

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2020

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2020

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Meadowhill Regional Municipal Utility District
Harris County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Meadowhill Regional Municipal Utility District (the "District"), as of and for the year ended September 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 September 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 and Special Revenue Funds 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

January 18, 2021

**MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Management's discussion and analysis of Meadowhill Regional Municipal Utility District's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended September 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 all of the District's assets, liabilities and, if applicable, deferred inflows and outflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

The Statement of Activities reports how the District's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

FUND FINANCIAL STATEMENTS

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

**MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

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 assist in understanding the differences between these two perspectives.

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information ("RSI"). A budgetary comparison schedule is included as RSI for the General Fund and each Special Revenue Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities by \$8,630,878 as of September 30, 2020.

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

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

**MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	<u>Summary of Changes in the Statement of Net Position</u>		
	<u>2020</u>	<u>2019</u>	<u>Change Positive (Negative)</u>
Current and Other Assets	\$ 13,054,261	\$ 14,338,479	\$ (1,284,218)
Capital Assets (Net of Accumulated Depreciation)	<u>30,507,586</u>	<u>29,749,489</u>	<u>758,097</u>
Total Assets	<u>\$ 43,561,847</u>	<u>\$ 44,087,968</u>	<u>\$ (526,121)</u>
Deferred Outflows of Resources	<u>\$ 601,449</u>	<u>\$ 650,879</u>	<u>\$ (49,430)</u>
Due to Developer	\$ 3,494,707	\$ 3,732,483	\$ 237,776
Long -Term Liabilities	29,334,129	30,619,118	1,284,989
Other Liabilities	<u>2,703,582</u>	<u>2,844,749</u>	<u>141,167</u>
Total Liabilities	<u>\$ 35,532,418</u>	<u>\$ 37,196,350</u>	<u>\$ 1,663,932</u>
Net Position:			
Net Investment in Capital Assets	\$ (3,032,201)	\$ (5,037,338)	\$ 2,005,137
Restricted	3,848,643	3,817,563	31,080
Unrestricted	<u>7,814,436</u>	<u>8,762,272</u>	<u>(947,836)</u>
Total Net Position	<u>\$ 8,630,878</u>	<u>\$ 7,542,497</u>	<u>\$ 1,088,381</u>

The following table provides a summary of the District's operations for the years ending September 30, 2020, and September 30, 2019. The District's net position increased by \$1,088,381 during the current fiscal year.

	<u>Summary of Changes in the Statement of Activities</u>		
	<u>2020</u>	<u>2019</u>	<u>Change Positive (Negative)</u>
Revenues:			
Property Taxes	\$ 4,287,802	\$ 3,930,730	\$ 357,072
Charges for Services	3,809,824	3,740,946	68,878
Other Revenues	<u>109,183</u>	<u>285,719</u>	<u>(176,536)</u>
Total Revenues	<u>\$ 8,206,809</u>	<u>\$ 7,957,395</u>	<u>\$ 249,414</u>
Expenses for Services	<u>7,118,428</u>	<u>6,424,041</u>	<u>(694,387)</u>
Change in Net Position	\$ 1,088,381	\$ 1,533,354	\$ (444,973)
Net Position, Beginning of Year	<u>7,542,497</u>	<u>6,009,143</u>	<u>1,533,354</u>
Net Position, End of Year	<u>\$ 8,630,878</u>	<u>\$ 7,542,497</u>	<u>\$ 1,088,381</u>

**MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of September 30, 2020, were \$10,980,766, a decrease of \$1,072,726 from the prior year.

The General Fund fund balance decreased by \$856,380, primarily due to operating costs and developer reimbursements exceeding property taxes and service revenues.

The Debt Service Fund fund balance decreased by \$55,051, primarily due to the structure of the District's outstanding debt.

The Capital Projects Fund fund balance decreased by \$161,295, primarily due to the use of bond proceeds received in a previous fiscal year and the transfer of funds to the General Fund for the release of surplus funds from escrow.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors did not amend the budget during the current fiscal. Actual excess expenditures over revenue were \$2,326,155 more than budgeted due to higher than anticipated professional fees, contracted services, purchased water and wastewater service and utilities cost, as well as developer reimbursements which were not budgeted for.

CAPITAL ASSETS

Capital assets as of September 30, 2020, total \$30,507,586 (net of accumulated depreciation) and include land and the administration building, as well as the water, wastewater and drainage systems.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2020	2019	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 1,746,044	\$ 1,746,044	\$
Construction in Progress	471,071	1,169,407	(698,336)
Capital Assets, Net of Accumulated Depreciation:			
Buildings	106,113	110,828	(4,715)
Water System	8,770,280	8,550,139	220,141
Wastewater System	8,344,978	8,225,254	119,724
Drainage System	10,712,011	9,575,452	1,136,559
Drainage Impact Fees	24,231	25,211	(980)
Investment in Shasla Joint Water Plant	332,858	347,154	(14,296)
Total Net Capital Assets	<u>\$ 30,507,586</u>	<u>\$ 29,749,489</u>	<u>\$ 758,097</u>

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

**MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

LONG-TERM DEBT ACTIVITY

At the end of the current fiscal year, the District had total bond debt payable of \$30,190,000.

The changes in the debt position of the District during the fiscal year ended September 30, 2020, are summarized as follows:

Bond Debt Payable, October 1, 2019	\$ 31,620,000
Add: Bonds Sale - Series 2020 Refunding	5,195,000
Less: Bond Principal Paid and Refunded	<u>6,625,000</u>
Bond Debt Payable, September 30, 2020	<u>\$ 30,190,000</u>

The District's bonds carry an underlying rating of "A2" by Moody's. The Series 2012, 2013 Refunding, 2015 Refunding and Series 2020 Refunding bonds carry an "A2" rating by Moody's by virtue of bond insurance issued by Assured Guaranty Municipal Corporation. The Series 2014 Refunding, Series 2016 and Series 2017 bonds carry an "AA" rating by Standard and Poor's by virtue of bond insurance issued by Build America Mutual. 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 ratings changes of bond insurers through September 30, 2020.

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 Meadowhill Regional Municipal Utility District, c/o Johnson Petrov LLP, 2929 Allen Parkway, Suite 3150, Houston, TX 77019-7100.

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2020

	Special Revenue Funds		
	General Fund	Water Plant	Wastewater Treatment Plant
ASSETS			
Cash	\$ 2,034,153	\$ 129,615	\$ 120,588
Investments	4,117,007		
Cash with Fiscal Agent			
Receivables:			
Property Taxes	22,558		
Penalty and Interest on Delinquent Taxes			
Service Accounts	356,907		
Accrued Interest	313		
Due from Developer	215,978		
Due from Other Funds	482,609	603,439	74,604
Prepaid Costs	68,666	4,484	11,696
Regional Water Authority Capital Contribution			
Due from Other Governmental Units	114,076	283,321	61,820
Advance for Water Plant Operations	389,061		
Advance for Regional Wastewater Treatment Plant Operations	123,419		
Land			
Construction in Progress			
Capital Assets (Net of Accumulated Depreciation)			
TOTAL ASSETS	\$ 7,924,747	\$ 1,020,859	\$ 268,708
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charges on Refunding Bonds	\$ - 0 -	\$ - 0 -	\$ - 0 -
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 7,924,747	\$ 1,020,859	\$ 268,708

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

<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 462,779	\$ 74,658	\$ 2,821,793	\$	\$ 2,821,793
1,974,853		6,091,860		6,091,860
1,814,421		1,814,421		1,814,421
34,715		57,273		57,273
			16,014	16,014
		356,907		356,907
		313		313
		215,978		215,978
1,374		1,162,026	(1,162,026)	
		84,846	77,661	162,507
			1,006,750	1,006,750
		459,217		459,217
		389,061	(337,833)	51,228
		123,419	(123,419)	
			1,746,044	1,746,044
			471,071	471,071
			28,290,471	28,290,471
<u>\$ 4,288,142</u>	<u>\$ 74,658</u>	<u>\$ 13,577,114</u>	<u>\$ 29,984,733</u>	<u>\$ 43,561,847</u>
<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 601,449</u>	<u>\$ 601,449</u>
<u>\$ 4,288,142</u>	<u>\$ 74,658</u>	<u>\$ 13,577,114</u>	<u>\$ 30,586,182</u>	<u>\$ 44,163,296</u>

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

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2020

	Special Revenue Funds		
	General Fund	Water Plant	Wastewater Treatment Plant
LIABILITIES			
Accounts Payable	\$ 131,618	\$ 147,283	\$ 86,157
Accrued Interest Payable			
Due to Developers			
Due to Other Funds	679,417	465,000	
Due to Taxpayers			
Security Deposits	383,687		
Accrued Interest at Time of Sale			
Reserved for Water Plant Operations		408,576	
Reserved for Regional Wastewater Treatment Plant Operations			182,551
Long-Term Liabilities:			
Due Within One Year			
Due After One Year			
TOTAL LIABILITIES	\$ 1,194,722	\$ 1,020,859	\$ 268,708
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	\$ 22,558	\$ - 0 -	\$ - 0 -

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

<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 72	\$ 136	\$ 365,266	\$	\$ 365,266
			437,491	437,491
	15,841	15,841	3,478,866	3,494,707
5,687	11,922	1,162,026	(1,162,026)	12,263
12,263		12,263		12,263
		383,687		383,687
8,865		8,865	(8,865)	
		408,576	(337,833)	70,743
		182,551	(123,419)	59,132
			1,375,000	1,375,000
			29,334,129	29,334,129
<u>\$ 26,887</u>	<u>\$ 27,899</u>	<u>\$ 2,539,075</u>	<u>\$ 32,993,343</u>	<u>\$ 35,532,418</u>
<u>\$ 34,715</u>	<u>\$ - 0 -</u>	<u>\$ 57,273</u>	<u>\$ (57,273)</u>	<u>\$ - 0 -</u>

