--|---------------------|----------------------|
| ASSETS | | |
| Cash | \$ 2,626,987 | \$ 739,883 |
| Investments | 5,381,774 | |
| Receivables: | | |
| Property Taxes | 59,531 | 6,960 |
| Penalty and Interest on Delinquent Taxes | | |
| Service Accounts | 237,109 | |
| Accrued Interest | 72,584 | |
| Due from Other Funds | 86,956 | |
| Prepaid Costs | 2,315 | |
| Due from the City of Houston | 69,186 | |
| Advances for Wastewater Treatment | | |
| Joint Facilities Operating Advances | 69,428 | |
| Land | | |
| Construction in Progress | | |
| Capital Assets (Net of Accumulated Depreciation) | | |
| TOTAL ASSETS | \$ 8,605,870 | \$ 746,843 |

| <u>Capital Projects Fund</u> | <u>Total</u> | <u>Adjustments</u> | <u>Statement of Net Position</u> |
|----------------------------------|----------------------|----------------------|--------------------------------------|
| \$ 2,313,793 | \$ 5,680,663 | \$ | \$ 5,680,663 |
| | 5,381,774 | | 5,381,774 |
| | 66,491 | | 66,491 |
| | | 20,520 | 20,520 |
| | 237,109 | | 237,109 |
| | 72,584 | | 72,584 |
| | 86,956 | (86,956) | |
| | 2,315 | | 2,315 |
| | 69,186 | | 69,186 |
| | 69,428 | | 69,428 |
| | | 729,167 | 729,167 |
| | | 480,684 | 480,684 |
| | | 9,422,347 | 9,422,347 |
| <u>\$ 2,313,793</u> | <u>\$ 11,666,506</u> | <u>\$ 10,565,762</u> | <u>\$ 22,232,268</u> |

MASON CREEK UTILITY DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2020

| | General Fund | Debt Service Fund |
|---|---------------------|----------------------|
| LIABILITIES | | |
| Accounts Payable | \$ 230,510 | \$ 1,837 |
| Accrued Interest Payable | | |
| Due to Other Funds | | 86,956 |
| Due to Taxpayers | | 15,852 |
| Security Deposits | 62,430 | |
| Accrued Interest at Time of Sale | | 2,578 |
| Long-Term Liabilities: | | |
| Bonds Payable, Due Within One Year | | |
| Bonds Payable, Due After One Year | | |
| TOTAL LIABILITIES | \$ 292,940 | \$ 107,223 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Property Taxes | \$ 59,531 | \$ 6,960 |
| FUND BALANCES | | |
| Nonspendable: | | |
| Prepaid Costs | \$ 2,315 | \$ |
| Joint Facilities Operating Advances | 69,428 | |
| Restricted for Authorized Construction | | |
| Restricted for Debt Service | | 632,660 |
| Assigned For 2021 Budget Deficit | 748,381 | |
| Unassigned | 7,433,275 | |
| TOTAL FUND BALANCES | \$ 8,253,399 | \$ 632,660 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | \$ 8,605,870 | \$ 746,843 |
| NET POSITION | | |
| Net Investment in Capital Assets | | |
| Restricted for Debt Service | | |
| Unrestricted | | |
| TOTAL NET POSITION | | |

| Capital Projects Fund | Total | Adjustments | Statement of Net Position |
|--------------------------|----------------------|------------------------|------------------------------|
| \$ 91,435 | \$ 323,782 | \$ | \$ 323,782 |
| | | 24,927 | 24,927 |
| | 86,956 | (86,956) | |
| | 15,852 | | 15,852 |
| | 62,430 | | 62,430 |
| | 2,578 | (2,578) | |
| | | 180,000 | 180,000 |
| | | 4,019,428 | 4,019,428 |
| <u>\$ 91,435</u> | <u>\$ 491,598</u> | <u>\$ 4,134,821</u> | <u>\$ 4,626,419</u> |
| <u>\$ - 0 -</u> | <u>\$ 66,491</u> | <u>\$ (66,491)</u> | <u>\$ - 0 -</u> |
| \$ | \$ 2,315 | \$ (2,315) | \$ |
| | 69,428 | (69,428) | |
| 2,222,358 | 2,222,358 | (2,222,358) | |
| | 632,660 | (632,660) | |
| | 748,381 | (748,381) | |
| | 7,433,275 | (7,433,275) | |
| <u>\$ 2,222,358</u> | <u>\$ 11,108,417</u> | <u>\$ (11,108,417)</u> | <u>\$ - 0 -</u> |
| <u>\$ 2,313,793</u> | <u>\$ 11,666,506</u> | | |
| | | \$ 8,655,128 | \$ 8,655,128 |
| | | 637,791 | 637,791 |
| | | 8,312,930 | 8,312,930 |
| | | <u>\$ 17,605,849</u> | <u>\$ 17,605,849</u> |

MASON CREEK UTILITY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020

| | | |
|--|----|------------|
| Total Fund Balances - Governmental Funds | \$ | 11,108,417 |
|--|----|------------|

Amounts reported for governmental activities in the Statement of Net Position are different because:

| | | |
|--|--|------------|
| Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. | | 10,632,198 |
|--|--|------------|

| | | |
|--|--|--------|
| Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2019 and prior tax levies became part of recognized revenue in the governmental activities of the District. | | 87,011 |
|--|--|--------|

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 | \$ (22,349) | |
| Bonds Payable | <u>(4,199,428)</u> | <u>(4,221,777)</u> |
| Total Net Position - Governmental Activities | | <u>\$ 17,605,849</u> |

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MASON CREEK UTILITY DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020

| | General Fund | Debt Service Fund |
|---|--------------|----------------------|
| REVENUES | | |
| Property Taxes | \$ 1,959,364 | \$ 280,515 |
| Water Service | 1,281,451 | |
| Wastewater Service | 1,158,561 | |
| Groundwater Reduction Fees | 342,245 | |
| Sales Tax Revenues | 228,058 | |
| Penalty and Interest | 18,375 | 12,626 |
| Tap Connection and Inspection Fees | 10,666 | |
| Community Center Fees | 16,510 | |
| Investment, Insurance, and Miscellaneous Revenues | 444,729 | 2,710 |
| TOTAL REVENUES | \$ 5,459,959 | \$ 295,851 |
| EXPENDITURES/EXPENSES | | |
| Service Operations: | | |
| Personnel | \$ 638,366 | \$ |
| Professional Fees | 109,283 | 426 |
| Contracted Services | 846,175 | 6,849 |
| Purchased Wastewater Service | 297,292 | |
| Utilities | 319,406 | |
| Groundwater Reduction Costs | 407,951 | |
| Repairs and Maintenance | 891,923 | |
| Depreciation | | |
| Community Center | 456,204 | |
| Other | 296,564 | 1,356 |
| Capital Outlay | 207,704 | |
| Debt Service: | | |
| Bond Principal | | 105,000 |
| Bond Interest | | 61,926 |
| Bond Issuance Costs | | |
| TOTAL EXPENDITURES/EXPENSES | \$ 4,470,868 | \$ 175,557 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES | \$ 989,091 | \$ 120,294 |
| OTHER FINANCING SOURCES (USES) | | |
| Transfers In(Out) | \$ (57,995) | \$ 100,000 |
| Long-Term Debt Issued | | |
| TOTAL OTHER FINANCING SOURCES (USES) | \$ (57,995) | \$ 100,000 |
| NET CHANGE IN FUND BALANCES | \$ 931,096 | \$ 220,294 |
| CHANGE IN NET POSITION | | |
| FUND BALANCES/NET POSITION - JULY 1, 2019, AS ADJUSTED | 7,322,303 | 412,366 |
| FUND BALANCES/NET POSITION - JUNE 30, 2020 | \$ 8,253,399 | \$ 632,660 |

| Capital Projects Fund | Total | Adjustments | Statement of Activities |
|--------------------------|----------------------|-----------------------|----------------------------|
| \$ | \$ 2,239,879 | \$ 13,840 | \$ 2,253,719 |
| | 1,281,451 | | 1,281,451 |
| | 1,158,561 | | 1,158,561 |
| | 342,245 | | 342,245 |
| | 228,058 | | 228,058 |
| | 31,001 | 4,944 | 35,945 |
| | 10,666 | | 10,666 |
| | 16,510 | | 16,510 |
| 911 | 448,350 | | 448,350 |
| <u>\$ 911</u> | <u>\$ 5,756,721</u> | <u>\$ 18,784</u> | <u>\$ 5,775,505</u> |
| \$ | \$ 638,366 | \$ | \$ 638,366 |
| | 109,709 | | 109,709 |
| | 853,024 | | 853,024 |
| | 297,292 | | 297,292 |
| | 319,406 | | 319,406 |
| | 407,951 | | 407,951 |
| | 891,923 | | 891,923 |
| | 456,204 | 857,119 | 857,119 |
| | 298,114 | | 456,204 |
| 194 | 352,059 | (352,059) | 298,114 |
| 144,355 | | | |
| | 105,000 | (105,000) | |
| | 61,926 | (964) | 60,962 |
| 241,999 | 241,999 | | 241,999 |
| <u>\$ 386,548</u> | <u>\$ 5,032,973</u> | <u>\$ 399,096</u> | <u>\$ 5,432,069</u> |
| <u>\$ (385,637)</u> | <u>\$ 723,748</u> | <u>\$ (380,312)</u> | <u>\$ 343,436</u> |
| \$ (42,005) | \$ | \$ | \$ |
| 2,650,000 | 2,650,000 | (2,650,000) | |
| <u>\$ 2,607,995</u> | <u>\$ 2,650,000</u> | <u>\$ (2,650,000)</u> | <u>\$ -0-</u> |
| \$ 2,222,358 | \$ 3,373,748 | \$ (3,373,748) | \$ |
| | | 343,436 | 343,436 |
| | 7,734,669 | 9,527,744 | 17,262,413 |
| <u>\$ 2,222,358</u> | <u>\$ 11,108,417</u> | <u>\$ 6,497,432</u> | <u>\$ 17,605,849</u> |

MASON CREEK UTILITY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

| | |
|--|--------------|
| Net Change in Fund Balances - Governmental Funds | \$ 3,373,748 |
|--|--------------|

Amounts reported for governmental activities in the Statement of Activities are different because:

| | |
|--|--------|
| Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied. | 13,840 |
|--|--------|

| | |
|---|-------|
| Governmental funds report penalty and interest revenue on property taxes when collected. However, in the Statement of Activities, revenue is recorded when penalties and interest are assessed. | 4,944 |
|---|-------|

| | |
|--|-----------|
| Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities. | (857,119) |
|--|-----------|

| | |
|---|---------|
| Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected. | 352,059 |
|---|---------|

| | |
|---|---------|
| Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities. | 105,000 |
|---|---------|

| | |
|---|-----|
| Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end. | 964 |
|---|-----|

| | |
|---|--------------------|
| Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in the Statement of Net Position. | <u>(2,650,000)</u> |
|---|--------------------|

| | |
|--|-------------------|
| Change in Net Position - Governmental Activities | <u>\$ 343,436</u> |
|--|-------------------|

NOTE 1. CREATION OF DISTRICT

Mason Creek Utility District of Harris County, Texas (the “District”) was created by the Acts of the 62nd Legislature of Texas, Regular Session, 1971, page 2164, chapter 664, pursuant to the provisions of Section 59 of Article XVI of the Texas Constitution. The District operates under the provisions of Chapters 49 and 54, Texas Water Code, as amended. The Board of Directors held its first meeting on December 29, 1971 and its first bonds were sold on July 23, 1973.

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.

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”). 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.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)Financial Statement Presentation (Continued)

- 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 to obtain net total revenues and expenses of the government-wide Statement of Activities.

