

ROLLING CREEK UTILITY DISTRICT

HARRIS COUNTY, TEXAS

ANNUAL AUDIT REPORT

JULY 31, 2022

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November 2, 2022

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Rolling Creek Utility District
Harris County, Texas

Opinions

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Rolling Creek Utility District as of and for the year ended July 31, 2022, and the related notes to the financial statements, which collectively comprise Rolling Creek Utility District's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Rolling Creek Utility District, as of July 31, 2022, and the respective changes in financial position and, where applicable, cash flows there of for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Rolling Creek Utility District, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Rolling Creek Utility District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

INDEPENDENT AUDITOR'S REPORT (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. I obtain an understanding of internal control relevant to the audit 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 Rolling Creek Utility District's internal control. Accordingly, no such opinion is expressed. I evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements. I conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Rolling Creek Utility District's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that I identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

INDEPENDENT AUDITOR'S REPORT (Continued)**Supplementary Information**

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Rolling Creek Utility District's basic financial statements. The supplementary information on Pages 23 to 45 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Except for the portion marked "unaudited," the information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The supplementary information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on it. The accompanying supplementary information includes financial data excerpted from prior year financial statements which were audited by my firm.

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

Management's Discussion and Analysis

Using this Annual Report

Within this section of the Rolling Creek Utility District (the "District") annual report, the District's Board of Directors provides narrative discussion and analysis of the financial activities of the District for the fiscal year ended July 31, 2022.

The annual report consists of a series of financial statements plus additional supplemental information to the financial statements as required by its state oversight agency, the Texas Commission on Environmental Quality. In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities which engage in a single governmental program. In the District's case, the single governmental program is provision of water and sewer services. Other activities, such as garbage collection, are minor activities and are not budgeted or accounted for as separate programs. The financial statements of special-purpose governments combine two types of financial statements into one statement. These two types of financial statements are the government-wide financial statements and the fund financial statements. The fund financial statements are presented on the left side of the statements, a column for adjustments is to the right of the fund financial statements, and the government-wide financial statements are presented to the right side of the adjustments column. The following sections describe the measurement focus of the two types of statements and the significant differences in the information they provide.

Government-Wide Financial Statements

The focus of government-wide financial statements is on the overall financial position and activities of the District. The District's government-wide financial statements include the statement of net position and statement of activities, which are prepared using accounting principles that are similar to commercial enterprises. The purpose of the statement of net position is to attempt to report all of the assets and liabilities owned by the District. The District reports all of its assets when it acquires or begins to maintain the assets and reports all of its liabilities when they are incurred.

The difference between the District's total assets and total liabilities is labeled as *net position* and this difference is similar to the total owners' equity presented by a commercial enterprise.

The purpose of the statement of activities is to present the revenues and expenses of the District. Again, the items presented on the statement of activities are measured in a manner similar to the approach used by a commercial enterprise in that revenues are recognized when earned or established criteria are satisfied and expenses are reported when incurred by the District. Thus, revenues are reported even when they may not be collected for several months or years after the end of the accounting period and expenses are recorded even though they may not have used cash during the current period.

Although the statement of activities looks different from a commercial enterprise's income statement, the financial statement is different only in format, not substance. Whereas the bottom line in a commercial enterprise is its net income, the District reports an amount described as *change in net position*, essentially the same thing.

Fund Financial Statements

Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the District rather than the District as a whole. Except for the General Fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties or governmental statutes or regulations.

Governmental fund financial statements consist of a balance sheet and statement of revenues, expenditures and change in fund balances and are prepared on an accounting basis that is significantly different from that used to prepare the government-wide financial statements.

In general, these financial statements have a short-term emphasis and, for the most part, measure and account for cash and other assets that can easily be converted into cash. For example, amounts reported on the balance sheet include items such as cash and receivables collectible within a very short period of time, but do not include capital assets such as land and water and sewer systems. Fund liabilities include amounts that are to be paid within a very short period after the end of the fiscal year. The difference between a fund's total assets and total liabilities is labeled the fund balance and generally indicates the amount that can be used to finance the next fiscal year's activities. Likewise, the operating statement for governmental funds reports only those revenues and expenditures that were collected in cash or paid with cash, respectively, during the current period or very shortly after the end of the fiscal year.