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

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2020

	Special Revenue Funds		
	General Fund	Water Plant	Wastewater Treatment Plant
FUND BALANCES			
Nonspendable:			
Prepaid Costs	\$ 68,666	\$	\$
Advance For Water Plant Operations	389,061		
Advance For Regional Wastewater Treatment Plant Operations	123,419		
Restricted for Authorized Construction			
Restricted for Debt Service			
Unassigned	6,126,321	-	-
TOTAL FUND BALANCES	\$ 6,707,467	\$ - 0 -	\$ - 0 -
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 7,924,747	\$ 1,020,859	\$ 268,708
NET POSITION			
Net Investment in Capital Assets			
Restricted for:			
Debt Service			
Unrestricted			
TOTAL NET POSITION			

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

<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$	\$	\$ 68,666	\$ (68,666)	\$
		389,061	(389,061)	
		123,419	(123,419)	
	46,759	46,759	(46,759)	
4,226,540		4,226,540	(4,226,540)	
<u>4,226,540</u>	<u>46,759</u>	<u>6,126,321</u>	<u>(6,126,321)</u>	<u>- 0 -</u>
\$ 4,226,540	\$ 46,759	\$ 10,980,766	\$ (10,980,766)	\$ - 0 -
<u>\$ 4,288,142</u>	<u>\$ 74,658</u>	<u>\$ 13,577,114</u>		
			\$ (3,032,201)	\$ (3,032,201)
			3,848,643	3,848,643
			<u>7,814,436</u>	<u>7,814,436</u>
			<u>\$ 8,630,878</u>	<u>\$ 8,630,878</u>

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

**MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2020**

Total Fund Balances - Governmental Funds \$ 10,980,766

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

Capital contributions to the North Harris County Regional Water Authority are not current financial resources and, therefore, are not reported as assets in the governmental funds. 1,006,750

Prepaid bond insurance is amortized over the term of the refunding bonds. 77,661

Land, construction in progress and capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. 30,507,586

Interest paid in advance as part of a refunding bond sale is recorded as a deferred outflow in the governmental activities and systematically charged to interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter. 601,449

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. 73,287

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:

Due to Developer	\$ (3,478,866)	
Accrued Interest Payable	(428,626)	
Bonds Payable Within One Year	(1,375,000)	
Bonds Payable After One Year	<u>(29,334,129)</u>	<u>(34,616,621)</u>

Total Net Position - Governmental Activities \$ 8,630,878

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

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**MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	General Fund	Special Revenue Funds	
		Water Plant	Wastewater Treatment Plant
REVENUES			
Property Taxes	\$ 1,938,331	\$	\$
Water Service	831,041	1,756,442	
Wastewater Service	1,203,581		909,884
Regional Water Authority Fees	1,016,658		
Penalty and Interest	51,575		
Tap Connection and Inspection Fees	22,170		
Investment Revenues	46,921	159	201
Miscellaneous Revenues	38,563		
TOTAL REVENUES	\$ 5,148,840	\$ 1,756,601	\$ 910,085
EXPENDITURES/EXPENSES			
Service Operations:			
Professional Fees	\$ 365,214	\$ 8,880	\$ 12,682
Contracted Services	893,375	122,772	153,092
Purchased Water Service	1,371,266	202,538	
Purchased Wastewater Service	632,649		
Utilities	93,972	63,268	113,341
Regional Water Authority Assessment		1,177,760	
Repairs and Maintenance	326,281	8,838	321,171
Depreciation			
Other	183,525	14,677	196,578
Capital Outlay	1,976,520	157,868	113,221
Developer Interest	216,595		
Debt Service:			
Bond Issuance Costs			
Bond Principal			
Bond Interest			
TOTAL EXPENDITURES/EXPENSES	\$ 6,059,397	\$ 1,756,601	\$ 910,085
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	\$ (910,557)	\$ - 0 -	\$ - 0 -
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	\$ 54,177	\$	\$
Transfer to Refunded Bond Escrow Agent			
Long-Term Debt Issued			
Bond Premium			
TOTAL OTHER FINANCING SOURCES (USES)	\$ 54,177	\$ -0-	\$ -0-
NET CHANGE IN FUND BALANCES	\$ (856,380)	\$	\$
CHANGE IN NET POSITION			
FUND BALANCES/NET POSITION - OCTOBER 1, 2019	7,563,847		
FUND BALANCES/NET POSITION - SEPTEMBER 30, 2020	\$ 6,707,467	\$ - 0 -	\$ - 0 -

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

Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
\$ 2,343,016	\$	\$ 4,281,347	\$ 6,455	\$ 4,287,802
		2,587,483	(1,371,266)	1,216,217
		2,113,465	(632,649)	1,480,816
		1,016,658		1,016,658
37,759		89,334	(15,371)	73,963
		22,170		22,170
22,909	430	70,620		70,620
		38,563		38,563
<u>\$ 2,403,684</u>	<u>\$ 430</u>	<u>\$ 10,219,640</u>	<u>\$ (2,012,831)</u>	<u>\$ 8,206,809</u>
\$ 14,998	\$	\$ 401,774	\$	\$ 401,774
74,719		1,243,958		1,243,958
		1,573,804	(1,371,266)	202,538
		632,649	(632,649)	
		270,581		270,581
		1,177,760	49,301	1,227,061
		656,290		656,290
			1,319,610	1,319,610
7,894	209	402,883		402,883
	107,339	2,354,948	(2,315,481)	39,467
		216,595		216,595
		244,945		244,945
244,945		1,310,000	(1,310,000)	
1,310,000		1,042,962	(150,236)	892,726
1,042,962				
<u>\$ 2,695,518</u>	<u>\$ 107,548</u>	<u>\$ 11,529,149</u>	<u>\$ (4,410,721)</u>	<u>\$ 7,118,428</u>
<u>\$ (291,834)</u>	<u>\$ (107,118)</u>	<u>\$ (1,309,509)</u>	<u>\$ 2,397,890</u>	<u>\$ 1,088,381</u>
\$ (5,419,987)	\$ (54,177)	\$ (5,419,987)	\$ 5,419,987	\$
5,195,000		5,195,000	(5,195,000)	
461,770		461,770	(461,770)	
<u>\$ 236,783</u>	<u>\$ (54,177)</u>	<u>\$ 236,783</u>	<u>\$ (236,783)</u>	<u>\$ -0-</u>
\$ (55,051)	\$ (161,295)	\$ (1,072,726)	\$ 1,072,726	\$
			1,088,381	1,088,381
4,281,591	208,054	12,053,492	(4,510,995)	7,542,497
<u>\$ 4,226,540</u>	<u>\$ 46,759</u>	<u>\$ 10,980,766</u>	<u>\$ (2,349,888)</u>	<u>\$ 8,630,878</u>

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

**MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Net Change in Fund Balances - Governmental Funds	\$ (1,072,726)
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.	6,455
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.	(15,371)
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.	(1,319,610)
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.	2,315,481
Governmental funds report bond premiums as other financing sources in the year received. However, in the Statement of Net Position, bond premiums are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities.	(461,770)
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.	1,310,000
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.	150,236
Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in the Statement of Net Position.	(5,195,000)
Governmental funds report the return of principal from capital contributions to the water authority as income. However, in the Statement of Net Position, the return of principal reduces long-term assets.	(49,301)
Governmental funds report the payment to the refunded bond escrow agent as an other financing use. However, the refunding of outstanding bonds decreases long-term liabilities in the Statement of Net Position.	5,419,987
Change in Net Position - Governmental Activities	<u>\$ 1,088,381</u>

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

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1. CREATION OF DISTRICT

Meadowhill Regional Municipal Utility District of Harris County, Texas (the “District”) was created by an Order of the Texas Commission on Environmental Quality (the “Commission”). Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, sanitary sewer service, storm sewer drainage, irrigation, solid waste collection and disposal, including recycling, parks and recreational facilities for the residents of the District. The District is also empowered to contract for or employ its own peace officers with powers to make arrests and to establish, operate and maintain a fire department to perform all fire-fighting activities within the District. The Board of Directors held its first meeting in 1973, and the first bonds were sold on December 20, 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.

The District has entered into an agreement with Shasla Public Utility District and Northwest Harris County Municipal Utility District No. 28 for wastewater disposal through the Meadowhill Regional Wastewater Treatment Plant. The District has oversight responsibility over the sewage treatment plant. Additional disclosure concerning this agreement is provided in Note 8. Separate financial statements of the Meadowhill Regional Wastewater Treatment Plant are available by contacting the District’s Auditor.

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District has entered into an agreement with Northwest Harris County Municipal Utility District No. 28 for water service through the Meadowhill Joint Water Plant. The District has oversight responsibility over the water plant. Additional disclosure concerning this agreement is provided in Note 9. Separate financial statements of the Meadowhill Joint Water Plant are available by contacting the District's Auditor.

The District has entered into an agreement with Shasla Public Utility District for water service through the Shasla Joint Water Plant. Shasla has oversight responsibility over the water plant. Additional disclosure concerning this agreement is provided in Note 9. Separate financial statements for Shasla Public Utility District are available by contacting the District's auditor.

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.
- 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.

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Items such as purchased water service and purchased wastewater service are eliminated to eliminate an overstatement of overall District operating costs and to eliminate an overstatement of revenues for water and wastewater services.

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 four governmental fund types and considers each of them 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.

Special Revenue Funds – To account for financial resources collected and administered by the District for the operation of the joint wastewater treatment plant and a joint water plant which are joint ventures of the District.

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.