Fund Financial Statements

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

Governmental Funds

The District has three governmental funds and considers each to be a major fund.

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

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.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)Basis of Accounting

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

Property taxes considered available by the District and included in revenue include taxes collected during the year and taxes collected after year-end, which were considered available to defray the expenditures of the current year. Deferred 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. During the current fiscal year, the District transferred \$100,000 from the General Fund to the Debt Service Fund to contribute to the debt service requirements. The Capital Projects Fund also transferred \$42,005 to the General Fund to reimburse capital expenditures paid in the previous year.

Capital Assets

Capital assets which include property, plant and equipment 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 expenditures 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.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)Capital Assets (Continued)

Assets are capitalized, including infrastructure assets, if they have an original cost greater than \$2,500 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Estimated useful lives are as follows:

| | <u>Years</u> |
|--------------------------|--------------|
| Buildings | 50 |
| Water System | 50 |
| Wastewater System | 50 |
| Drainage System | 40 |
| Sewer Plant Contribution | 50 |
| Community Center | 20 |
| Machinery and Equipment | 15 |
| Furniture and Equipment | 20 |
| Transportation Equipment | 5 |

Budgeting

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was not amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the original budget amounts, compared to the actual amounts of revenues and expenditures for the current year.

Pensions

The District has established a simplified pension plan. It has also elected to provide social security coverage to all employees who are not participating in a public retirement system. See Note 10. The Internal Revenue Service determined that fees of office received by Directors are considered wages subject to federal income tax withholding for payroll 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 and liabilities associated with the activities are reported. Fund equity is classified as net position.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)Measurement Focus (Continued)

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

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. The District assigned \$748,381 of its General Fund fund balance to cover a budgeted shortfall in fiscal year 2021.

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

| | Series 2011 | Series 2020 |
|--|-----------------------|-----------------------|
| Amounts Outstanding - June 30, 2020 | \$ 1,590,000 | \$ 2,650,000 |
| Interest Rates | 3.00% - 4.30% | 2.00% - 2.20% |
| Maturity Dates – Serially Beginning/Ending | August 1, 2020/2031 | August 1, 2020/2039 |
| Interest Payment Dates | August 1 / February 1 | August 1 / February 1 |
| Callable Dates | August 1, 2019* | August 1, 2026* |

* Or on any date thereafter, in whole or part, at a price of par value plus accrued interest to the date fixed for redemption. Series 2011 Term Bonds maturing on August 1, 2021, 2023, 2025, 2027, 2029, and 2031, are subject to mandatory redemption beginning August 1, 2020, 2022, 2024, 2026, 2028, and 2030, respectively. Series 2020 Term Bonds maturing on August 1, 2033, 2035 and 2039, are subject to mandatory redemption beginning August 1, 2032, 2034 and 2037, respectively.

The following is a summary of transactions regarding bonds payable for the year ended June 30, 2020:

| | July 1, 2019 | Additions | Retirements | June 30, 2020 |
|-----------------------|---------------------|----------------------------|-------------------|---------------------|
| Bonds Payable | \$ 1,695,000 | \$ 2,650,000 | \$ 105,000 | \$ 4,240,000 |
| Unamortized Discounts | (43,936) | | (3,364) | (40,572) |
| Bonds Payable, Net | <u>\$ 1,651,064</u> | <u>\$ 2,650,000</u> | <u>\$ 101,636</u> | <u>\$ 4,199,428</u> |
| | | Amount Due Within One Year | | \$ 180,000 |
| | | Amount Due After One Year | | <u>4,019,428</u> |
| | | Bonds Payable, Net | | <u>\$ 4,199,428</u> |

On March 18, 2020, the District closed on the sale of its \$2,650,000 Unlimited Tax Bonds, Series 2020. The District used the proceeds to provide for (1) conversions of two lift stations; (2) rehabilitation of sanitary sewer lines along Ellingham Drive; (3) associated contingencies and engineering fees; and (4) legal fees, financial advisor fees and other costs associated with the issuance of the bonds.

As of June 30, 2020, the District had authorized but unissued bonds in the amount of \$129,000 for utility 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.

NOTE 3. LONG-TERM DEBT (Continued)

As of June 30, 2020, the debt service requirements on the bonds outstanding were as follows:

| Fiscal Year | Principal | Interest | Total |
|-------------|---------------------|---------------------|---------------------|
| 2021 | \$ 180,000 | \$ 107,549 | \$ 287,549 |
| 2022 | 160,000 | 107,625 | 267,625 |
| 2023 | 165,000 | 103,078 | 268,078 |
| 2024 | 170,000 | 98,200 | 268,200 |
| 2025 | 175,000 | 93,010 | 268,010 |
| 2026-2030 | 960,000 | 374,162 | 1,334,162 |
| 2031-2035 | 1,135,000 | 203,282 | 1,338,282 |
| 2036-2040 | 1,295,000 | 71,880 | 1,366,880 |
| | <u>\$ 4,240,000</u> | <u>\$ 1,158,786</u> | <u>\$ 5,398,786</u> |

During the year ended June 30, 2020, the District levied an ad valorem debt service tax rate of \$0.044 per \$100 of assessed valuation, which resulted in a tax levy of \$283,878 on the adjusted taxable valuation of \$645,177,509 for the 2019 tax year. The bond resolution requires the District to 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 the maintenance tax levy.

All property values and exempt status, if any, are determined by the appraisal district. Assessed values are determined as of January 1 of each year, at which time a tax lien attaches to the related property. Taxes are levied around October/November, are due upon receipt and are delinquent the following February 1. Penalty and interest attach thereafter.

NOTE 4. SIGNIFICANT BOND RESOLUTION AND LEGAL REQUIREMENTS

The bond resolution states that the District is required by the Securities and Exchange Commission to provide continuing disclosure of certain general financial information, operating data, and notices of certain events to certain information repositories. 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.

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 the five-year anniversary of the issue.

NOTE 5. DEPOSITS AND INVESTMENTSDeposits

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 \$11,062,437 and the bank balance was \$11,233,558. The District was not exposed to custodial credit risk at year-end.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at June 30, 2020, as listed below:

| | Cash | Certificates of Deposit | Total |
|-----------------------|---------------------|----------------------------|----------------------|
| GENERAL FUND | \$ 2,626,987 | \$ 5,381,774 | \$ 8,008,761 |
| DEBT SERVICE FUND | 739,883 | | 739,883 |
| CAPITAL PROJECTS FUND | 2,313,793 | | 2,313,793 |
| TOTAL DEPOSITS | <u>\$ 5,680,663</u> | <u>\$ 5,381,774</u> | <u>\$ 11,062,437</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.

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)Investments (Continued)

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.

As of June 30, 2020, the District had the following investments and maturities:

| <u>Fund and Investment Type</u> | <u>Fair Value</u> | <u>Maturities of Less Than 1 year</u> | <u>1-5 Years</u> |
|-------------------------------------|--------------------|---|----------------------|
| <u>GENERAL FUND</u> | | | |
| Certificates of Deposit | <u>\$5,381,774</u> | <u>\$ 5,156,774</u> | <u>\$ 225,000</u> |

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The District manages credit risk by typically investing in certificates of deposit with balances below FDIC coverage or that are covered by pledged securities for balances that exceed FDIC coverage. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District manages interest rate risk by investing in certificates of deposit with maturities of less than two years.

Restrictions

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

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 is as follows:

| | July 1, 2019* | Increases | Decreases | June 30, 2020 |
|--|----------------------|---------------------|-------------------|----------------------|
| Capital Assets Not Being Depreciated | | | | |
| Land and Land Improvements | \$ 729,167 | \$ | \$ | \$ 729,167 |
| Construction in Progress | 325,079 | 352,062 | 196,457 | 480,684 |
| Total Capital Assets Not Being Depreciated | <u>\$ 1,054,246</u> | <u>\$ 352,062</u> | <u>\$ 196,457</u> | <u>\$ 1,209,851</u> |
| Capital Assets Subject to Depreciation | | | | |
| Community Center | \$ 1,310,627 | \$ | \$ | \$ 1,310,627 |
| Recreational Facility | 99,752 | | | 99,752 |
| Buildings and Improvements | 809,589 | 155,540 | | 965,129 |
| Furniture and Equipment | 1,755,181 | 21,492 | | 1,776,673 |
| Water System | 11,261,811 | 19,425 | | 11,281,236 |
| Wastewater System | 8,948,153 | | | 8,948,153 |
| Drainage System | 4,333,210 | | | 4,333,210 |
| Total Capital Assets Subject to Depreciation | <u>\$ 28,518,323</u> | <u>\$ 196,457</u> | <u>\$ - 0 -</u> | <u>\$ 28,714,780</u> |
| Accumulated Depreciation | | | | |
| Community Center | \$ 1,069,076 | \$ 75,042 | \$ | \$ 1,144,118 |
| Recreational Facility | 62,461 | 6,668 | | 69,129 |
| Buildings and Improvements | 306,407 | 21,202 | | 327,609 |
| Furniture and Equipment | 1,089,698 | 102,174 | | 1,191,872 |
| Water System | 6,722,148 | 373,642 | | 7,095,790 |
| Wastewater System | 4,928,184 | 248,781 | | 5,176,965 |
| Drainage System | 4,257,340 | 29,610 | | 4,286,950 |
| Total Accumulated Depreciation | <u>\$ 18,435,314</u> | <u>\$ 857,119</u> | <u>\$ - 0 -</u> | <u>\$ 19,292,433</u> |
| Total Depreciable Capital Assets, Net of Accumulated Depreciation | <u>\$ 10,083,009</u> | <u>\$ (660,662)</u> | <u>\$ - 0 -</u> | <u>\$ 9,422,347</u> |
| Total Capital Assets, Net of Accumulated Depreciation | <u>\$ 11,137,255</u> | <u>\$ (308,600)</u> | <u>\$ 196,457</u> | <u>\$ 10,632,198</u> |

* As Adjusted, See Note 15

NOTE 7. MAINTENANCE TAX

On May 1, 1999, the voters within the District approved for the District to levy an unlimited maintenance tax rate per \$100 of assessed valuation on property within the District. This maintenance tax is to be used by the General Fund to pay expenditures of operating the District's waterworks and wastewater system. During the year ended June 30, 2020, the District levied an ad valorem maintenance tax rate of \$0.307 per \$100 of assessed valuation, which resulted in a tax levy of \$1,980,695 on the adjusted taxable valuation of \$645,177,509 for the 2019 tax year.

NOTE 8. WASTEWATER TREATMENT PLANT FACILITIESWest Memorial Regional Wastewater Treatment Plant

On December 18, 1972, the District entered into agreements with Harris County Municipal Utility District No. 81, West Memorial Municipal Utility District (“West Memorial”), then known as Harris County Water Control and Improvement District No. 134, and Cimarron Municipal Utility District (the “Participants”) for the provision of a regional waste treatment facility. The Plant is owned and operated by West Memorial and expanded by the Participants.