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds (Continued)

Capital Projects Fund - To account for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

Basis of Accounting

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

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 another financing source or use. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. As of September 30, 2020, the District’s General Fund owed the wastewater treatment plant operating costs in the amount of \$74,604, owed the water plant operating costs in the amount of \$603,439 and owed the Debt Service Fund \$1,374 for an excess transfer of maintenance tax collections. The Debt Service Fund owed the General Fund \$5,687 for arbitrage report costs, the water plant Special Revenue Fund owed the General Fund \$465,000 for a loan to cover operating costs and the Capital Projects Fund owed the General Fund \$11,922 sanitary sewer rehabilitation engineering costs. During the current fiscal year, the Capital Projects Fund transferred \$54,177 of surplus funds to the General Fund to reimburse for developer reimbursements made.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

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.

Assets are capitalized, including infrastructure assets, if they have an original cost greater than \$5,000 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:

	Years
Buildings	40
Water System	10-45
Wastewater System	10-45
Drainage System	10-45
All Other Equipment	3-20

Budgeting

An annual unappropriated budget is adopted for the General Fund and each Special Revenue Fund by the District’s Board of Directors. The budgets are prepared using the same method of accounting as for financial reporting. The original General Fund and Special Revenue Fund budgets for the current year were not amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund and Special Revenue Funds present the original and revised budget amounts, if revised, compared to the actual amounts of revenues and expenditures for the current year.

Pensions

A pension plan has not been established. The District does not have employees, except that the Internal Revenue Service has determined that directors are considered to be “employees” for federal payroll tax purposes only.

Measurement Focus

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

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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 and does not have any assigned fund balances.

Unassigned: all other spendable amounts in the General Fund.

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

Accounting Estimates

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

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 3. LONG-TERM DEBT

	<u>Refunding Series 2011</u>	<u>Series 2012</u>
Amount Outstanding – September 30, 2020	\$ 1,155,000	\$ 680,000
Interest Rates	3.00%-3.25%	2.00%-2.50%
Maturity Dates – Serially Beginning/Ending	October 1, 2020/2021	October 1, 2020/2029
Interest Payment Dates	October 1/April 1	October 1/April 1
Callable Dates	October 1, 2018*	October 1, 2021*
	<u>Refunding Series 2013</u>	
Amount Outstanding – September 30, 2020	\$ 8,545,000	
Interest Rates	2.00%-4.00%	
Maturity Dates – Serially Beginning/Ending	October 1, 2020/2033	
Interest Payment Dates	October 1/April 1	
Callable Dates	October 1, 2021*	

* Or any date thereafter in such order as the District may determine, callable at par plus unpaid accrued interest, in whole or in part, at the option of the District. Series 2012 term bonds maturing October 1, 2025, and October 1, 2029, are subject to mandatory redemption beginning October 1, 2022, and October 1, 2026, respectively. Series 2013 Refunding term bonds maturing October 1, 2021, and October 1, 2030, are subject to mandatory redemption beginning October 1, 2020 and October 1, 2029, respectively.

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 3. LONG-TERM DEBT (Continued)

	Refunding Series 2014	Refunding Series 2015	Series 2016
Amount Outstanding – September 30, 2020	\$ 2,875,000	\$ 5,650,000	\$ 2,225,000
Interest Rates	2.00%-3.625%	3.00%-4.00%	2.00%-3.00%
Maturity Dates – Serially Beginning/Ending	October 1, 2020/2031	October 1, 2020/2035	October 1, 2020/2035
Interest Payment Dates	October 1/April 1	October 1/April 1	October 1/April 1
Callable Dates	October 1, 2022*	October 1, 2022*	October 1, 2023*
	Series 2017	Refunding Series 2020	
Amount Outstanding – September 30, 2020	\$ 3,865,000	\$ 5,195,000	
Interest Rates	3.00%-3.375%	2.00%-4.00%	
Maturity Dates – Serially Beginning/Ending	October 1, 2020/2037	October 1, 2020/2029	
Interest Payment Dates	October 1/April 1	October 1/April 1	
Callable Dates	October 1, 2024*	October 1, 2026*	

* Or any date thereafter in such order as the District may determine, callable at par plus unpaid accrued interest, in whole or in part, at the option of the District. Series 2014 Refunding term bonds maturing October 1, 2025, and are subject to mandatory redemption beginning October 1, 2024. Series 2015 Refunding term bonds maturing October 1, 2024, October 1, 2028, October 1, 2030, October 1, 2032, and October 1, 2034, and are subject to mandatory redemption beginning October 1, 2023, October 1, 2025, October 1, 2029, October 1, 2031, and October 1, 2033, respectively. Series 2016 term bonds maturing October 1, 2026, October 1, 2028, October 1, 2030, October 1, 2033, and October 1, 2035, and are subject to mandatory redemption beginning October 1, 2025, October 1, 2027, October 1, 2029, October 1, 2031, and October 1, 2034, respectively. Series 2017 term bonds maturing October 1, 2031, and October 1, 2035, and are subject to mandatory redemption beginning October 1, 2028, and October 1, 2032, respectively.

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 3. LONG-TERM DEBT (Continued)

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

	October 1 2019	Additions	Retirements	September 30, 2020
Bonds Payable	\$ 31,620,000	\$ 5,195,000	\$ 6,625,000	\$ 30,190,000
Unamortized Discounts	(161,005)		(42,157)	(118,848)
Unamortized Premiums	470,123	461,770	293,916	637,977
Bonds Payable, Net	\$ 31,929,118	\$ 5,656,770	\$ 6,876,759	\$ 30,709,129
		Amount Due Within One Year		\$ 1,375,000
		Amount Due After One Year		29,334,129
		Bonds Payable, Net		\$ 30,709,129

As of September 30, 2020, the District had authorized but unissued bonds in the amount of \$24,435,000 for utility facilities.

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

Fiscal Year	Principal	Interest	Total
2021	\$ 1,375,000	\$ 905,647	\$ 2,280,647
2022	1,365,000	934,792	2,299,792
2023	1,400,000	894,207	2,294,207
2024	1,445,000	847,256	2,292,256
2025	1,495,000	795,857	2,290,857
2026-2030	8,250,000	3,202,320	11,452,320
2031-2035	9,905,000	1,784,359	11,689,359
2036-2038	4,955,000	227,682	5,182,682
	\$ 30,190,000	\$ 9,592,120	\$ 39,782,120

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, and are further payable from and secured by a lien on and pledge of the net revenues to be received from the operation of the District's waterworks and wastewater system.

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 3. LONG-TERM DEBT (Continued)

During the current fiscal year, the District levied an ad valorem debt service tax at the rate of \$0.38 per \$100 of assessed valuation, which resulted in a tax levy of \$2,349,127 on the adjusted taxable valuation of \$618,191,185 for the 2019 tax year. The Bond Orders require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. 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 ORDER AND LEGAL REQUIREMENTS

The Bond Orders state that to the extent prudent and ordinary for political subdivisions of types and operating properties similar to the District, the District will maintain its properties in good condition and repair, ordinary wear and tear and obsolescence excepted, and operate such properties in an efficient manner and at a reasonable cost. The District agreed to maintain insurance on its properties of a kind and in an amount, which usually would be carried by private companies operating similar properties, and engaged in a similar type of business, but considering any governmental immunities to which the District may be entitled.

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

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

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

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 deposits was \$2,977,442 and the bank balance was \$3,127,764. 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 September 30, 2020, as listed below:

	Cash	Certificate of Deposit	Total
GENERAL FUND	\$ 2,034,153	\$ 155,649	\$ 2,189,802
SPECIAL REVENUE FUNDS	250,203		250,203
DEBT SERVICE FUND	462,779		462,779
CAPITAL PROJECTS FUND	74,658		74,658
TOTAL DEPOSITS	\$ 2,821,793	\$ 155,649	\$ 2,977,442

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.

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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.

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

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

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
TexPool	\$ 3,961,358	\$ 3,961,358
Certificate of Deposit	155,649	155,649
<u>DEBT SERVICE FUND</u>		
TexPool	1,974,853	1,974,853
TOTAL INVESTMENTS	\$ 6,091,860	\$ 6,091,860

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At September 30, 2020, the District's investment in TexPool was rated AAAM by Standard and Poor's. The District's investment in the Money Market Mutual Fund was rated Aaa by Moody's. The District also manages credit risk by investing in certificates of deposits insured by the FDIC.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investments in TexPool and the Money Market Mutual Fund to have a maturity of less than one year due to the fact the share position can usually be redeemed each day at the discretion of the District, unless there has been a significant change in value. The District also manages interest rate risk by investing in certificates of deposit with maturities of approximately one year or less.