On August 30, 1983, the District and the Participants amended the agreement to include Interstate Municipal Utility District. On January 25, 1994, West Memorial purchased 29,000 gallons per day (gpd) of capacity from Cimarron Municipal Utility District. The amendment also provided for the expansion of the Plant to a capacity of 6,475,000 gpd. The Participants agreed to finance the expansion to include the issuance of bonds, if required. The term of the agreement is 40 years from the effective date of the amendment. Current capacity ownership is as follows:

| | <u>Owned Capacity in Gallons Per Day</u> | <u>Percentage of Ownership</u> |
|---|--|------------------------------------|
| The District | 800,000 | 12.36% |
| West Memorial Municipal Utility District | 599,000 | 9.25 |
| Harris County Municipal Utility District No. 81 | 1,255,000 | 19.38 |
| Cimarron Municipal Utility District | 2,471,000 | 38.16 |
| Interstate Municipal Utility District | <u>1,350,000</u> | <u>20.85</u> |
| TOTAL | <u>6,475,000</u> | <u>100.00%</u> |

Oversight of the Plant is exercised by the Board of Directors of West Memorial. The terms of the agreement provide for an operating reserve equivalent to three months operation and maintenance costs as set forth in the annual budget allocated to the Participants based on equivalent connections. The allocation of the operating reserve at June 30, 2020, is as follows:

| | |
|---|--------------------------|
| The District | \$ 39,428 |
| West Memorial Municipal Utility District | 53,393 |
| Harris County Municipal Utility District No. 81 | 88,618 |
| Cimarron Municipal Utility District | 150,088 |
| Interstate Municipal Utility District | <u>86,743</u> |
| Total | <u>\$ 418,270</u> |

NOTE 8. WASTEWATER TREATMENT PLANT FACILITIES (Continued)West Memorial Regional Wastewater Treatment Plant (Continued)

The District's pro rata share of current year operating expenditures was \$140,939. The Participants are billed for operations based on a budgeted cost per connection. At fiscal year-end, revenues are adjusted to equal actual expenditures. Overages are disbursed to participants and shortages are billed to participants. The following summary financial data of the West Memorial Regional Wastewater Plant is presented for the fiscal year ended June 30, 2020.

| | |
|--|--------------------------------|
| Total Assets | \$ |
| Total Liabilities | _____ |
| Total Fund Balance | \$ <u> </u> |
| Total Revenues | \$ |
| Total Expenditures | _____ |
| Net Change in Fund Balance | \$ - 0 - |
| Increase (Decrease) in Operating Reserve | |
| Beginning Fund Balance | _____ |
| Ending Fund Balance | \$ <u> </u> |

Cinco Regional Sewage Treatment Plant

Cinco Regional Sewage Treatment Plant (the Plant) was established by agreements between Cornerstones Municipal Utility District, Harris County Municipal Utility District No. 81 (District No. 81), the District and Memorial Municipal Utility District on May 15, 1978, and as subsequently amended and restated. The agreement and subsequent amendments were entered into for the purpose of sharing the costs of constructing and operating a regional sewage treatment plant. Current capacity and ownership is as follows:

| | <u>Owned Capacity in Gallons Per Day</u> | <u>Percentage of Ownership</u> |
|---|--|------------------------------------|
| The District | 500,000 | 16.67% |
| Cornerstones Municipal Utility District | 1,000,000 | 33.33 |
| Harris County Municipal Utility District No. 81 | 560,000 | 18.67 |
| Memorial Municipal Utility District | <u>940,000</u> | <u>31.33</u> |
| TOTAL | <u>3,000,000</u> | <u>100.00%</u> |

The participants are billed for fixed and variable plant operating costs on a monthly basis. Variable costs, consisting primarily of chemicals, sludge, and electricity costs, are allocated to each participant based on the number of connections served for each participant divided by the

NOTE 8. WASTEWATER TREATMENT PLANT FACILITIES (Continued)Cinco Regional Sewage Treatment Plant (Continued)

total number of connections served by the plant. Fixed costs are allocated based on ownership percentage and consist of all other costs of operating the plant. Major capital costs may be allocated as fixed or variable costs, depending on the nature of the costs. Each participant has made equal cash deposits for an operating reserve totaling \$120,000, of which the District's share is \$30,000. The District's pro rata share of current year operating expenditures was \$156,354. The following summary financial data of the Cinco Regional Sewage Treatment Plant is presented for the fiscal year ended December 31, 2019.

| | |
|-------------------------------|-------------------|
| Total Assets | \$ 213,814 |
| Total Liabilities | <u>93,814</u> |
| Total Fund Balance | <u>\$ 120,000</u> |
| Total Revenues | \$ 631,688 |
| Total Other Financing Sources | 257,639 |
| Total Expenditures | <u>(889,327)</u> |
| Net Change in Fund Balance | \$ -0- |
| Beginning Fund Balance | <u>120,000</u> |
| Ending Fund Balance | <u>\$ 120,000</u> |

The participants have also entered into a Reclaimed Water Agreement dated May 11, 2016, which was amended on February 15, 2017. Under this agreement Cinco MUD No. 1 will construct and operate a wastewater treatment plant effluent reuse facility for the benefit of all participants.

NOTE 9. COMPENSATED ABSENCES

Employees of the District are entitled to paid vacation, sick days and holidays based on meeting certain criteria. These benefits are determined on a calendar year basis and may not be carried over to the succeeding year. The District has elected not to accrue immaterial, compensated absences as of June 30, 2020.

NOTE 10. RETIREMENT PLAN

The District established a simplified employee pension plan (defined contribution) on December 13, 1995. The plan has a calendar year end and provides for a maximum contribution of 25% of wages for eligible employees. Eligible employees are fully vested in plan balances. The District contributed 10% of the eligible employees' salaries to the plan which totaled \$25,553 for the current fiscal year.

NOTE 11. GROUNDWATER REDUCTION PLAN

On January 8, 2003 the District executed an agreement between the City of Houston and the District, which was effective as of the date countersigned by the City of Houston ("GRP Manager"). The agreement was countersigned on July 18, 2003 and is known as the "City of Houston Water Supply and Groundwater Reduction Plan Wholesale Agreement for Regulatory Area 3 of the Harris-Galveston Coastal Subsidence District," (the "Agreement"). The Agreement, which expires at noon on October 31, 2040, relates to a project for water to be supplied pursuant to this Agreement which must be derived primarily from surface water. By January 2030, groundwater withdrawals are to comprise no more than 20% of the pumper's total water demand. The District's costs for the year ended June 30, 2020 totaled \$407,951.

NOTE 12. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and there have been no settlements.

NOTE 13. STRATEGIC PARTNERSHIP AGREEMENT

Effective December 2, 2002, the District entered into a Strategic Partnership Agreement with the City of Houston, Texas. The agreement provides that in accordance with Subchapter F of Chapter 43 of the Local Government Code and Act, the City shall annex a tract of land defined as the "Subject Tract" for the limited purposes of applying the City's Planning, Zoning, Health, and Safety Ordinances within the Subject Tract within the boundaries of the District.

Upon annexation, the City began imposing a Sales and Use Tax within the boundaries of the Subject Tract at the rate of one percent or the rate specified under the future amendments to Chapter 321 of the Tax Code. The City pays the District one-half of all Sales and Use Tax revenues generated within the boundaries of the Subject Tract within 30 days of the City receiving the funds from the State Comptroller's office. During the current fiscal year, the District collected \$228,058 in sales tax revenue from the City of Houston, of which \$48,154 was recorded as receivable at year end.

The City agrees that it will not annex the District for full purposes or commence any action to annex the District for full purposes during the term of this Agreement. The term of this Agreement is 30 years from the effective date of the agreement.

NOTE 14. EMERGENCY WATER SUPPLY CONTRACTS

On January 1, 1998, the District executed an emergency water supply contract with Harris County Municipal Utility District No. 81. The parties agree to furnish water to each other on an emergency basis for a maximum period of 15 days unless otherwise agreed in writing between the districts. The price to be paid for water delivered is \$1.75 per 1,000 gallons of water used. This contract will remain in effect until terminated in writing by either party.

On October 16, 2006, the District executed an emergency water supply contract with Interstate Municipal Utility District. The parties agree to furnish water to each other on an emergency basis for a maximum period of 15 days unless otherwise agreed in writing between the districts. The price to be paid for water delivered is \$1.75 per 1,000 gallons of water used. This contract will remain in effect until terminated in writing by either party.

On June 15, 2012, the District executed an emergency water supply contract with Green Trails Municipal Utility District. The parties agree to furnish water to each other on an emergency basis for a maximum period of 30 days unless otherwise agreed in writing between the districts. The price to be paid for water delivered is the first increment of volume used above the minimum monthly charge by single-family residential customers inside the district's boundaries, plus an additional amount necessary to cover City of Houston groundwater reduction fees. This contract will remain in effect until terminated in writing by either party.

NOTE 15. PRIOR PERIOD ADJUSTMENT

As of July 1, 2019, it was determined that accumulated depreciation was incorrectly calculated. A correction to the accumulated depreciation was made which resulted in a \$296,842 decrease to the District's Net Position. A Summary of the changes is presented as follows:

| | |
|--|----------------------|
| Net Position - July 1, 2019 | \$ 17,559,255 |
| Effect of Adjustment | <u>(296,842)</u> |
| Net Position - July 1, 2019, As Adjusted | <u>\$ 17,262,413</u> |

NOTE 16. ECONOMIC UNCERTAINTIES

On March 11, 2020, the World Health Organization declared the COVID-19 virus a global pandemic. As a result, economic uncertainties have arisen which could have an impact on the operations of the District. The District is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty, as the potential financial impact of this pandemic is unknown at this time.

MASON CREEK UTILITY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2020

MASON CREEK UTILITY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

| | Original and Final Budget | Actual | Variance Positive (Negative) |
|--|------------------------------|---------------------|------------------------------------|
| REVENUES | | | |
| Property Taxes | \$ 1,815,000 | \$ 1,959,364 | \$ 144,364 |
| Water Service | 1,206,750 | 1,281,451 | 74,701 |
| Wastewater Service | 1,145,300 | 1,158,561 | 13,261 |
| Groundwater Reduction Fees | 333,900 | 342,245 | 8,345 |
| Sales Tax Revenues | 234,650 | 228,058 | (6,592) |
| Penalty and Interest | 25,000 | 18,375 | (6,625) |
| Tap Connection and Inspection Fees | 11,100 | 10,666 | (434) |
| Community Center Fees | 68,600 | 16,510 | (52,090) |
| Investment, Insurance, and Miscellaneous Revenues | <u>176,440</u> | <u>444,729</u> | <u>268,289</u> |
| TOTAL REVENUES | <u>\$ 5,016,740</u> | <u>\$ 5,459,959</u> | <u>\$ 443,219</u> |
| EXPENDITURES | | | |
| Services Operations: | | | |
| Personnel | \$ 708,570 | \$ 638,366 | \$ 70,204 |
| Professional Fees | 127,250 | 109,283 | 17,967 |
| Contracted Services | 791,300 | 846,175 | (54,875) |
| Purchased Wastewater Service | 342,400 | 297,292 | 45,108 |
| Utilities | 289,200 | 319,406 | (30,206) |
| Groundwater Reduction Costs | 340,432 | 407,951 | (67,519) |
| Repairs and Maintenance | 893,850 | 891,923 | 1,927 |
| Community Center | 297,500 | 456,204 | (158,704) |
| Other | 220,520 | 296,564 | (76,044) |
| Capital Outlay | <u>2,025,000</u> | <u>207,704</u> | <u>1,817,296</u> |
| TOTAL EXPENDITURES | <u>\$ 6,036,022</u> | <u>\$ 4,470,868</u> | <u>\$ 1,565,154</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>\$ (1,019,282)</u> | <u>\$ 989,091</u> | <u>\$ 2,008,373</u> |
| OTHER FINANCING SOURCES(USES) | | | |
| Transfers In(Out) | <u>\$ -0-</u> | <u>\$ (57,995)</u> | <u>\$ (57,995)</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ (1,019,282)</u> | <u>\$ 931,096</u> | <u>\$ 1,950,378</u> |
| FUND BALANCE - JULY 1, 2019 | <u>7,322,303</u> | <u>7,322,303</u> | |
| FUND BALANCE - JUNE 30, 2020 | <u>\$ 6,303,021</u> | <u>\$ 8,253,399</u> | <u>\$ 1,950,378</u> |

MASON CREEK UTILITY DISTRICT
SUPPLEMENTARY INFORMATION – REQUIRED BY THE
WATER DISTRICT FINANCIAL MANAGEMENT GUIDE
JUNE 30, 2020

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 | _____ | Security |
| <u> X </u> | Solid Waste/Garbage | _____ | Flood Control | _____ | Roads |
| | Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect) | | | | |
| <u> X </u> | | | | | |
| <u> X </u> | Other (specify): Street Light Utility Costs | | | | |

2. RETAIL SERVICE PROVIDERS

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

Based on the rate order effective May 13, 2020.

| | <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: | \$ 21.03 | 3,000 | N | \$ 2.07 | 3,001 to 10,000 |
| | | | | \$ 3.15 | 10,001 to 15,000 |
| | | | | \$ 3.46 | 15,001 to 20,000 |
| | | | | \$ 5.33 | 20,001 and up |
| WASTEWATER: | \$ 21.42 | 3,000 | N | \$2.01 | 3,001 to 10,000 |
| | | | | \$2.82 | 10,001 to 15,000 |
| | | | | \$3.10 | 15,001 to 20,000 |
| | | | | \$3.10 | 20,001 and up |
| SURCHARGE: | | | | | |
| Groundwater Reduction | | | | \$1.06 | Per 1,000 gallons |
| Regulatory Assessment Fee | .5% of water and wastewater billed | | | | |

District employs winter averaging for wastewater usage? X
Yes No

Total monthly charges per 10,000 gallons usage: Water: \$35.52 Wastewater: \$35.49 Surcharge: \$10.96

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS:

| <u>Meter Size</u> | <u>Total Connections</u> | <u>Active Connections</u> | <u>ESFC Factor</u> | <u>Active ESFCs</u> |
|------------------------------|--------------------------|---------------------------|--------------------|---------------------|
| Unmetered | | | x 1.0 | |
| ≤¾" | <u>2,471</u> | <u>2,453</u> | x 1.0 | <u>2,453</u> |
| 1" | <u>48</u> | <u>43</u> | x 2.5 | <u>108</u> |
| 1½" | <u>15</u> | <u>14</u> | x 5.0 | <u>70</u> |
| 2" | <u>40</u> | <u>40</u> | x 8.0 | <u>320</u> |
| 3" | <u>1</u> | <u>1</u> | x 15.0 | <u>15</u> |
| 4" | <u>2</u> | <u>2</u> | x 25.0 | <u>50</u> |
| 6" | <u>9</u> | <u>9</u> | x 50.0 | <u>450</u> |
| 8" | <u>3</u> | <u>3</u> | x 80.0 | <u>240</u> |
| 10" | | | x 115.0 | |
| Total Water Connections | <u>2,589</u> | <u>2,565</u> | | <u>3,706</u> |
| Total Wastewater Connections | <u>2,367</u> | <u>2,344</u> | x 1.0 | <u>2,344</u> |

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

| | | |
|------------------------------|-------------|--|
| Gallons pumped into system: | 414,299,000 | Water Accountability Ratio: 80% (Gallons billed/Gallons pumped) |
| Gallons billed to customers: | 332,421,000 | |

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 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 extraterritorial jurisdiction (ETJ)?

Entirely Partly Not at all

ETJ in which District is located:

City of Houston, Texas

Are Board Members appointed by an office outside the District?

Yes No

MASON CREEK UTILITY DISTRICT
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2020

| | |
|---|-------------------|
| PERSONNEL EXPENDITURES (Including Benefits) | \$ 638,366 |
| PROFESSIONAL FEES: | |
| Auditing | \$ 18,000 |
| Engineering | 61,258 |
| Legal | 27,172 |
| Delinquent Tax Attorney | <u>2,853</u> |
| TOTAL PROFESSIONAL FEES | \$ <u>109,283</u> |
| PURCHASED WASTEWATER SERVICE | \$ <u>297,292</u> |
| CONTRACTED SERVICES: | |
| Appraisal District | \$ 14,077 |
| Bookkeeping | 45,706 |
| Billing and Collections | 50,983 |
| Solid Waste Disposal | 673,809 |
| Security | 32,056 |
| Tax Collection and Sales Tax Monitoring | <u>29,544</u> |
| TOTAL CONTRACTED SERVICES | \$ <u>846,175</u> |
| UTILITIES: | |
| Electricity | \$ 182,984 |
| Telephone | <u>26,548</u> |
| TOTAL UTILITIES | \$ <u>209,532</u> |
| REPAIRS AND MAINTENANCE | \$ <u>891,923</u> |
| ADMINISTRATIVE EXPENDITURES: | |
| Director Fees | \$ 19,500 |
| Insurance | 77,418 |
| Office Supplies and Postage | 73,562 |
| Service Charges/Credit Card Fees | 26,863 |
| Travel and Meetings | 8,266 |
| Rent and Leases | 6,852 |
| Other | <u>36,671</u> |
| TOTAL ADMINISTRATIVE EXPENDITURES | \$ <u>249,132</u> |

MASON CREEK UTILITY DISTRICT
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2020

| | |
|-----------------------------|----------------------------|
| CAPITAL OUTLAY | \$ 207,704 |
| STREET LIGHTS | \$ 109,874 |
| COMMUNITY CENTER | \$ 456,204 |
| OTHER EXPENDITURES: | |
| Chemicals | \$ 28,226 |
| Groundwater Reduction Costs | 407,951 |
| Permit Fees | 7,162 |
| Regulatory Assessment | <u>12,044</u> |
| TOTAL OTHER EXPENDITURES | \$ <u>455,383</u> |
| TOTAL EXPENDITURES | \$ <u><u>4,470,868</u></u> |

Number of persons employed by the District 7 Full-Time 3 Part-Time

MASON CREEK UTILITY DISTRICT
INVESTMENTS
JUNE 30, 2020

| Funds | Identification or Certificate Number | Interest Rate | Maturity Date | Balance at End of Year | Accrued Interest Receivable at End of Year |
|----------------------------|---|------------------|------------------|----------------------------|---|
| <u>GENERAL FUND</u> | | | | | |
| Certificate of Deposit | XXXX0243 | 2.25% | 09/08/20 | \$ 243,074 | \$ 7,192 |
| Certificate of Deposit | XXXX6212 | 2.00% | 12/11/21 | 225,000 | 2,490 |
| Certificate of Deposit | XXXX9123 | 2.05% | 09/08/20 | 508,110 | 8,419 |
| Certificate of Deposit | XXXX1422 | 1.47% | 12/15/20 | 1,250,000 | 9,918 |
| Certificate of Deposit | XXXX7087 | 2.50% | 07/20/20 | 250,000 | 5,890 |
| Certificate of Deposit | XXXX0664 | 2.50% | 07/31/20 | 1,000,000 | 22,808 |
| Certificate of Deposit | XXXX8605 | 2.00% | 10/07/20 | 1,076,588 | 15,692 |
| Certificate of Deposit | XXXX9628 | 0.70% | 06/19/21 | 401,130 | 85 |
| Certificate of Deposit | XXXX9631 | 0.70% | 06/19/21 | <u>427,872</u> | <u>90</u> |
| TOTAL GENERAL FUND | | | | <u>\$ 5,381,774</u> | <u>\$ 72,584</u> |

MASON CREEK UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2020

| | Maintenance Taxes | | Debt Service Taxes | |
|-----------------------------|-------------------|------------------|--------------------|-------------------------------|
| TAXES RECEIVABLE - | | | | |
| JULY 1, 2019 | \$ | 48,153 | | \$ 4,498 |
| Adjustments to Beginning | | | | |
| Balance | | <u>(9,953)</u> | \$ 38,200 | <u>(901)</u> \$ 3,597 |
| Original 2019 Tax Levy | \$ | 1,821,542 | | \$ 261,068 |
| Adjustment to 2019 Tax Levy | | <u>159,153</u> | <u>1,980,695</u> | <u>22,810</u> <u>283,878</u> |
| TOTAL TO BE | | | | |
| ACCOUNTED FOR | | | \$ 2,018,895 | \$ 287,475 |
| TAX COLLECTIONS: | | | | |
| Prior Years | \$ | 5,481 | | \$ 480 |
| Current Year | | <u>1,953,883</u> | <u>1,959,364</u> | <u>280,035</u> <u>280,515</u> |
| TAXES RECEIVABLE - | | | | |
| JUNE 30, 2020 | | | <u>\$ 59,531</u> | <u>\$ 6,960</u> |
| TAXES RECEIVABLE BY | | | | |
| YEAR: | | | | |
| 2019 | | | \$ 26,812 | \$ 3,843 |
| 2018 | | | 9,798 | 873 |
| 2017 | | | 5,546 | 506 |
| 2016 | | | 5,032 | 534 |
| 2015 | | | 3,267 | 347 |
| 2014 | | | 1,777 | 198 |
| 2013 | | | 1,681 | 238 |
| 2012 and prior | | | <u>5,618</u> | <u>421</u> |
| TOTAL | | | <u>\$ 59,531</u> | <u>\$ 6,960</u> |

MASON CREEK UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2020

| | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| PROPERTY VALUATIONS: | | | | |
| Land | \$ 194,211,597 | \$ 189,462,463 | \$ 189,483,570 | \$ 188,095,696 |
| Improvements | 626,297,843 | 599,097,402 | 605,037,707 | 594,144,014 |
| Personal Property | 42,733,037 | 42,315,529 | 40,551,871 | 42,677,882 |
| Exemptions | <u>(218,064,968)</u> | <u>(212,416,854)</u> | <u>(214,880,064)</u> | <u>(224,220,136)</u> |
| TOTAL PROPERTY VALUATIONS | <u>\$ 645,177,509</u> | <u>\$ 618,458,540</u> | <u>\$ 620,193,084</u> | <u>\$ 600,697,456</u> |
| TAX RATES PER \$100 VALUATION: | | | | |
| Debt Service | \$ 0.044 | \$ 0.027 | \$ 0.027 | \$ 0.031 |
| Maintenance | <u>0.307</u> | <u>0.303</u> | <u>0.296</u> | <u>0.292</u> |
| TOTAL TAX RATES PER \$100 VALUATION | <u>\$ 0.351</u> | <u>\$ 0.330</u> | <u>\$ 0.323</u> | <u>\$ 0.323</u> |
| ADJUSTED TAX LEVY* | <u>\$ 2,264,573</u> | <u>\$ 2,003,223</u> | <u>\$ 1,940,253</u> | <u>\$ 1,808,685</u> |
| PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED | <u>98.65 %</u> | <u>99.47 %</u> | <u>99.69 %</u> | <u>99.69 %</u> |

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

** Maintenance Tax - Unlimited tax rate per \$100 of assessed valuation approved by voters on May 1, 1999.

MASON CREEK UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2020

| S E R I E S - 2 0 1 1 | | | | |
|--|------------------------------|---|-------|-----------|
| Due During Fiscal Years Ending June 30 | Principal Due August 1 | Interest Due August 1/ February 1 | Total | |
| 2021 | \$ 105,000 | \$ 58,249 | \$ | 163,249 |
| 2022 | 110,000 | 55,025 | | 165,025 |
| 2023 | 115,000 | 51,478 | | 166,478 |
| 2024 | 120,000 | 47,600 | | 167,600 |
| 2025 | 120,000 | 43,460 | | 163,460 |
| 2026 | 125,000 | 39,050 | | 164,050 |
| 2027 | 135,000 | 34,184 | | 169,184 |
| 2028 | 140,000 | 28,856 | | 168,856 |
| 2029 | 145,000 | 23,153 | | 168,153 |
| 2030 | 150,000 | 17,069 | | 167,069 |
| 2031 | 160,000 | 10,535 | | 170,535 |
| 2032 | 165,000 | 3,547 | | 168,547 |
| 2033 | | | | |
| 2034 | | | | |
| 2035 | | | | |
| 2036 | | | | |
| 2037 | | | | |
| 2038 | | | | |
| 2039 | | | | |
| 2040 | | | | |
| | \$ 1,590,000 | \$ 412,206 | \$ | 2,002,206 |