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Restrictions

All cash and investments of the Special Revenue Funds are restricted for the water plant and wastewater treatment plant operations. All cash and investments of the Debt Service Fund are restricted for the payment of debt service and the cost of assessing and collecting taxes. 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 September 30, 2020:

	October 1, 2019	Increases	Decreases	September 30, 2020
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 1,746,044	\$	\$	\$ 1,746,044
Construction in Progress	<u>1,169,407</u>	<u>2,077,707</u>	<u>2,776,043</u>	<u>471,071</u>
Total Capital Assets Not Being Depreciated	<u>\$ 2,915,451</u>	<u>\$ 2,077,707</u>	<u>\$ 2,776,043</u>	<u>\$ 2,217,115</u>
Capital Assets Subject to Depreciation				
Administration Building	\$ 188,083	\$	\$	\$ 188,083
Water System	14,051,652	675,771		14,727,423
Wastewater System	13,900,687	709,307		14,609,994
Drainage System	12,137,185	1,390,965		13,528,150
Drainage Impact Fees	39,101			39,101
Investment in Shasla Joint Water Plant	<u>570,272</u>			<u>570,272</u>
Total Capital Assets Subject to Depreciation	<u>\$ 40,886,980</u>	<u>\$ 2,776,043</u>	<u>\$ - 0 -</u>	<u>\$ 43,663,023</u>
Less Accumulated Depreciation				
Administration Building	\$ 77,255	\$ 4,715	\$	\$ 81,970
Water System	5,501,513	455,630		5,957,143
Wastewater System	5,675,433	589,583		6,265,016
Drainage System	2,561,733	254,406		2,816,139
Drainage Impact Fees	13,890	980		14,870
Investment in Shasla Joint Water Plant	<u>223,118</u>	<u>14,296</u>		<u>237,414</u>
Total Accumulated Depreciation	<u>\$ 14,052,942</u>	<u>\$ 1,319,610</u>	<u>\$ - 0 -</u>	<u>\$ 15,372,552</u>
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 26,834,038</u>	<u>\$ 1,456,433</u>	<u>\$ - 0 -</u>	<u>\$ 28,290,471</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 29,749,489</u>	<u>\$ 3,534,140</u>	<u>\$ 2,776,043</u>	<u>\$ 30,507,586</u>

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 7. MAINTENANCE TAX

On November 29, 1971, the voters of the District approved the levy and collection of a maintenance tax which was unlimited in amount, to be assessed per \$100 of assessed valuation of taxable property within the District. During the current fiscal year, the District levied an ad valorem maintenance tax at the rate of \$0.315 per \$100 of assessed valuation, which resulted in a tax levy of \$1,947,303 on the adjusted taxable valuation of \$618,191,185 for the 2019 tax year. This maintenance tax is to be used by the General Fund to pay expenditures of operating the District's waterworks and wastewater system.

NOTE 8. JOINT WASTEWATER TREATMENT PLANT OPERATIONS

On June 1, 1994, the District, Shasla Public Utility District (Shasla) and Northwest Harris County Municipal Utility District No. 28 (District No. 28) executed a Wastewater Treatment Facilities Agreement; this agreement supersedes and replaces all previous agreements relating to permanent waste disposal and in particular the Agreement for Expansion of Joint Sewage Treatment Facility dated March 19, 1981. On August 27, 1996, the parties executed a first Amendment to the contract and September 17, 2000, a second amendment was approved. This agreement allowed for any above named participants to expand the existing wastewater treatment plant.

Any future expansion of the plant is at the option of each participant and will be accounted for by the initiating participant. The second amendment to the contract provides for the rehabilitation of the existing plant and expansion of the plant to 1.2 million gallons per day (mgd). The expansion was completed in a prior fiscal year at a total cost of \$2,775,104. Contributions to the Phase I expansion were based upon the following percentages:

Meadowhill Regional Municipal Utility District	58.81%
Shasla Public Utility District	9.90
Northwest Harris County Municipal Utility District No. 28	<u>31.29</u>
Total	<u><u>100.00%</u></u>

During a prior fiscal year, the District completed the expansion of the plant to 1.8 million gallons per day. The additional 600,000 gallons per day of capacity created by the expansion was paid by the District and is owned by the District.

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 8. JOINT WASTEWATER TREATMENT PLANT OPERATIONS
(Continued)

The following percentage of ownership and capacity was effective upon completion of the Plant expansion to 1.8 million gallons per day:

	<u>Capacity In Gallons Per Day</u>	<u>Percentage of Ownership</u>
Meadowhill Regional Municipal Utility District	1,282,500	71.30%
Shasla Public Utility District	252,500	14.00
Northwest Harris County Municipal Utility District No. 28	<u>265,000</u>	<u>14.70</u>
TOTALS	<u>1,800,000</u>	<u>100.00%</u>

The agreement provides for a three-month operating reserve based upon an annual budget and for all operation costs to be billed based upon fixed and variable costs of operating the system with fixed costs defined in the agreement based upon owned capacity and variable costs based upon each participant's equivalent single family connections. The term of the agreement is 40 years.

During the year ended September 30, 2020, the District's share of the Plant's expenditures was \$632,649 of which \$74,604 was payable at year end. The District has also made an advance for operations of the plant under the terms of the agreement. Total operating advances from all participants is \$182,551 and the District's share is \$123,419.

NOTE 9. CONSTRUCTION AND SHARED FACILITY AGREEMENTS – JOINT WATER PLANT

Meadowhill Facilities

On June 1, 1994, the District and Northwest Harris County Municipal Utility District No. 28 (District No. 28) agreed to jointly participate in the construction of a new water well and to grant certain rights of expansion of the District's water production facilities to each district. The 1,200 gpm water well has been completed and is located on the District's water plant site. The District owns 75% and District No. 28 owns 25% of the production capacity. On January 17, 2005, the District entered into the Second Amended and Restated Water Production Facilities Agreement. Per this agreement, District No. 28 purchased an additional 63 equivalent single family connection from the District for \$140,490.

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 9. CONSTRUCTION AND SHARED FACILITY AGREEMENTS – JOINT WATER PLANT (Continued)
Meadowhill Facilities (Continued)

The District charges District No. 28 a pro rata share of monthly operating and maintenance costs of the District's water plant. The agreement provides for a three month operating reserve and for all operation costs to be billed based upon fixed and variable costs of operating the system. Fixed costs are based upon capacity owned and variable costs based upon each participant's equivalent single family connections. The term of the agreement is 40 years.

During the year ended September 30, 2020, the District's share of the joint water plant's expenditures was \$1,371,266 of which \$606,802 was a payable at year end. The District has made an advance to the reserve of the joint water plant of \$337,833. The total reserve from all participants is \$408,576.

As of September 30, 2020, and through the date of this report, the District has a dispute with District No. 28 over the payment of District No. 28's share of costs under this agreement. The District believes District No. 28 has underpaid amounts due to the District under these agreements. District No. 28 has made some good faith payments to the District, but the District believes those payments fall short of what is owed to the District. The total sum due to the District is still under investigation and undeterminable at the date of this report.

Shasla Facilities

On February 14, 2002, the District and Shasla Public Utility District (Shasla) entered into a Water Supply Agreement. The agreement called for each District to jointly participate in the construction of the new water well (Well No. 2). Upon completion of the anticipated 1,500 gallons per minute (gpm) water well, which is located at Shasla's water plant site, the District owns 33.33% and Shasla owns 66.67% of the production capacity. Its production has exceeded 2,000 gpm. With the increase in anticipated production, by agreement, the allocation of cost changed to a 50/50 basis.

During a prior year, the District issued bonds to pay for its 33.33% share of the costs related to the new water well. In accordance with the agreement, the District transferred \$308,333 to Shasla for its pro-rata share of the construction costs. Due to the cost basis change to 50/50, the District incurred an additional cost of \$152,963 related to this project. The District was responsible for the costs of the water interconnect line necessary for it to receive its pro-rata share of the water capacity from the District. The operation of the plant as a joint venture began March, 2005.

Shasla charges the District for its pro-rata share of operating and maintenance costs of the water plant. The agreement also provides for a three month operating reserve. During the current fiscal year, the District's share of operating and maintenance costs were \$202,538. The District has advanced Shasla \$51,228 for its share of the reserve. The term of the contract is 40 years and shall thereafter automatically renew for successive one year terms.

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 10. ESCROW REQUIREMENTS AND USE OF SURPLUS FUND

The District issued \$7,485,000 in aggregate principal amount of bonds in its Series 2006 Bonds. Upon the sale of the bonds, the Texas Commission on Environmental Quality (the "Commission") required the District to escrow \$6,713,511. On February 23, 2007, the Commission authorized the release of \$2,610,500 from escrow. On May 4, 2007, the Commission authorized the release of \$159,000 from escrow. On June 19, 2007, the Commission authorized the release of \$731,058 from escrow. On July 24, 2007, the Commission authorized the release of \$2,682,463 from escrow. On February 20, 2008, the Commission authorized the release of \$405,964 from escrow. On August 16, 2012, the Commission authorized the release of \$28,665 from escrow to reimburse the Developer for legal fees incurred for the installation of the District's storm drainage system. On September 12, 2013, the Commission authorized the release of \$43,237 from escrow to fund the land acquisition costs for water plant no. 3. As of September 30, 2019, \$52,624 remained that was subject to an escrow requirement from the Series 2006 Bonds.

On October 1, 2019, the Commission authorized and approved the release and reallocate \$52,624 from escrow from Series 2006 bonds and \$2,128,508 in surplus operating funds to reimburse the developer for the remaining portion of the forcemain and 12-inch waterline extension to serve Kenroc Tracy and a portion of the water, wastewater and drainage facilities to serve Spring Plaza Drive. No funds remain in escrow as of the date of this report.

NOTE 11. EMERGENCY WATER SUPPLY CONTRACTS

On June 19, 2000 the District executed an Emergency Water Supply Contract with the Spring West Municipal Utility District (Spring West). The agreement provides for Spring West to design and construct the facilities necessary to reach the District's facilities. The District's pro-rata share shall be limited to the engineering and construction costs associated with that portion of the interconnect line from the current terminus of the District's water supply system to the eastern boundary of the Eastwood tract. The District agreed to execute a reimbursement agreement with a developer within the boundaries of Spring West to reimburse the developer from funds available from the District's next bond issue following the commencement of development along the most easterly portion of the line.

The agreement provides for verbal and written notification of emergency conditions causing the use of the interconnect. The rate for water sold is \$1.00 per thousand gallons of water used, however, in the event that the supplying District purchased all or a portion of the water supplied during such emergency from an adjoining district due to an inability of such supplying District to meet the water demand of its in-district customers and the receiving District solely through utilization of its own water production facilities, the receiving District shall pay the supplying District for water received at a rate per 1,000 gallons equal to the rate paid by the supplying District for such water in the event that such rate is greater than the rate above provided. For those districts that have converted to surface water the rate will be the actual cost of water per thousand gallons.

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 11. EMERGENCY WATER SUPPLY CONTRACTS (Continued)

The agreement is for a term of 20 years and shall automatically renew for one year terms.

On October 11, 2012 the District and Shasla approved an Amended and Restated Emergency Water Supply Contract to reflect changes in circumstances. The agreement replaces the previous Emergency Water Supply Agreement dated March 19, 1981. The price to be paid for water delivered during an emergency shall be sixty cents (\$0.60) per thousand gallons of water usage. The parties hereby agree that said rate shall be reviewed on the 10th, 20th, 30th and 40th anniversary dates of this agreement and may then be adjusted upward or downward in accordance with the mutual agreement of the parties. Should the parties fail to reach an agreement with respect to a proposed adjustment to said rate, then either party may terminate this agreement upon six (6) months written notice to the other party. In the event that the supplying party purchased all or a portion of the water supplied during such emergency from an adjoining district due to an inability of such supplying party to meet the water demand of its in-district customers and the receiving party solely through utilization of its own water production facilities, the receiving party shall pay the supplying party for water received at a rate per 1,000 gallons equal to the rate paid by the supplying party for such water in the event that such rate is greater than the rate provided above.

NOTE 12. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, error and omission and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 13. NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

The District is located within the boundaries of the North Harris County Regional Water Authority (the "Authority"). The Authority was created under Article 16, Section 59 of the Texas Constitution by House Bill 2965 (the "Act"), as passed by the 75th Texas Legislature, in 1999. The Act empowers the Authority to provide for the conservation, preservation, protection, recharge and prevention of waste of groundwater, and for the reduction of groundwater withdrawals. The Authority has entered into a contract for purchase of surface water from the City of Houston, Texas to assure that its participants comply with the Harris-Galveston Subsidence District ("HGSD") pumpage requirements, which mandate that districts within HGSD boundaries, including the District, to convert a percentage of its water use to surface water over a period of time.

A five-member board of directors governs the Authority. The directors serve staggered four-year terms.

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 13. NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

The Authority currently charges a fee, based on the amount of water pumped from a well, to the owner of wells located within the boundaries of the Authority, unless exempted. This fee enables the Authority to fulfill its purpose and regulatory functions. The fee being charged is \$4.25 per 1,000 gallons of water pumped from each well. During the current fiscal year, the Joint Water Plant recorded expenditures of \$1,177,760 related to these fees.

On July 7, 2003, the District entered into a Capital Contribution Contract with the Authority and on October 2, 2003, approved the First Amendment to the Capital Contribution Contract. The District agreed to pay \$898,711 to the Authority for the District's share of the construction of Phase I of the 2010 Surface Water Distribution and Transmission System. The District will receive capital contribution credits to be applied to the quarterly pumpage fees which the Authority assesses, applied to any water purchased by the District from the Authority, or to be paid to the District in cash. The Authority will calculate the credit by amortizing the Capital Contribution over the life of the Authority's bonds after the Authority issues its bonds for this project. During a prior fiscal year, the District transferred \$898,711 to the Authority in accordance with this agreement. During a prior fiscal year, the District transferred \$530,533 to the Authority as an additional capital contribution. The total capital contributions to date total \$1,429,244. Total credits received in the current fiscal year were \$101,677, of which \$49,301 was principal repayment. This left a balance of \$1,006,750 that has been recorded as Regional Water Authority Capital Contribution as of September 30, 2020. These monthly credits are shown as a reduction of the District's purchased water costs on the joint water plant billings.

NOTE 14. DUE TO DEVELOPER

The District has executed developer financing agreements with a Developer within the District. The agreements call for the Developer to fund costs associated with water, sewer, and drainage facilities until such time as the District can sell bonds. As reflected in the Statement of Net Position, \$3,478,866 has been recorded as a liability for facilities financed by the Developer which the District now operates and maintains. Reimbursement to the Developer will come from future bond sales.

NOTE 15. BONDS GULLY IMPROVEMENTS COST SHARING AGREEMENT

Effective July 10, 2018, the District, Bridgestone Municipal Utility District ("Bridgestone"), Klein Independent School District ("KISD") and Champion Forest Baptist Church ("CFBC") (collectively the "Parties") entered into a cost sharing agreement for the improvements Bridgestone constructed to the Bonds Gully, which directly benefit property located in Bridgestone and the District, as well as an approximately 68.5815-acre tract of land owned by KISD and the portion of the approximately 44.7317-acre tract of land owned by CFBC that drains generally southward toward Bonds Gully, which totals approximately 28 acres. The

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 15. BONDS GULLY IMPROVEMENTS COST SHARING AGREEMENT
(Continued)

District, KISD and CFBC desire to construct drainage improvements (Modified Option C-2 Improvements) to send additional stormwater drainage outfall to Bonds Gully. The Parties have agreed that the District, KISD and CFBC should reimburse Bridgestone \$1,500,000 for improvements made by Bridgestone because the improvements directly benefit the District, KISD and CFBC and as consideration for Bridgestone agreeing to the additional outfall from the Modified Option C-2 Improvements into the Bonds Gully. During a previous fiscal year, the District contributed their share totaling \$790,800.

NOTE 16. BONDS GULLY OUTFALL COST SHARING AGREEMENT

On July 10, 2018, the District, KISD and CFBC entered in to the Bonds Gully Outfall Cost Sharing Agreement (collectively the “Parties”) for drainage improvements to the Bonds Gully. See Note 15. The Parties agree to cooperate to acquire necessary rights-of-way and easements, design, construct, and provide for maintenance for the drainage improvements. (“Modified Option C-2 Improvements”). Subject to payment by the District and CFBC, KISD is responsible for the design and construction of the Modified Option C-2 Improvements pursuant to the plans and specifications approved by Bridgestone. After construction, KISD will convey ownership of the Modified Option C-2 Improvements to the District. The District will maintain the Modified Option C-2 Improvements and KISD and CFBC will reimburse the District for their share per this agreement. The term of this agreement is 10 years. During the prior fiscal year, the District contributed \$249,923 to KISD.

NOTE 17. REFUNDING BOND SALE

On August 19, 2020, the District issued \$5,195,000 of Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds, Series 2020. The net proceeds of \$5,419,987 were used to call and refund \$5,315,000 of Series 2012 Refunding Bonds. As a result, the refunded bonds are considered to be defeased and have been removed from the Statement of Net Position. The effect of the refunding obtains gross debt service savings of \$509,849 and net present value savings of \$468,873.

NOTE 18. 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.

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2020

**MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	\$ 1,900,000	\$ 1,938,331	\$ 38,331
Water Service	1,000,000	831,041	(168,959)
Wastewater Service	1,100,000	1,203,581	103,581
Regional Water Authority Fee	910,150	1,016,658	106,508
Penalty and Interest	45,000	51,575	6,575
Tap Connection and Inspection Fees		22,170	22,170
Investment Revenues	120,000	46,921	(73,079)
Miscellaneous Revenues	45,000	38,563	(6,437)
TOTAL REVENUES	\$ 5,120,150	\$ 5,148,840	\$ 28,690
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 317,500	\$ 365,214	\$ (47,714)
Contracted Services	882,000	893,375	(11,375)
Purchased Water Service	1,230,000	1,371,266	(141,266)
Purchased Wastewater Service	456,225	632,649	(176,424)
Utilities	72,000	93,972	(21,972)
Repairs and Maintenance	372,000	326,281	45,719
Other	270,650	183,525	87,125
Capital Outlay	50,000	1,976,520	(1,926,520)
Developer Interest		216,595	(216,595)
TOTAL EXPENDITURES	\$ 3,650,375	\$ 6,059,397	\$ (2,409,022)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 1,469,775	\$ (910,557)	\$ (2,380,332)
OTHER FINANCING SOURCES(USES)			
Transfers In	\$ -0-	\$ 54,177	\$ 54,177
NET CHANGE IN FUND BALANCE	\$ 1,469,775	\$ (856,380)	\$ (2,326,155)
FUND BALANCE - OCTOBER 1, 2019	7,563,847	7,563,847	
FUND BALANCE - SEPTEMBER 30, 2020	\$ 9,033,622	\$ 6,707,467	\$ (2,326,155)

See accompanying independent auditor's report.

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
SPECIAL REVENUE FUND - WATER PLANT
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Water Service	\$ 1,375,223	\$ 1,654,765	\$ 279,542
Capital Contribution Credits	101,677	101,677	
Interest Earned		159	159
Miscellaneous Revenues			
TOTAL REVENUES	<u>\$ 1,476,900</u>	<u>\$ 1,756,601</u>	<u>\$ 279,701</u>
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 16,800	\$ 8,880	\$ 7,920
Contracted Services	94,400	122,772	(28,372)
Purchased Water Service	135,000	202,538	(67,538)
Utilities	47,500	63,268	(15,768)
Regional Water Authority Assessment	1,080,000	1,177,760	(97,760)
Repairs and Maintenance	90,000	8,838	81,162
Other	13,200	14,677	(1,477)
Capital Outlay		157,868	(157,868)
TOTAL EXPENDITURES	<u>\$ 1,476,900</u>	<u>\$ 1,756,601</u>	<u>\$ (279,701)</u>
NET CHANGE IN FUND BALANCE	\$ -0-	\$ -0-	\$ -0-
FUND BALANCE - OCTOBER 1, 2019	_____	_____	_____
FUND BALANCE - SEPTEMBER 30, 2020	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

See accompanying independent auditor's report.

**MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
SPECIAL REVENUE FUND - WASTEWATER TREATMENT PLANT
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Wastewater Service	\$ 673,550	\$ 909,884	\$ 236,334
Interest Earned		201	201
TOTAL REVENUES	<u>\$ 673,550</u>	<u>\$ 910,085</u>	<u>\$ 236,535</u>
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 27,300	\$ 12,682	\$ 14,618
Contracted Services	150,500	153,092	(2,592)
Utilities	117,100	113,341	3,759
Repairs and Maintenance	204,250	321,171	(116,921)
Other	174,400	196,578	(22,178)
Capital Outlay		113,221	(113,221)
TOTAL EXPENDITURES	<u>\$ 673,550</u>	<u>\$ 910,085</u>	<u>\$ (236,535)</u>
NET CHANGE IN FUND BALANCE	\$ -0-	\$ -0-	\$ -0-
FUND BALANCE - OCTOBER 1, 2019	_____	_____	_____
FUND BALANCE - SEPTEMBER 30, 2020	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

See accompanying independent auditor's report.

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MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT

SUPPLEMENTARY INFORMATION REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

SEPTEMBER 30, 2020

**MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

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

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

2. RETAIL SERVICE PROVIDERS

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

Based on the Rate Order Approved February 22, 2019.

	<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:	\$ 14.00	5,000	N	\$ 1.00 \$ 1.25 \$ 1.50 \$ 2.00	5,000 to 10,000 10,001 – 20,000 20,001 – 30,000 30,001 and up
WASTEWATER:	\$ 30.00	10,000	N	\$ 1.25 \$ 1.50	10,001 to 25,000 25,001 and up
SURCHARGE:					
Solid Waste/ Garbage					
Commission					
Regulatory					
Assessments					
Regional Water Authority Fees			N	\$ 4.68	0001 and up
Other					

District employs winter averaging for wastewater usage? X
Yes No

Total monthly charges per 10,000 gallons usage: Water: \$19.00 Wastewater: \$30.00 Surcharge: \$46.80 Total: \$95.80

See accompanying independent auditor's report.

**MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered			x 1.0	
≤ ³ / ₄ "	<u>2,570</u>	<u>2,555</u>	x 1.0	<u>2,555</u>
1"	<u>20</u>	<u>16</u>	x 2.5	<u>40</u>
1½"	<u>15</u>	<u>15</u>	x 5.0	<u>75</u>
2"	<u>41</u>	<u>40</u>	x 8.0	<u>320</u>
3"	<u>3</u>	<u>3</u>	x 15.0	<u>45</u>
4"			x 25.0	
6"	<u>4</u>	<u>4</u>	x 50.0	<u>200</u>
8"	<u>4</u>	<u>4</u>	x 80.0	<u>320</u>
10"			x 115.0	
Total Water Connections	<u>2,657</u>	<u>2,637</u>		<u>3,555</u>
Total Wastewater Connections	<u>2,602</u>	<u>2,586</u>	x 1.0	<u>2,586</u>

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

Gallons pumped into system:	306,029,000	Water Accountability Ratio: 96.6% (Gallons billed and sold/Gallons pumped)
Gallons billed to customers:	241,813,000	
Gallons sold:	53,815,000	To: Northwest Harris County Municipal Utility District No. 28, Shasla Public Utility District and Harris County Municipal Utility District No. 18

See accompanying independent auditor's report.

**MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

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

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

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

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes X No _____

County or Counties in which District is located:

Harris County, Texas

Is the District located within a city?

Entirely _____ Partly _____ Not at all X

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

Entirely X Partly _____ Not at all _____

ETJ's in which District is located:

City of Houston, Texas.

Are Board Members appointed by an office outside the District?

Yes _____ No X

See accompanying independent auditor's report.

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

PROFESSIONAL FEES:	
Auditing	\$ 17,750
Engineering	62,646
Legal	<u>284,818</u>
TOTAL PROFESSIONAL FEES	<u>\$ 365,214</u>
PURCHASED SERVICES FOR RESALE:	
Purchased Water Service	\$ 1,371,266
Purchased Wastewater Service	<u>632,649</u>
TOTAL PURCHASED SERVICES FOR RESALE	<u>\$ 2,003,915</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 23,794
Operations and Billing	71,472
Recording Secretary	4,350
Security	294,441
Solid Waste Disposal	<u>499,318</u>
TOTAL CONTRACTED SERVICES	<u>\$ 893,375</u>
UTILITIES:	
Electricity	\$ 65,655
Telephone	<u>28,317</u>
TOTAL UTILITIES	<u>\$ 93,972</u>
REPAIRS AND MAINTENANCE	<u>\$ 326,281</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 32,400
Dues	675
Election Costs	1,473
Insurance	17,913
Office Supplies and Postage	37,204
Payroll Taxes	1,183
Travel and Meetings	4,874
Other	<u>14,505</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 110,227</u>

See accompanying independent auditor's report.

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

CAPITAL OUTLAY	\$ <u>1,976,520</u>
DEVELOPER INTEREST	\$ <u>216,595</u>
TAP CONNECTIONS	\$ <u>6,370</u>
OTHER EXPENDITURES:	
Chemicals	\$ 986
Laboratory Fees	4,915
Permit Fees	6,303
Reconnection Fees	43,574
Inspection Fees	1,615
Regulatory Assessment	<u>9,535</u>
TOTAL OTHER EXPENDITURES	\$ <u>66,928</u>
TOTAL EXPENDITURES	\$ <u>6,059,397</u>

See accompanying independent auditor's report.

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
INVESTMENTS
SEPTEMBER 30, 2020

<u>Funds</u>	<u>Identification or Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Accrued Interest Receivable at End of Year</u>
<u>GENERAL FUND</u>					
TexPool	XXXX0002	Varies	Daily	\$ 3,961,358	\$
Certificate of Deposit	XXXX3431	0.75%	06/24/21	<u>155,649</u>	<u>313</u>
TOTAL GENERAL FUND				<u>\$ 4,117,007</u>	<u>\$ 313</u>
<u>DEBT SERVICE FUND</u>					
TexPool	XXXX0001	Varies	Daily	<u>\$ 1,974,853</u>	<u>\$ -0-</u>
TOTAL - ALL FUNDS				<u>\$ 6,091,860</u>	<u>\$ 313</u>

See accompanying independent auditor’s report.

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
OCTOBER 1, 2019	\$	16,797	\$	34,021
Adjustments to Beginning				
Balance		<u>(3,211)</u>	\$	<u>13,586</u>
			<u>(5,417)</u>	\$
				28,604
Original 2019 Tax Levy	\$	1,783,717	\$	2,151,785
Adjustment to 2019 Tax Levy		<u>163,586</u>	<u>1,947,303</u>	<u>197,342</u>
TOTAL TO BE				<u>2,349,127</u>
ACCOUNTED FOR		\$	1,960,889	\$
				2,377,731
TAX COLLECTIONS:				
Prior Years	\$	5,787	\$	11,693
Current Year		<u>1,932,544</u>	<u>1,938,331</u>	<u>2,331,323</u>
			<u>2,331,323</u>	<u>2,343,016</u>
TAXES RECEIVABLE -				
SEPTEMBER 30, 2020		<u>\$</u>	<u>22,558</u>	<u>\$</u>
				<u>34,715</u>
TAXES RECEIVABLE BY				
YEAR:				
2019	\$	14,759	\$	17,804
2018		3,541		5,902
2017		1,793		3,378
2016		812		2,962
2015		749		2,733
2014 and Prior		<u>904</u>		<u>1,936</u>
TOTAL	\$	<u>22,558</u>	\$	<u>34,715</u>

See accompanying independent auditor's report.

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	2019	2018	2017	2016
PROPERTY VALUATIONS:				
Land	\$ 149,775,772	\$ 135,188,601	\$ 129,007,232	\$ 115,877,152
Improvements	528,915,351	449,662,398	431,173,673	358,442,288
Personal Property	55,646,332	55,941,248	34,616,114	10,130,154
Exemptions	<u>(116,146,270)</u>	<u>(91,522,727)</u>	<u>(88,367,016)</u>	<u>(93,050,373)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 618,191,185</u>	<u>\$ 549,269,520</u>	<u>\$ 506,430,003</u>	<u>\$ 391,399,221</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.380	\$ 0.45	\$ 0.49	\$ 0.62
Maintenance	<u>0.315</u>	<u>0.27</u>	<u>0.26</u>	<u>0.17</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.695</u>	<u>\$ 0.72</u>	<u>\$ 0.75</u>	<u>\$ 0.79</u>
ADJUSTED TAX LEVY*	<u>\$ 4,296,430</u>	<u>\$ 3,953,237</u>	<u>\$ 3,798,230</u>	<u>\$ 3,092,055</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>99.24 %</u>	<u>99.76 %</u>	<u>99.86 %</u>	<u>99.88 %</u>

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

Maintenance Tax – Maximum tax rate is unlimited in amount as approved by voters on November 29, 1971.

See accompanying independent auditor's report.

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2020

SERIES - 2011 REFUNDING

Due During Fiscal Years Ending September 30	Principal Due October 1	Interest Due October 1/ April 1	Total
2021	\$ 565,000	\$ 27,650	\$ 592,650
2022	590,000	9,587	599,587
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
	<u>\$ 1,155,000</u>	<u>\$ 37,237</u>	<u>\$ 1,192,237</u>

See accompanying independent auditor’s report.

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2020

S E R I E S - 2 0 1 2				
Due During Fiscal Years Ending September 30	Principal Due October 1	Interest Due October 1/ April 1	Total	
2021	\$ 70,000	\$ 14,350	\$	84,350
2022	75,000	12,900		87,900
2023	55,000	11,600		66,600
2024	60,000	10,450		70,450
2025	65,000	9,200		74,200
2026	65,000	7,900		72,900
2027	65,000	6,438		71,438
2028	70,000	4,750		74,750
2029	75,000	2,938		77,938
2030	80,000	1,000		81,000
2031				
2032				
2033				
2034				
2035				
2036				
2037				
2038				
	\$ 680,000	\$ 81,526	\$	761,526

See accompanying independent auditor’s report.