MASON CREEK UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2020

| S E R I E S - 2 0 2 0 | | | | |
|--|------------------------------|---|-------|-----------|
| Due During Fiscal Years Ending June 30 | Principal Due August 1 | Interest Due August 1/ February 1 | Total | |
| 2021 | \$ 75,000 | \$ 49,300 | \$ | 124,300 |
| 2022 | 50,000 | 52,600 | | 102,600 |
| 2023 | 50,000 | 51,600 | | 101,600 |
| 2024 | 50,000 | 50,600 | | 100,600 |
| 2025 | 55,000 | 49,550 | | 104,550 |
| 2026 | 55,000 | 48,450 | | 103,450 |
| 2027 | 50,000 | 47,400 | | 97,400 |
| 2028 | 50,000 | 46,400 | | 96,400 |
| 2029 | 55,000 | 45,350 | | 100,350 |
| 2030 | 55,000 | 44,250 | | 99,250 |
| 2031 | 50,000 | 43,200 | | 93,200 |
| 2032 | 55,000 | 42,150 | | 97,150 |
| 2033 | 230,000 | 39,300 | | 269,300 |
| 2034 | 235,000 | 34,650 | | 269,650 |
| 2035 | 240,000 | 29,900 | | 269,900 |
| 2036 | 245,000 | 25,050 | | 270,050 |
| 2037 | 250,000 | 20,100 | | 270,100 |
| 2038 | 260,000 | 14,740 | | 274,740 |
| 2039 | 265,000 | 8,965 | | 273,965 |
| 2040 | 275,000 | 3,025 | | 278,025 |
| | \$ 2,650,000 | \$ 746,580 | \$ | 3,396,580 |

MASON CREEK UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2020

ANNUAL REQUIREMENTS
FOR ALL SERIES

| Due During Fiscal Years Ending June 30 | Total Principal Due | Total Interest Due | Total Principal and Interest Due |
|--|------------------------|-----------------------|--|
| 2021 | \$ 180,000 | \$ 107,549 | \$ 287,549 |
| 2022 | 160,000 | 107,625 | 267,625 |
| 2023 | 165,000 | 103,078 | 268,078 |
| 2024 | 170,000 | 98,200 | 268,200 |
| 2025 | 175,000 | 93,010 | 268,010 |
| 2026 | 180,000 | 87,500 | 267,500 |
| 2027 | 185,000 | 81,584 | 266,584 |
| 2028 | 190,000 | 75,256 | 265,256 |
| 2029 | 200,000 | 68,503 | 268,503 |
| 2030 | 205,000 | 61,319 | 266,319 |
| 2031 | 210,000 | 53,735 | 263,735 |
| 2032 | 220,000 | 45,697 | 265,697 |
| 2033 | 230,000 | 39,300 | 269,300 |
| 2034 | 235,000 | 34,650 | 269,650 |
| 2035 | 240,000 | 29,900 | 269,900 |
| 2036 | 245,000 | 25,050 | 270,050 |
| 2037 | 250,000 | 20,100 | 270,100 |
| 2038 | 260,000 | 14,740 | 274,740 |
| 2039 | 265,000 | 8,965 | 273,965 |
| 2040 | 275,000 | 3,025 | 278,025 |
| | <u>\$ 4,240,000</u> | <u>\$ 1,158,786</u> | <u>\$ 5,398,786</u> |

MASON CREEK UTILITY DISTRICT
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED JUNE 30, 2020

| Description | Original Bonds Issued | Bonds Outstanding July 1, 2019 |
|---|----------------------------|--------------------------------------|
| Mason Creek Utility District Unlimited Tax Bonds - Series 2011 | \$ 2,350,000 | \$ 1,695,000 |
| Mason Creek Utility District Unlimited Tax Bonds - Series 2020 | <u>2,650,000</u> | <u> </u> |
| TOTAL | <u><u>\$ 5,000,000</u></u> | <u><u>\$ 1,695,000</u></u> |
| | | |
| Bond Authority: | | <u>Tax Bonds</u> |
| Amount Authorized by Voters | | \$ 21,999,000 |
| Amount Issued | | <u>21,870,000</u> |
| Remaining to be Issued | | <u><u>\$ 129,000</u></u> |
| | | |
| Debt Service Fund cash and investment balances as of June 30, 2020: | | <u><u>\$ 739,883</u></u> |
| | | |
| Average annual debt service payment (principal and interest) for remaining term of all debt: | | <u><u>\$ 269,939</u></u> |

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

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

| <u>Current Year Transactions</u> | | | | |
|----------------------------------|--------------------|------------------|--|--------------------------------------|
| <u>Bonds Sold</u> | <u>Retirements</u> | | <u>Bonds Outstanding June 30, 2020</u> | <u>Paying Agent</u> |
| | <u>Principal</u> | <u>Interest</u> | | |
| \$ | \$ 105,000 | \$ 61,926 | \$ 1,590,000 | Wells Fargo Bank N.A. Dallas, TX |
| <u>2,650,000</u> | | | <u>2,650,000</u> | Wells Fargo Bank N.A. Houston, TX |
| <u>\$ 2,650,000</u> | <u>\$ 105,000</u> | <u>\$ 61,926</u> | <u>\$ 4,240,000</u> | |

MASON CREEK UTILITY DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

| | Amounts | | |
|--|---------------------|---------------------|---------------------|
| | 2020 | 2019 | 2018 |
| REVENUES | | | |
| Property Taxes | \$ 1,959,364 | \$ 1,848,767 | \$ 1,823,418 |
| Water Service | 1,281,451 | 1,173,294 | 1,286,332 |
| Wastewater Service | 1,158,561 | 1,074,650 | 1,093,110 |
| Groundwater Reduction Fees | 342,245 | 311,791 | 329,729 |
| Sales Tax Revenues | 228,058 | 245,075 | 269,026 |
| Penalty and Interest | 18,375 | 26,148 | 23,436 |
| Tap Connection and Inspection Fees | 10,666 | 25,129 | 21,241 |
| Community Center Fees | 16,510 | 63,818 | 77,596 |
| Proceeds from Sale of Assets | | 34,600 | |
| Investment, FEMA and Miscellaneous Revenues | 444,729 | 255,072 | 75,380 |
| TOTAL REVENUES | \$ 5,459,959 | \$ 5,058,344 | \$ 4,999,268 |
| EXPENDITURES | | | |
| Personnel | \$ 638,366 | \$ 404,672 | \$ 390,752 |
| Professional Fees | 109,283 | 109,321 | 128,061 |
| Contracted Services | 846,175 | 1,111,522 | 1,073,643 |
| Purchased Wastewater Service | 297,292 | 302,137 | 336,046 |
| Utilities | 319,406 | 319,981 | 330,054 |
| Groundwater Reduction Costs | 407,951 | 313,588 | 321,493 |
| Repairs and Maintenance | 891,923 | 678,116 | 733,564 |
| Community Center | 456,204 | 328,748 | 98,550 |
| Other | 296,564 | 237,301 | 238,007 |
| Capital Outlay | 207,704 | 676,790 | 1,832,840 |
| TOTAL EXPENDITURES | \$ 4,470,868 | \$ 4,482,176 | \$ 5,483,010 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | \$ 989,091 | \$ 576,168 | \$ (483,742) |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers In(Out) | \$ (57,995) | \$ (506,324) | \$ |
| Developer Contributions | | | 383,049 |
| TOTAL OTHER FINANCING SOURCES (USES) | \$ (57,995) | \$ (506,324) | \$ 383,049 |
| NET CHANGE IN FUND BALANCE | \$ 931,096 | \$ 69,844 | \$ (100,693) |
| BEGINNING FUND BALANCE | 7,322,303 | 7,252,459 | 7,353,152 |
| ENDING FUND BALANCE | \$ 8,253,399 | \$ 7,322,303 | \$ 7,252,459 |

| | | Percentage of Total Revenues | | | | |
|---------------------|---------------------|------------------------------|----------------|----------------|----------------|----------------|
| 2017 | 2016 | 2020 | 2019 | 2018 | 2017 | 2016 |
| \$ 1,737,527 | \$ 1,621,302 | 35.9 % | 36.6 % | 36.4 % | 35.0 % | 33.9 % |
| 1,303,251 | 1,242,085 | 23.5 | 23.2 | 25.7 | 26.3 | 26.0 |
| 1,126,350 | 1,108,874 | 21.2 | 21.2 | 21.9 | 22.7 | 23.2 |
| 348,441 | 331,564 | 6.3 | 6.2 | 6.6 | 7.0 | 6.9 |
| 263,465 | 307,281 | 4.2 | 4.8 | 5.4 | 5.3 | 6.4 |
| 27,679 | 31,129 | 0.3 | 0.5 | 0.5 | 0.6 | 0.7 |
| 11,253 | 11,121 | 0.2 | 0.5 | 0.4 | 0.2 | 0.2 |
| 74,231 | 78,799 | 0.3 | 1.3 | 1.6 | 1.5 | 1.6 |
| 18,000 | | | 0.7 | | 0.4 | |
| 48,037 | 52,152 | 8.1 | 5.0 | 1.5 | 1.0 | 1.1 |
| <u>\$ 4,958,234</u> | <u>\$ 4,784,307</u> | <u>100.0 %</u> | <u>100.0 %</u> | <u>100.0 %</u> | <u>100.0 %</u> | <u>100.0 %</u> |
| \$ 344,588 | \$ 283,509 | 11.7 % | 8.0 % | 7.8 % | 6.9 % | 5.9 % |
| 55,539 | 103,095 | 2.0 | 2.2 | 2.6 | 1.1 | 2.2 |
| 1,057,725 | 1,063,428 | 15.5 | 22.0 | 21.5 | 21.3 | 22.2 |
| 305,735 | 302,249 | 5.4 | 6.0 | 6.7 | 6.2 | 6.3 |
| 356,751 | 344,704 | 5.8 | 6.3 | 6.6 | 7.2 | 7.2 |
| 352,579 | 340,576 | 7.5 | 6.2 | 6.4 | 7.1 | 7.1 |
| 663,950 | 436,680 | 16.3 | 13.4 | 14.7 | 13.4 | 9.1 |
| 129,175 | 210,854 | 8.4 | 6.5 | 2.0 | 2.6 | 4.4 |
| 216,129 | 236,551 | 5.4 | 4.7 | 4.8 | 4.4 | 4.9 |
| 989,242 | 418,836 | 3.8 | 13.4 | 36.7 | 20.0 | 8.8 |
| <u>\$ 4,471,413</u> | <u>\$ 3,740,482</u> | <u>81.8 %</u> | <u>88.7 %</u> | <u>109.8 %</u> | <u>90.2 %</u> | <u>78.1 %</u> |
| \$ 486,821 | \$ 1,043,825 | <u>18.2 %</u> | <u>11.3 %</u> | <u>(9.8) %</u> | <u>9.8 %</u> | <u>21.9 %</u> |
| \$ 446,627 | \$ | | | | | |
| <u>\$ 446,627</u> | <u>\$ - 0 -</u> | | | | | |
| \$ 933,448 | \$ 1,043,825 | | | | | |
| 6,419,704 | 5,375,879 | | | | | |
| <u>\$ 7,353,152</u> | <u>\$ 6,419,704</u> | | | | | |