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2020

SERIES - 2013 REFUNDING

Due During Fiscal Years Ending September 30	Principal Due October 1	Interest Due October 1/ April 1	Total
2021	\$ 165,000	\$ 278,513	\$ 443,513
2022	160,000	275,262	435,262
2023	260,000	270,738	530,738
2024	270,000	262,412	532,412
2025	275,000	251,513	526,513
2026	285,000	240,312	525,312
2027	295,000	228,713	523,713
2028	300,000	216,812	516,812
2029	630,000	201,363	831,363
2030	655,000	181,269	836,269
2031	1,285,000	149,744	1,434,744
2032	680,000	117,812	797,812
2033	1,605,000	80,681	1,685,681
2034	1,680,000	27,300	1,707,300
2035			
2036			
2037			
2038			
	<u>\$ 8,545,000</u>	<u>\$ 2,782,444</u>	<u>\$ 11,327,444</u>

See accompanying independent auditor's report.

**MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2020**

SERIES - 2014 REFUNDING

<u>Due During Fiscal Years Ending September 30</u>	<u>Principal Due October 1</u>	<u>Interest Due October 1/ April 1</u>	<u>Total</u>
2021	\$ 170,000	\$ 88,656	\$ 258,656
2022	165,000	85,306	250,306
2023	170,000	81,531	251,531
2024	175,000	76,782	251,782
2025	180,000	71,456	251,456
2026	185,000	65,981	250,981
2027	185,000	60,432	245,432
2028	195,000	54,487	249,487
2029	200,000	48,069	248,069
2030	195,000	41,407	236,407
2031	200,000	34,494	234,494
2032	855,000	15,497	870,497
2033			
2034			
2035			
2036			
2037			
2038			
	<u>\$ 2,875,000</u>	<u>\$ 724,098</u>	<u>\$ 3,599,098</u>

See accompanying independent auditor's report.

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2020

SERIES - 2015 REFUNDING

Due During Fiscal Years Ending September 30	Principal Due October 1	Interest Due October 1/ April 1	Total
2021	\$ 115,000	\$ 213,275	\$ 328,275
2022	120,000	209,750	329,750
2023	120,000	206,150	326,150
2024	120,000	202,550	322,550
2025	125,000	198,875	323,875
2026	120,000	195,200	315,200
2027	125,000	191,525	316,525
2028	125,000	187,775	312,775
2029	130,000	183,950	313,950
2030	135,000	179,300	314,300
2031	135,000	173,900	308,900
2032	140,000	168,400	308,400
2033	140,000	162,800	302,800
2034	120,000	157,600	277,600
2035	1,905,000	117,100	2,022,100
2036	1,975,000	39,500	2,014,500
2037			
2038			
	<u>\$ 5,650,000</u>	<u>\$ 2,787,650</u>	<u>\$ 8,437,650</u>

See accompanying independent auditor's report.

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2020

S E R I E S - 2 0 1 6			
Due During Fiscal Years Ending September 30	Principal Due October 1	Interest Due October 1/ April 1	Total
2021	\$ 120,000	\$ 53,788	\$ 173,788
2022	130,000	51,287	181,287
2023	130,000	48,688	178,688
2024	125,000	46,137	171,137
2025	125,000	43,638	168,638
2026	135,000	41,038	176,038
2027	130,000	38,388	168,388
2028	135,000	35,484	170,484
2029	135,000	32,277	167,277
2030	140,000	28,837	168,837
2031	160,000	24,900	184,900
2032	165,000	20,325	185,325
2033	160,000	15,450	175,450
2034	165,000	10,575	175,575
2035	130,000	6,150	136,150
2036	140,000	2,100	142,100
2037			
2038			
	\$ 2,225,000	\$ 499,062	\$ 2,724,062

See accompanying independent auditor's report.

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2020

S E R I E S - 2 0 1 7				
Due During Fiscal Years Ending September 30	Principal Due October 1	Interest Due October 1/ April 1	Total	
2021	\$ 60,000	\$ 124,500	\$	184,500
2022	60,000	122,700		182,700
2023	60,000	120,900		180,900
2024	65,000	119,025		184,025
2025	65,000	117,075		182,075
2026	65,000	115,125		180,125
2027	70,000	113,100		183,100
2028	65,000	111,075		176,075
2029	65,000	109,125		174,125
2030	70,000	107,100		177,100
2031	70,000	105,000		175,000
2032	75,000	102,825		177,825
2033	75,000	100,481		175,481
2034	80,000	97,963		177,963
2035	80,000	95,362		175,362
2036	80,000	92,763		172,763
2037	1,350,000	69,525		1,419,525
2038	1,410,000	23,794		1,433,794
	\$ 3,865,000	\$ 1,847,438	\$	5,712,438

See accompanying independent auditor's report.

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2020

SERIES - 2020 REFUNDING

Due During Fiscal Years Ending September 30	Principal Due October 1	Interest Due October 1/ April 1	Total
2021	\$ 110,000	\$ 104,915	\$ 214,915
2022	65,000	168,000	233,000
2023	605,000	154,600	759,600
2024	630,000	129,900	759,900
2025	660,000	104,100	764,100
2026	690,000	77,100	767,100
2027	730,000	48,700	778,700
2028	765,000	26,450	791,450
2029	465,000	14,150	479,150
2030	475,000	4,750	479,750
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
	<u>\$ 5,195,000</u>	<u>\$ 832,665</u>	<u>\$ 6,027,665</u>

See accompanying independent auditor’s report.

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2020

ANNUAL REQUIREMENTS
FOR ALL SERIES

Due During Fiscal Years Ending September 30	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2021	\$ 1,375,000	\$ 905,647	\$ 2,280,647
2022	1,365,000	934,792	2,299,792
2023	1,400,000	894,207	2,294,207
2024	1,445,000	847,256	2,292,256
2025	1,495,000	795,857	2,290,857
2026	1,545,000	742,656	2,287,656
2027	1,600,000	687,296	2,287,296
2028	1,655,000	636,833	2,291,833
2029	1,700,000	591,872	2,291,872
2030	1,750,000	543,663	2,293,663
2031	1,850,000	488,038	2,338,038
2032	1,915,000	424,859	2,339,859
2033	1,980,000	359,412	2,339,412
2034	2,045,000	293,438	2,338,438
2035	2,115,000	218,612	2,333,612
2036	2,195,000	134,363	2,329,363
2037	1,350,000	69,525	1,419,525
2038	1,410,000	23,794	1,433,794
	<u>\$ 30,190,000</u>	<u>\$ 9,592,120</u>	<u>\$ 39,782,120</u>

See accompanying independent auditor's report.

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
CHANGE IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Description	Original Bonds Issued	Bonds Outstanding October 1, 2019
Meadowhill Regional Municipal Utility District Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds - Series 2011	\$ 5,315,000	\$ 1,700,000
Meadowhill Regional Municipal Utility District Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds - Series 2012	5,960,000	5,390,000
Meadowhill Regional Municipal Utility District Unlimited Tax and Revenue Bonds - Series 2012	1,220,000	750,000
Meadowhill Regional Municipal Utility District Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds - Series 2013	9,760,000	8,705,000
Meadowhill Regional Municipal Utility District Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds - Series 2014	3,565,000	3,040,000
Meadowhill Regional Municipal Utility District Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds - Series 2015	6,180,000	5,760,000
Meadowhill Regional Municipal Utility District Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds - Series 2016	2,600,000	2,350,000
Meadowhill Regional Municipal Utility District Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds - Series 2017	3,980,000	3,925,000
Meadowhill Regional Municipal Utility District Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds - Series 2020	<u>5,195,000</u>	
TOTAL	<u>\$ 43,775,000</u>	<u>\$ 31,620,000</u>
Bond Authority:	<u>Tax Bonds**</u>	<u>Refunding Bonds</u>
Amount Authorized by Voters	\$ 69,265,000	\$ *
Amount Issued	<u>44,830,000</u>	<u>1,710,000</u>
Remaining to be Issued	<u>\$ 24,435,000</u>	

* One-hundred-fifty percent of outstanding bonds payable.

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

See accompanying independent auditor's report.

Current Year Transactions				Bonds Outstanding September 30, 2020	Paying Agent
Bonds Sold	Retirements				
	Principal	Interest			
\$	\$ 545,000	\$ 44,300	\$ 1,155,000		BOKF, N.A. Austin, TX
	5,390,000	210,819	-0-		BOKF, N.A. Austin, TX
	70,000	15,750	680,000		BOKF, N.A. Austin, TX
	160,000	281,762	8,545,000		BOKF, N.A. Austin, TX
	165,000	92,006	2,875,000		BOKF, N.A. Austin, TX
	110,000	216,100	5,650,000		BOKF, N.A. Austin, TX
	125,000	55,925	2,225,000		BOKF, N.A. Austin, TX
	60,000	126,300	3,865,000		BOKF, N.A. Austin, TX
	<u>5,195,000</u>		<u>5,195,000</u>		UMB Bank, N.A. Houston, TX
<u>\$ 5,195,000</u>	<u>\$ 6,625,000</u>	<u>\$ 1,042,962</u>	<u>\$ 30,190,000</u>		

Debt Service Fund cash, investments and cash with paying agents balance as of September 30, 2020: \$ 4,252,053

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 2,210,118

For interest rates, interest payment dates and maturity dates, see Note 3.

See accompanying independent auditor's report.