MASON CREEK UTILITY DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

| | Amounts | | |
|--|-------------------|--------------------|--------------------|
| | 2020 | 2019 | 2018 |
| REVENUES | | | |
| Property Taxes | \$ 280,515 | \$ 164,858 | \$ 166,502 |
| Penalty and Interest | 12,626 | 15,439 | 14,866 |
| Investment and Miscellaneous Revenues | <u>2,710</u> | <u>1,783</u> | <u>1,442</u> |
| TOTAL REVENUES | <u>\$ 295,851</u> | <u>\$ 182,080</u> | <u>\$ 182,810</u> |
| EXPENDITURES | | | |
| Tax Collection Expenditures | \$ 8,081 | \$ 60,607 | \$ 60,111 |
| Debt Service Principal | 105,000 | 100,000 | 100,000 |
| Debt Service Interest and Fees | <u>62,476</u> | <u>66,575</u> | <u>70,575</u> |
| TOTAL EXPENDITURES | <u>\$ 175,557</u> | <u>\$ 227,182</u> | <u>\$ 230,686</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>\$ 120,294</u> | <u>\$ (45,102)</u> | <u>\$ (47,876)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers In(Out) | <u>\$ 100,000</u> | <u>\$ 506,324</u> | <u>\$ - 0 -</u> |
| NET CHANGE IN FUND BALANCE | \$ 220,294 | \$ 461,222 | \$ (47,876) |
| BEGINNING FUND BALANCE (DEFICIT) | <u>412,366</u> | <u>(48,856)</u> | <u>(980)</u> |
| ENDING FUND BALANCE (DEFICIT) | <u>\$ 632,660</u> | <u>\$ 412,366</u> | <u>\$ (48,856)</u> |
| TOTAL ACTIVE RETAIL WATER CONNECTIONS | <u>2,565</u> | <u>2,562</u> | <u>2,550</u> |
| TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS | <u>2,344</u> | <u>2,341</u> | <u>2,337</u> |

| | | Percentage of Total Revenues | | | | |
|-------------------|-------------------|------------------------------|-----------------|-----------------|-----------------|----------------|
| 2017 | 2016 | 2020 | 2019 | 2018 | 2017 | 2016 |
| \$ 184,474 | \$ 172,036 | 94.8 % | 90.5 % | 91.1 % | 95.6 % | 75.0 % |
| 8,008 | 13,258 | 4.3 | 8.5 | 8.1 | 4.2 | 5.8 |
| 421 | 43,964 | 0.9 | 1.0 | 0.8 | 0.2 | 19.2 |
| <u>\$ 192,903</u> | <u>\$ 229,258</u> | <u>100.0 %</u> | <u>100.0 %</u> | <u>100.0 %</u> | <u>100.0 %</u> | <u>100.0 %</u> |
| \$ 55,382 | \$ 52,773 | 2.7 % | 33.3 % | 32.9 % | 28.7 % | 23.0 % |
| 95,000 | 95,000 | 35.5 | 54.9 | 54.7 | 49.2 | 41.4 |
| 74,475 | 78,275 | 21.1 | 36.6 | 38.6 | 38.6 | 34.1 |
| <u>\$ 224,857</u> | <u>\$ 226,048</u> | <u>59.3 %</u> | <u>124.8 %</u> | <u>126.2 %</u> | <u>116.5 %</u> | <u>98.5 %</u> |
| \$ (31,954) | \$ 3,210 | <u>40.7 %</u> | <u>(24.8) %</u> | <u>(26.2) %</u> | <u>(16.5) %</u> | <u>1.5 %</u> |
| \$ - 0 - | \$ - 0 - | | | | | |
| \$ (31,954) | \$ 3,210 | | | | | |
| 30,974 | 27,764 | | | | | |
| <u>\$ (980)</u> | <u>\$ 30,974</u> | | | | | |
| 2,540 | 2,531 | | | | | |
| <u>2,317</u> | <u>2,341</u> | | | | | |

MASON CREEK UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
JUNE 30, 2020

District Mailing Address - Mason Creek Utility District
847 Dominion
Katy, TX 77450

District Telephone Number - (281) 578-7272

| Board Members: | Term of Office (Elected or Appointed) | Fees of Office for the year ended June 30, 2020 | Expense Reimbursements for the year ended June 30, 2020 | Title |
|-----------------------|--|--|---|---|
| Len Forsyth | 05/18 05/22 (Elected) | \$ 7,200 | \$ 98 | President |
| James Hamblet III | 05/20 05/24 (Elected) | \$ 5,100 | \$ -0- | Vice President |
| Brian C. Connolly | 05/20 05/24 (Elected) | \$ 2,400 | \$ -0- | Secretary/Treasurer |
| John H. Cameron | 05/20 05/24 (Elected) | \$ 2,850 | \$ 358 | Assistant Secretary/ Assistant Treasurer |
| Robert J. Wills | 05/18 05/22 (Elected) | \$ 1,950 | \$ -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: December 31, 2019.

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200. Fees of Office are the amounts actually paid to a Director during the District's current fiscal year.

MASON CREEK UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
JUNE 30, 2020

| <u>Consultants:</u> | <u>Date Hired</u> | <u>Fees for the year ended June 30, 2020</u> | <u>Title</u> |
|-------------------------------------|-------------------|--|---|
| James L. Dougherty | 08/1984 | \$ 27,172 \$ 68,664 | General Counsel Bond Counsel |
| McCall Gibson Swedlund Barfoot PLLC | 07/2013 | \$ 18,000 \$ 1,500 | Audit Related Bond Related |
| Municipal Accounts & Consulting LP | 12/2011 | \$ 52,607 | Bookkeeper |
| Hal R. Gordon | 08/1984 | \$ 4,508 | Delinquent Tax Attorney |
| Susan Saccomen | 07/2002 | \$ 73,220 | District Office Manager |
| Venturi Engineers, LLC | 01/2017 | \$ 161,252 | Engineer |
| Blich Associates, Inc. | 10/2010 | \$ 48,375 | Financial Advisor |
| Bob Leared Interest | 06/1995 | \$ 39,634 | Tax Collector/ Sales Tax Consultant |

October 14, 2020

Board of Directors
Mason Creek Utility District
Harris County, Texas

In planning and performing our audit of the financial statements of Mason Creek Utility District (the “District”) as of and for the year ended June 30, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the District’s internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements of the District’s financial statements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Material Weaknesses

Last year, and again this year, we observed the following matters that we consider to be material weaknesses.

The District’s management consists of an elected Board of Directors (the “Directors”). The District also has employees that function as a component of management. Some operations are performed by private companies (“Consultants”) under contract with the District. The Directors, and from time to time employees, of the District supervise the performance of the Consultants; however, although the Consultants can be part of the District’s system of internal control, the Consultants are not members of management. Ultimately, the Directors, and from time to time employees, of the District are responsible for the design and implementation of the system of internal control.

As is common within the system of internal control of most small organizations, the accountants hired by the District keep books and records and prepare accounting documents (including balance sheet, revenues and expenditures, budgets, reconciliations, etc.), and these documents are used to prepare the District’s ultimate financial statements, but the District relies upon the auditor to prepare the ultimate financial statements complete with footnotes that are required by accounting principles generally accepted in the United States of America. Accordingly, the District has not established total internal control over the preparation of its financial statements. This condition is considered to be a material weakness of the District’s system of internal control over financial reporting.

Material Weaknesses (Continued)

During the course of performing an audit, it is not unusual for the auditor to prepare various journal entries to present the financial statements on the government-wide basis of accounting. Management's reliance upon the auditor to detect and make these necessary adjustments is considered a material weakness in internal control. Auditing standards do not make exceptions for reporting deficiencies that are adequately mitigated with nonaudit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive. We agree with the objective of auditing standards to inform an organization of all the conditions in its internal control that interfere with its ability to record financial data reliably and issue financial statements free of material misstatement. Communication of the material weaknesses above helps to emphasize that the responsibility for financial reporting rests entirely with the organization and not the auditor.

Management's Response

Apparently, the District would have to hire a staff accountant or a second auditor to avoid the "material weaknesses" mentioned above. This would be very expensive, and the Board of the District does not believe it would be cost-effective. The Board also points out: (1) the District's financial statements have been prepared in a manner that is consistent with prior years and with practices of other, similar special districts; (2) the accounting books and records of the District are kept and reported by a bonded bookkeeper who possesses industry knowledge and expertise, including a concentration in special districts accounting; (3) the District has also engaged a financial advisor and tax assessor/collector who possess industry knowledge and expertise, as well as legal and professional engineering services; and (4) the Board has consulted with its independent auditor concerning the "material weaknesses," and the auditor does not recommend hiring a staff accountant or a second auditor (or otherwise changing the District's bookkeeping or accounting practices) at this time.

Conclusion

Management's written response to the material weaknesses identified in our audit has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

This communication is intended solely for the information and use of the Board of Directors and the Texas Commission on Environmental Quality and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

MASON CREEK UTILITY DISTRICT
HARRIS COUNTY, TEXAS
OCTOBER 14, 2020

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
13100 Wortham Center Drive, Suite 235
Houston, Texas 77065-5610

Ladies and Gentlemen:

This representation letter is provided in connection with your audit of the financial statements of Mason Creek Utility District, (the "District"), which comprise the respective financial position of the governmental activities and each major fund as of June 30, 2020, and the respective changes in financial position for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of October 14, 2020, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 19, 2019, including our responsibility for the preparation and fair presentation of the financial statements and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates are reasonable.
- 6) Related party relationships and transactions, if any, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.

- 8) We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the accounts.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which the District is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 11) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the District from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the District or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that affects the District and involves:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the District's financial statements communicated by employees, former employees, regulators, or others.
- 16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 18) We have disclosed to you the identity of the District's related parties and all the related party relationships and transactions of which we are aware.

Government—specific

- 19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 20) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

- 21) The District has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 22) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
- 23) There are no violations or possible violations of laws and regulations, provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 24) As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved and accepted responsibility for those financial statements and related notes.
- 25) The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral, except as disclosed in the basic financial statements.
- 26) The District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 27) We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
- 28) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations, if applicable.
- 29) The financial statements properly classify all funds and activities, in accordance with GASB Statement No. 34.
- 30) All funds that meet the quantitative criteria for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 31) Components of net position (net investment in capital assets; restricted; and unrestricted), and components of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 32) Provisions for uncollectible receivables have been properly identified and recorded, if applicable.
- 33) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 34) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.

- 35) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 36) Deposits and investment securities are properly classified as to risk and are properly disclosed.
- 37) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 38) We have appropriately disclosed the District’s policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 39) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 40) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 41) With respect to the supplementary information required by the Water District Financial Management Guide,
 - a) We acknowledge our responsibility for presenting this information in accordance with the Commission’s requirements, and we believe this information, including its form and content, is fairly presented in accordance with the Commission’s requirements. The methods of measurement and presentation of this information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - b) If this information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor’s report thereon.

MASON CREEK UTILITY DISTRICT

Signatures of the Board of Directors

October 14, 2020

Board of Directors
Mason Creek Utility District

We have audited the financial statements of the governmental activities and each major Mason Creek Utility District (the "District") for the year ended June 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated June 17, 2020. Professional standards also require that we communicate to you the following information related to our audit. For the purposes of this letter, the term "management" refers to the Board of Directors and/or District consultants.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. Significant accounting policies used by the District, including new accounting policies, if any, that have been adopted and implemented during the current fiscal year, are discussed in Note 2. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period. The financial statement disclosures are neutral, consistent, and clear.