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2020	2019	2018
REVENUES			
Property Taxes	\$ 1,938,331	\$ 1,486,724	\$ 1,302,366
Payment of Lieu of Taxes			
Water Service	831,041	801,351	750,161
Wastewater Service	1,203,581	1,148,271	1,140,824
Regional Water Authority Fees	1,016,658	791,986	784,296
Penalty and Interest	51,575	52,946	54,407
Tap Connection and Inspection Fees	22,170	284,731	272,443
Investment Revenues	46,921	134,813	65,738
Miscellaneous Revenues	38,563	50,128	35,861
TOTAL REVENUES	\$ 5,148,840	\$ 4,750,950	\$ 4,406,096
EXPENDITURES			
Professional Fees	\$ 365,214	\$ 240,464	\$ 303,189
Contracted Services	893,375	859,832	803,646
Purchased Water Service	1,371,266	1,233,992	928,976
Purchased Wastewater Service	632,649	464,539	386,351
Utilities	93,972	102,444	91,612
Repairs and Maintenance	326,281	334,143	349,977
Other	183,525	305,025	278,774
Capital Outlay	1,976,520	26,445	1,092,246
Developer Interest	216,595		
TOTAL EXPENDITURES	\$ 6,059,397	\$ 3,566,884	\$ 4,234,771
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (910,557)	\$ 1,184,066	\$ 171,325
OTHER FINANCING SOURCES (USES)			
Transfers In	\$ 54,177	\$ 81,357	\$
Developer Contribution			600,000
TOTAL OTHER FINANCING SOURCES (USES)	\$ 54,177	\$ 81,357	\$ 600,000
NET CHANGE IN FUND BALANCE	\$ (856,380)	\$ 1,265,423	\$ 771,325
BEGINNING FUND BALANCE	7,563,847	6,298,424	5,527,099
ENDING FUND BALANCE	\$ 6,707,467	\$ 7,563,847	\$ 6,298,424

See accompanying independent auditor's report.

		Percentage of Total Revenue				
2017	2016	2020	2019	2018	2017	2016
\$ 661,704	\$ 553,410	37.8 %	31.2 %	29.6 %	18.2 %	18.3 %
13,875	152,875				0.4	5.0
719,360	583,721	16.1	16.9	17.0	19.9	19.2
1,090,281	962,204	23.4	24.2	25.9	30.1	31.7
613,784	472,927	19.7	16.7	17.8	16.9	15.6
54,549	61,697	1.0	1.1	1.2	1.5	2.0
403,126	200,263	0.4	6.0	6.2	11.1	6.6
17,227	7,546	0.9	2.8	1.5	0.5	0.2
48,919	44,017	0.7	1.1	0.8	1.4	1.4
<u>\$ 3,622,825</u>	<u>\$ 3,038,660</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 257,152	\$ 210,094	7.1 %	5.1 %	6.9 %	7.1 %	6.9 %
777,106	750,898	17.4	18.1	18.2	21.5	24.7
728,903	532,688	26.6	26.0	21.1	20.1	17.5
360,217	354,458	12.3	9.8	8.8	9.9	11.7
79,553	70,575	1.8	2.2	2.1	2.2	2.3
294,490	245,263	6.3	7.0	7.9	8.1	8.1
328,416	416,156	3.6	6.4	6.3	9.1	13.7
147,971	107,968	38.4	0.6	24.8	4.1	3.6
		4.2				
<u>\$ 2,973,808</u>	<u>\$ 2,688,100</u>	<u>117.7 %</u>	<u>75.2 %</u>	<u>96.1 %</u>	<u>82.1 %</u>	<u>88.5 %</u>
\$ 649,017	\$ 350,560	(17.7) %	24.8 %	3.9 %	17.9 %	11.5 %
\$ 45,600	\$					
<u>\$ 45,600</u>	<u>\$ - 0 -</u>					
\$ 694,617	\$ 350,560					
<u>4,832,482</u>	<u>4,481,922</u>					
<u>\$ 5,527,099</u>	<u>\$ 4,832,482</u>					

See accompanying independent auditor's report.

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2020	2019	2018
REVENUES			
Property Taxes	\$ 2,343,016	\$ 2,481,675	\$ 2,470,185
Penalty and Interest	37,759	61,112	46,224
Interest on Investments	22,909	71,500	38,062
Miscellaneous Revenues	<u>60</u>	<u>60</u>	<u>60</u>
TOTAL REVENUES	<u>\$ 2,403,684</u>	<u>\$ 2,614,347</u>	<u>\$ 2,554,471</u>
EXPENDITURES			
Tax Collection Expenditures	\$ 93,611	\$ 103,337	\$ 100,719
Debt Service Principal	1,310,000	1,280,000	1,200,000
Debt Service Interest and Fees	1,046,962	1,076,944	1,052,579
Bond Issuance Costs	<u>244,945</u>	<u>244,945</u>	<u>244,945</u>
TOTAL EXPENDITURES	<u>\$ 2,695,518</u>	<u>\$ 2,460,281</u>	<u>\$ 2,353,298</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (291,834)</u>	<u>\$ 154,066</u>	<u>\$ 201,173</u>
OTHER FINANCING SOURCES (USES)			
Transfer to Refunded Bond Escrow Agent	\$(5,419,987)	\$	\$
Long-Term Debt Issued	5,195,000		
Bond Premium	<u>461,770</u>	<u>461,770</u>	<u>461,770</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ 236,783</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
NET CHANGE IN FUND BALANCE	\$ (55,051)	\$ 154,066	\$ 201,173
BEGINNING FUND BALANCE	<u>4,281,591</u>	<u>4,127,525</u>	<u>3,926,352</u>
ENDING FUND BALANCE	<u>\$ 4,226,540</u>	<u>\$ 4,281,591</u>	<u>\$ 4,127,525</u>
TOTAL ACTIVE RETAIL WATER CONNECTIONS	<u>2,637</u>	<u>2,634</u>	<u>2,629</u>
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	<u>2,586</u>	<u>2,585</u>	<u>2,587</u>

See accompanying independent auditor's report.

		Percentage of Total Revenue				
2017	2016	2020	2019	2018	2017	2016
\$ 2,412,228	\$ 2,005,284	97.4 %	95.0 %	96.7 %	98.2 %	98.5 %
33,743	26,570	1.6	2.3	1.8	1.4	1.3
10,611	5,016	1.0	2.7	1.5	0.4	0.2
	65					
<u>\$ 2,456,582</u>	<u>\$ 2,036,935</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 77,544	\$ 77,518	3.9 %	4.0 %	3.9 %	3.2 %	3.8 %
1,050,000	1,075,000	54.5	49.0	47.0	42.7	52.8
955,981	959,015	43.6	41.2	41.2	38.9	47.1
		10.2				
<u>\$ 2,083,525</u>	<u>\$ 2,111,533</u>	<u>112.2 %</u>	<u>94.2 %</u>	<u>92.1 %</u>	<u>84.8 %</u>	<u>103.7 %</u>
<u>\$ 373,057</u>	<u>\$ (74,598)</u>	<u>(12.2) %</u>	<u>5.8 %</u>	<u>7.9 %</u>	<u>15.2 %</u>	<u>(3.7) %</u>
\$	\$					
<u>\$ - 0 -</u>	<u>\$ - 0 -</u>					
\$ 373,057	\$ (74,598)					
<u>3,553,295</u>	<u>3,627,893</u>					
<u>\$ 3,926,352</u>	<u>\$ 3,553,295</u>					
<u>2,618</u>	<u>2,645</u>					
<u>2,604</u>	<u>2,594</u>					

See accompanying independent auditor's report.

**MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER 30, 2020**

District Mailing Address - Meadowhill Regional Municipal Utility District
c/o Johnson Petrov LLP
2929 Allen Parkway, Suite 3150
Houston, TX 77019-6100

District Telephone Number - (713) 489-8977

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended September 30, 2020	Expense Reimbursements for the year ended September 30, 2020	Title
Alan E. Liczwek	05/2018 05/2022 (Elected)	\$ 6,600	\$ 2,455	President
Douglas Larkins	05/2020 05/2024 (Elected)	\$ 6,900	\$ -0-	Vice President
Edward Varosky	05/2020 05/2024 (Elected)	\$ 7,200	\$ 2,832	Secretary/ Treasurer
Michael Gleason	05/2018 05/2022 (Elected)	\$ 7,200	\$ 1,402	Assistant Secretary/ Assistant Treasurer
Cassandra Woods	03/2020 05/2022 (Appointed)	\$ 3,600	\$ -0-	Director
Pasquale J. Testa	05/2018 03/2020 (Resigned)	\$ 1,200	\$ -0-	Director

Notes: 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 developers or with any of the District’s consultants.

Submission date of most recent District Registration Form: June 6, 2018

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200 as set by Board Resolution on July 30, 2003. Fees of Office are the amounts actually paid to a Director during the District’s current fiscal year.

See accompanying independent auditor’s report.

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER 30, 2020

Consultants:	<u>Date Hired</u>	<u>District Fees for the year ended September 30, 2020</u>	<u>Water Plant and Wastewater Treatment Plant Fees for the year ended September 30, 2020</u>	<u>Title</u>
Johnson Petrov LLP	05/91	\$ 162,783 \$ 79,925	\$ 1,738 4 -0-	Attorney Bond Counsel
McCall Gibson Swedlund Barfoot PLLC	09/28/96	\$ 17,750 \$ 5,500 \$ 5,500	\$ 8,850 \$ -0- \$ -0-	Auditor Special Project Bond Related
Myrtle Cruz, Inc.	06/81	\$ 29,358	\$ 25,073	Bookkeeper/ Investment Officer
Perdue Brandon Fielder Collins & Mott	05/99	\$ 10,548	\$ -0-	Delinquent Tax Attorney
IDS Engineering, Inc.	09/24/02	\$ 78,109	\$ 73,403	Engineer
Blitch Associates, Inc.	09/90	\$ 51,972	\$ -0-	Financial Advisor
TNG Utility Corp.	09/24/02	\$ 389,194	\$ 715,947	Operator
Bob Leared Interests	10/15/90	\$ 45,474	\$ -0-	Tax Assessor/ Collector

See accompanying independent auditor's report.