Accounting estimates are an integral part of the financial statements and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's financial statements were management's estimate of depreciable lives of capital assets. Depreciation of infrastructure assets is based on industry wide accepted estimated useful lives taken on a straight-line basis, or on the life of the applicable contract in the case of intangible assets. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The District's bookkeeper will be provided with all such adjustments.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 14, 2020.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We were engaged to perform the following non-attest services for the District: (1) preparation of financial statements and related notes and schedules in conformity with accounting principles generally accepted in the United States of America and (2) preparation of capital assets and due to developer schedules. These services were performed based on information provided by you. We performed these services in accordance with applicable professional standards. The non-attest services we performed are limited to those specifically defined and did not result in assuming management responsibilities.

We applied certain limited procedures to the Management's Discussion and Analysis and the budgetary comparison schedule for the General Fund, which are required supplementary information ("RSI") that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on supplementary information required by the Texas Commission on Environmental Quality, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Board of Directors of the District and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

McCall Gibson Swedlund Barfoot PLLC

MASON CREEK U.D.
TAX ASSESSOR/COLLECTOR'S REPORT

9/30/2020

| | | | |
|---|--------|------------|-------------------------|
| Taxes Receivable: 8/31/2020 | \$ | 105,135.36 | |
| Reserve for Uncollectables | (| 46,050.69) | |
| Adjustments | | 31.56 | \$ 59,116.23 |
| Original 2020 Tax Levy | \$ | .00 | |
| Adjustments | | .00 | .00 |
| Total Taxes Receivable | | | \$ 59,116.23 |
| Prior Years Taxes Collected | \$ | 4,817.46 | |
| 2020 Taxes Collected (.0%) | | .00 | 4,817.46 |
| Taxes Receivable at: 9/30/2020 | | | \$ 54,298.77 |

2020 Receivables:
Debt Service
Maintenance

bob leared interests

11111 Katy Freeway, Suite 725
Houston, Texas 77079-2197

Phone: (713) 932-9011
Fax: (713) 932-1150

MASON CREEK U.D.

Month of
9/2020Fiscal to Date
7/01/2020 - 9/30/2020

Check With Your Bookkeeper For Your Cash Balance

Receipts:

| | | |
|-------------------------------|----------|----------|
| Current & Prior Years Taxes | 3,603.02 | 9,798.89 |
| Penalty & Interest | 987.44 | 2,220.56 |
| Additional Collection Penalty | 1,150.52 | 2,707.13 |
| Overpayments | 2.24 | |
| Erroneous Overpayment | 2.24 | 2.24 |
| Refund - due to adjustments | 1,214.44 | 2,972.35 |
| Rendition Penalty | 3.52 | 4.71 |

| | | |
|-----------------------|--------------------|------------------|
| TOTAL RECEIPTS | \$ 6,958.94 | 17,705.88 |
|-----------------------|--------------------|------------------|

Disbursements:

| | | |
|-------------------------------|----------|------------|
| Atty's Fees, Delq. collection | 607.04 | 801.97 |
| CAD Quarterly Assessment | 4,334.00 | 4,334.00 |
| Refund - due to adjustments | 1,045.15 | 2,296.54 |
| Tax A/C Bond Premium | 2,188.00 | 2,188.00 |
| Transfer to Debt Service Fund | | 105,000.00 |
| Transfer to General Fund | 2,831.11 | 143,706.50 |
| Tax Assessor/Collector Fee | 2,690.00 | 8,070.00 |
| Rendition Penalty CAD Portion | | 8.39 |
| Postage | 33.58 | 95.94 |
| Supplies | | 273.05 |
| Audit Preparation | 150.00 | 150.00 |
| Records Maintenance | | 30.00 |
| Copies | | 14.14 |
| Supp/Corr/Name Chgs Envelopes | 117.30 | 117.30 |
| SB 2 Compliance | 150.00 | 150.00 |

| | | |
|----------------------------|-----------------------|----------------------|
| TOTAL DISBURSEMENTS | (\$ 14,146.18) | (267,235.83) |
|----------------------------|-----------------------|----------------------|

MASON CREEK U.D.

Disbursements for month of October, 2020

| Check # | Payee | Description | Amount |
|---------------------|-----------------------------|-------------------------------|-------------|
| | Bob Leared | Tax Assessor/Collector Fee | \$ 3,005.96 |
| | Bellinger Larry L & Karen M | Refund - due to adjustments | 175.50 |
| | Chiboroski John R | Refund - due to adjustments | 344.70 |
| | Comerica Bank #605 | Refund - due to adjustments | 694.24 |
| | Hal Gordon | Atty's Fees, Delq. collection | 950.72 |
| | Katy Times | Publications, Legal Notice | 441.00 |
| | W/T to General Fund | Transfer to General Fund | 3,597.81 |
| TOTAL DISBURSEMENTS | | | \$ 9,209.93 |

Comercia Bank

Account # 1881071698

MASON CREEK U.D.

HISTORICAL COLLECTIONS DATA

| Year | Collections Month Of 9/2020 | Adjustments To Collections 9/2020 | Total Tax Collections at 9/30/2020 | Total Taxes Receivable at 9/30/2020 | Collection Percentage |
|------|-----------------------------------|---|--|---|--------------------------|
| 2020 | | | | | |
| 2019 | 4,465.46 | 352.01- | 2,244,177.18 | 18,864.88 | 99.166 |
| 2018 | 352.00 | 400.43- | 2,022,625.69 | 10,302.59 | 99.493 |
| 2017 | | 462.00- | 1,975,710.21 | 6,051.90 | 99.695 |
| 2016 | | | 1,919,591.67 | 5,531.06 | 99.713 |
| 2015 | | | 1,801,345.61 | 3,613.48 | 99.800 |
| 2014 | | | 1,669,109.39 | 1,975.07 | 99.882 |
| 2013 | | | 1,551,048.88 | 1,919.09 | 99.876 |
| 2012 | | | 1,433,033.63 | 2,561.90 | 99.822 |
| 2011 | | | 1,402,237.24 | 827.87 | 99.941 |
| 2010 | | | 1,373,082.42 | 844.71 | 99.939 |
| 2009 | | | 1,304,781.66 | 688.73 | 99.947 |
| 2008 | | | 1,320,463.39 | 446.17 | 99.966 |
| 2007 | | | 1,293,452.59 | 460.00 | 99.964 |
| 2006 | | | 1,245,627.33 | 211.32 | 99.983 |
| 2005 | | | 1,250,390.57 | | 100.000 |
| 2004 | | | 1,232,862.30 | | 100.000 |
| 2003 | | | 1,234,715.11 | | 100.000 |
| 2002 | | | 1,208,639.36 | | 100.000 |
| 2001 | | | 1,206,455.44 | | 100.000 |
| 2000 | | | 1,129,973.26 | | 100.000 |
| 1999 | | | 1,136,515.86 | | 100.000 |
| 1998 | | | 1,335,691.65 | | 100.000 |
| 1997 | | | 1,754,364.21 | | 100.000 |
| 1996 | | | 1,712,348.07 | | 100.000 |
| 1995 | | | 1,680,231.55 | | 100.000 |
| 1994 | | | 1,654,041.74 | | 100.000 |
| 1993 | | | 1,637,658.31 | | 100.000 |
| 1992 | | | 1,539,435.80 | | 100.000 |
| 1991 | | | 1,554,908.83 | | 100.000 |
| 1990 | | | 1,498,179.72 | | 100.000 |
| 1989 | | | 1,719,641.57 | | 100.000 |
| 1988 | | | 1,764,618.27 | | 100.000 |
| 1987 | | | 1,426,997.68 | | 100.000 |
| 1986 | | | 1,586,696.66 | | 100.000 |
| 1985 | | | 1,621,520.38 | | 100.000 |
| 1984 | | | 1,542,927.07 | | 100.000 |
| 1983 | | | | | 100.000 |
| 1982 | | | | | 100.000 |
| 1981 | | | | | 100.000 |
| 1980 | | | | | 100.000 |
| 1979 | | | | | 100.000 |
| 1978 | | | | | 100.000 |
| 1977 | | | | | 100.000 |

(Percentage of collections same period last year)

MASON CREEK U.D.

HISTORICAL TAX DATA

| Year | Taxable Value | SR/CR | Tax Rate | Adjustments | Reserve for Uncollectibles | Adjusted Levy |
|------|---------------|---------|----------|-------------|----------------------------|---------------|
| 2020 | 594,406,959 | 00 / 00 | | | | |
| 2019 | 644,741,366 | 13 / 13 | .351000 | 180,431.82 | | 2,263,042.06 |
| 2018 | 616,038,799 | 24 / 24 | .330000 | 53,397.77 | | 2,032,928.28 |
| 2017 | 613,548,648 | 35 / 35 | .323000 | 84,277.53 | | 1,981,762.11 |
| 2016 | 595,728,746 | 44 / 44 | .323000 | 85,607.71 | | 1,924,203.65 |
| 2015 | 558,522,803 | 48 / 48 | .323000 | 129,836.37 | | 1,804,028.85 |
| 2014 | 499,576,755 | 57 / 57 | .334500 | 119,819.02 | | 1,671,084.46 |
| 2013 | 448,834,647 | 57 / 57 | .346000 | 153,329.99 | | 1,552,967.97 |
| 2012 | 414,911,954 | 68 / 68 | .346000 | 33,818.73 | | 1,435,595.53 |
| 2011 | 405,869,877 | 79 / 79 | .346000 | 34,275.56 | 1,244.81 | 1,403,065.11 |
| 2010 | 397,790,786 | 01 / 89 | .346000 | 180,542.83 | 2,429.09 | 1,373,927.13 |
| 2009 | 403,686,729 | 01 / 67 | .324000 | 187,342.23 | 2,474.55 | 1,305,470.39 |
| 2008 | 408,223,868 | 02 / 64 | .324000 | 191,293.85 | 1,735.95 | 1,320,909.56 |
| 2007 | 399,957,757 | 01 / 65 | .324000 | 192,684.83 | 1,950.66 | 1,293,912.59 |
| 2006 | 383,814,345 | 01 / 79 | .325000 | 114,159.76 | 1,558.63 | 1,245,838.65 |
| 2005 | 385,218,036 | 01 / 65 | .325000 | 150,629.38 | 1,569.04 | 1,250,390.57 |
| 2004 | 379,689,980 | 01 / 46 | .325000 | 85,401.47 | 1,131.14 | 1,232,862.30 |
| 2003 | 380,397,270 | 04 / 31 | .325000 | 88,461.26 | 1,577.04 | 1,234,715.11 |
| 2002 | 372,545,410 | 09 / 40 | .325000 | 34,776.38 | 1,768.83 | 1,208,639.36 |
| 2001 | 371,839,550 | 06 / 39 | .325000 | 84,565.91 | 2,024.20 | 1,206,455.44 |
| 2000 | 348,201,520 | 08 / 41 | .325000 | 46,924.32 | 1,682.74 | 1,129,973.26 |
| 1999 | 325,284,110 | 34 / 34 | .350000 | 39,350.31 | 1,979.23 | 1,136,515.86 |
| 1998 | 297,019,150 | 30 / 30 | .450000 | 142,556.63 | 895.33 | 1,335,691.65 |
| 1997 | 289,979,040 | 32 / 32 | .605270 | 83,374.41 | 475.07 | 1,754,364.21 |
| 1996 | 284,211,700 | 00 / 00 | .602750 | 56,041.39 | 904.80 | 1,712,348.07 |
| 1995 | 278,889,510 | 00 / 00 | .602750 | 77,470.07 | 775.31 | 1,680,231.55 |
| 1994 | 274,619,870 | 00 / 00 | .602750 | 60,861.05 | 1,229.74 | 1,654,041.74 |
| 1993 | 255,166,980 | 00 / 00 | .602750 | 98,860.63 | 765.78 | 1,637,658.31 |
| 1992 | 253,510,589 | 00 / 00 | .579000 | 67,799.06 | 844.99 | 1,539,435.80 |
| 1991 | 265,449,300 | 00 / 00 | .579000 | 19,377.25 | 1,486.08 | 1,554,908.83 |
| 1990 | 245,142,850 | 00 / 00 | .590000 | 52,892.67 | 1,055.93 | 1,498,179.72 |
| 1989 | 247,162,690 | 00 / 00 | .680000 | 41,727.06 | 2,791.75 | 1,719,641.57 |
| 1988 | 230,623,860 | 00 / 00 | .760000 | 11,877.01 | | 1,764,618.27 |
| 1987 | 210,507,060 | 00 / 00 | .580000 | 58,697.50 | | 1,426,997.68 |
| 1986 | 223,036,320 | 00 / 00 | .650000 | 86,956.40 | | 1,586,696.66 |
| 1985 | 245,806,520 | 00 / 00 | .650000 | 24,756.12 | | 1,621,520.38 |
| 1984 | 209,556,450 | 00 / 00 | .650000 | 180,810.14 | | 1,542,927.07 |
| 1983 | 190,906,938 | 00 / 00 | .650000 | 48.29- | 11,700.00 | 1,228,499.17 |
| 1982 | 171,926,014 | 00 / 00 | .720000 | 5,646.67- | | 1,232,220.73 |
| 1981 | 165,847,230 | 00 / 00 | .500000 | 398.90- | | 828,669.60 |
| 1980 | 134,955,200 | 00 / 00 | .500000 | 191.00- | | 674,588.50 |
| 1979 | 98,297,720 | 00 / 00 | .500000 | 10.00- | | 491,476.35 |
| 1978 | 62,776,176 | 00 / 00 | .500000 | 6.25- | | 313,874.63 |
| 1977 | 46,831,565 | 00 / 00 | .750000 | 78.75- | | 351,157.99 |

MASON CREEK U.D.

TAX RATE COMPONENTS

| Year | Debt Service Rate | Debt Service Levy | Maintenance Rate | Maintenance Levy |
|------|-------------------|-------------------|------------------|------------------|
| 2020 | | | | |
| 2019 | .044000 | 283,686.13 | .307000 | 1,979,355.93 |
| 2018 | .027000 | 166,330.53 | .303000 | 1,866,597.75 |
| 2017 | .027000 | 165,658.07 | .296000 | 1,816,104.04 |
| 2016 | .031000 | 184,675.83 | .292000 | 1,739,527.82 |
| 2015 | .031000 | 173,142.03 | .292000 | 1,630,886.82 |
| 2014 | .033500 | 167,358.27 | .301000 | 1,503,726.19 |
| 2013 | .043000 | 192,998.98 | .303000 | 1,359,968.99 |
| 2012 | .043000 | 178,412.22 | .303000 | 1,257,183.31 |
| 2011 | .043000 | 174,369.42 | .303000 | 1,228,695.69 |
| 2010 | | | .346000 | 1,373,927.13 |
| 2009 | | | .324000 | 1,305,470.39 |
| 2008 | | | .324000 | 1,320,909.56 |
| 2007 | | | .324000 | 1,293,912.59 |
| 2006 | | | .325000 | 1,245,838.65 |
| 2005 | | | .325000 | 1,250,390.57 |
| 2004 | .023870 | 90,549.05 | .301130 | 1,142,313.25 |
| 2003 | .046180 | 175,443.51 | .278820 | 1,059,271.60 |
| 2002 | .067000 | 249,165.60 | .258000 | 959,473.76 |
| 2001 | .189640 | 703,976.04 | .135360 | 502,479.40 |
| 2000 | .202600 | 704,407.93 | .122400 | 425,565.33 |
| 1999 | .232000 | 753,347.61 | .118000 | 383,168.25 |
| 1998 | .450000 | 1,335,691.65 | | |
| 1997 | .605270 | 1,754,364.21 | | |
| 1996 | .602750 | 1,712,348.07 | | |
| 1995 | .602750 | 1,680,231.55 | | |
| 1994 | .602750 | 1,654,041.74 | | |
| 1993 | .602750 | 1,637,658.31 | | |
| 1992 | .579000 | 1,539,435.80 | | |
| 1991 | .579000 | 1,554,908.83 | | |
| 1990 | .590000 | 1,498,179.72 | | |
| 1989 | .680000 | 1,719,641.57 | | |
| 1988 | .760000 | 1,764,618.27 | | |
| 1987 | .580000 | 1,426,997.68 | | |
| 1986 | .650000 | 1,586,696.66 | | |
| 1985 | .650000 | 1,621,520.38 | | |
| 1984 | .650000 | 1,542,927.07 | | |
| 1983 | .650000 | 1,228,499.17 | | |
| 1982 | .720000 | 1,232,220.73 | | |
| 1981 | .500000 | 828,669.60 | | |
| 1980 | .500000 | 674,588.50 | | |
| 1979 | .500000 | 491,476.35 | | |
| 1978 | .500000 | 313,874.63 | | |
| 1977 | .750000 | 351,157.99 | | |

MASON CREEK U.D.

Notes:

\$1214.44 - REPORTED AS TAXES COLLECTED ON PREVIOUS REPORTS.
TRANSFERRED TO REFUND OF ADJUSTMENTS DUE TO CAD
C/R #35, 24, 13. VARIOUS ACCOUNTS.

2017 462.00

2018 400.43

2019 352.01

\$ 2.24 - UNPAID OVERPAYMENT.
REPORTED AS AN OVERPAYMENT IN ERROR ON A PREVIOUS
REPORT THAT WAS NOT ISSUED.

9900-067-8900

MASON CREEK U.D.

| Tax Exemptions: | 2020 | 2019 | 2018 |
|------------------------|------|---------|---------|
| Homestead | .000 | .200 | .200 |
| Over 65 | 0 | 50,000 | 50,000 |
| Disabled | 0 | 150,000 | 150,000 |

Last Bond Premium Paid:

| Payee | Date of Check | Amount |
|--|---------------|----------|
| Arthur J. Gallagher 10/15/2020 - 10/15/2021 | 9/08/2020 | 2,188.00 |

Adjustment Summary: 2020

TOTAL

MASON CREEK U.D.
Homestead Payment Plans

| <u>Account no.</u> | <u>Tax Year</u> | <u>Last Payment Amount</u> | <u>Last Payment Date</u> | <u>Balance Due</u> |
|--------------------|-----------------|----------------------------|------------------------------------|--------------------|
| *Total | Count | 0 | | |
| (I) - BLI Contract | | | (A) - Delinquent Attorney Contract | |

Standard Payment Plans

| <u>Account no.</u> | <u>Tax Year</u> | <u>Last Payment Amount</u> | <u>Last Payment Date</u> | <u>Balance Due</u> |
|--------------------|-----------------|----------------------------|--------------------------|--------------------|
| *Total | Count | 0 | | |

ENGINEERING REPORT

MASON CREEK UTILITY DISTRICT

| | |
|---------------|----------------------------------|
| Prepared for: | Board Meeting – October 14, 2020 |
| Prepared by: | Jose M. de Leon, PE |

Brondesbury Lift Station Conversion:

- VE addressing comments.
- VE to coordinate with Attorney for Front-End Specifications.

Rennie Lift Station Conversion:

- VE addressing comments.
- VE to coordinate with Attorney for Front-End Specifications.

Galleon Oaks Water Plant – ATS Replacement and Electrical Upgrades:

- Construction has started.
- Concrete Pad for ATS was poured on Friday (10-02-2020)
- Concrete Duct Bank was poured on Thursday (10-08-2020)
- ATS has been ordered and the lead time is anywhere between 10-12 weeks.

Kingsland Blvd. Emergency Sanitary Sewer Repair:

- VE has not received nor reviewed the post-construction video of the repaired long services leads under Kingsland. Waiting on Contractor.
- Contractor has not submitted final pay application.

Kingsland Blvd. & Prince Creek Sanitary Sewer Rehabilitation:

- Plans have been resubmitted for final approval from City of Houston.
- Request authorization from Board to advertise and bid.

Forcemain Replacement:

- VE is working on plans and specs for the replacement the force main under the high-voltage power lines.

Smart Water Meter System:

- No items.

Miscellaneous:

- Pool Decking Project.
- VE in the process of reviewing Ellingham Sanitary Sewer Video.



Mason Creek UD - BOD
847 Dominion
Katy, TX 77450

September 24, 2020

RE: 2020 Automatic Adjustment Letter for Mason Creek Utility District

Best Trash is pleased to be Mason Creek UD's solid waste and recycling collection contractor. We are committed to providing you with the most professional and reliable services available.

A component of the Contract is for an automatic yearly price adjustment based on the most recently published CPI-U for Garbage and Trash series ID CUSR0000SEHG02. The CPI-U data indicates a rating of 500.882 for August 2020 versus 483.987 for August 2019. This is an adjustment of plus 3.5%. The current rate of \$23.91 for garage door service with recycling will change to \$24.75 per month per residence. The new rates will take effect the billing cycle of October 2020 and continue through September 2021.

Best Trash's goal is to be able to continue to provide you with high quality, trash-hauling services at a competitive rate. We sincerely appreciate the opportunity to service your solid waste and recycling needs.

Sincerely,

Matthew C. May



Databases, Tables & Calculators by Subject

Change Output Options:

From: 2019 ▼ To: 2020 ▼

include graphs include annual averages

[More Formatting Options](#) ➔

Data extracted on: September 23, 2020 (3:57:46 PM)

CPI for All Urban Consumers (CPI-U)

Series Id: CUSR0000SEHG02

Seasonally Adjusted

Series Title: Garbage and trash collection in U.S. city average, all urban consumers, seasonally adjusted

Area: U.S. city average

Item: Garbage and trash collection

Base Period: DECEMBER 1983=100

Download: [xlsx](#)

| Year | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | HALF1 | HALF2 |
|------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-------|-------|
| 2019 | 475.687 | 477.474 | 478.569 | 479.449 | 480.865 | 480.984 | 482.138 | 483.987 | 484.346 | 486.133 | 486.485 | 486.708 | | |
| 2020 | 491.003 | 494.429 | 495.288 | 494.432 | 494.946 | 496.679 | 498.564 | 500.882 | | | | | | |

12-Month Percent Change

Series Id: CUSR0000SEHG02

Seasonally Adjusted

Series Title: Garbage and trash collection in U.S. city average, all urban consumers, seasonally adjusted

Area: U.S. city average

Item: Garbage and trash collection

Base Period: DECEMBER 1983=100

Download: [xlsx](#)

| Year | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | HALF1 | HALF2 |
|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-------|-------|
| 2019 | 4.9 | 5.0 | 5.1 | 4.5 | 3.9 | 3.4 | 3.6 | 2.9 | 2.8 | 2.9 | 3.0 | 0.2 | | |
| 2020 | 3.2 | 3.6 | 3.5 | 3.1 | 2.9 | 3.3 | 3.4 | 3.5 | | | | | | |

U.S. BUREAU OF LABOR STATISTICS Postal Square Building 2 Massachusetts Avenue NE Washington, DC 20212-0001

Telephone: 1-202-691-5200 Federal Relay Service: 1-800-877-8339 www.bls.gov [Contact Us](#)