Because the focus of the government-wide and fund financial statements are different, there are significant differences between the totals presented in these financial statements. For this reason, there is an analysis in Note 3 of the notes to the financial statements that reconciles the total fund balances to the amount of net position presented in the governmental activities column on the statement of net position. Also, there is an analysis in Note 3 of the notes to the financial statements that reconciles the total change in fund balances for all governmental funds to the change in net position as reported in the governmental activities column in the statement of activities.

Financial Analysis of the District as a Whole

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

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

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

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

Summary of Net Position

	<u>2022</u>	<u>2021</u>	<u>Change</u>
Current and other assets	\$ 8,720,343	\$ 7,869,482	\$ 850,861
Capital assets	12,256,661	11,807,025	449,636
Total assets	<u>20,977,004</u>	<u>19,676,507</u>	<u>1,300,497</u>
Long-term liabilities	22,404,763	21,154,855	1,249,908
Other liabilities	1,511,222	1,124,284	386,938
Total liabilities	<u>23,915,985</u>	<u>22,279,139</u>	<u>1,636,846</u>
Net position:			
Invested in capital assets, net of related debt	(10,972,194)	(9,970,421)	(1,001,773)
Restricted	3,757,841	3,521,280	236,561
Unrestricted	4,275,372	3,846,509	428,863
Total net position	<u>\$ (2,938,981)</u>	<u>\$ (2,602,632)</u>	<u>\$ (336,349)</u>

Summary of Changes in Net Position

	<u>2022</u>	<u>2021</u>	<u>Change</u>
Revenues:			
Property taxes	\$ 2,501,292	\$ 2,317,868	\$ 183,424
Charges for services	1,937,898	1,857,272	80,626
Other revenues	27,726	21,783	5,943
Total revenues	<u>4,466,916</u>	<u>4,196,923</u>	<u>269,993</u>
Expenses:			
Service operations	3,916,665	4,961,409	(1,044,744)
Debt service	886,600	922,068	(35,468)
Total expenses	<u>4,803,265</u>	<u>5,883,477</u>	<u>(1,080,212)</u>
Change in net position	(336,349)	(1,686,554)	1,350,205
Net position, beginning of year	<u>(2,602,632)</u>	<u>(916,078)</u>	<u>(1,686,554)</u>
Net position, end of year	<u>\$ (2,938,981)</u>	<u>\$ (2,602,632)</u>	<u>\$ (336,349)</u>

Financial Analysis of the District's Funds

The District's combined fund balances as of the end of the fiscal year ended July 31, 2022, were \$7,999,337, an increase of \$653,030 from the prior year.

The General Fund balance increased by \$424,423, in accordance with the District's financial plan.

The Debt Service Fund balance increased by \$183,988, in accordance with the District's financial plan.

The Capital Projects Fund balance increased by \$44,619, as proceeds of the Series 2022 bonds and interest earnings on deposits exceeded authorized expenditures.

General Fund Budgetary Highlights

The Board of Directors did not amend the budget during the fiscal year. The District's budget is primarily a planning tool. Accordingly, actual results varied from the budgeted amounts. A comparison of actual to budgeted amounts is presented on Page 22 of this report. The budgetary fund balance as of July 31, 2022, was expected to be \$4,334,873, and the actual end of year fund balance was \$4,252,253.

Capital Asset and Debt Administration

Capital Assets

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

	<u>Capital Assets (Net of Accumulated Depreciation)</u>		
	<u>2022</u>	<u>2021</u>	<u>Change</u>
Land	\$ 438,905	\$ 141,215	\$ 297,690
Construction in progress	789,911	1,185,773	(395,862)
Water facilities	3,542,243	3,382,326	159,917
Sewer facilities	6,381,842	5,940,892	440,950
Drainage facilities	1,103,760	1,156,819	(53,059)
Totals	<u>\$ 12,256,661</u>	<u>\$ 11,807,025</u>	<u>\$ 449,636</u>

Changes to capital assets during the fiscal year ended July 31, 2022, are summarized as follows:

Additions:

Wastewater treatment plant improvements	\$ 56,057
Water, sewer and drainage construction by developer	<u>1,701,553</u>
Total additions to capital assets	1,757,610

Decreases:

Transfer of subdivision drainage system to Harris County	(815,381)
Depreciation	<u>(492,593)</u>

Net change to capital assets	<u>\$ 449,636</u>
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Debt

Changes in the bonded debt position of the District during the fiscal year ended July 31, 2022, are summarized as follows:

Bonded debt payable, beginning of year	\$ 20,575,000
Sale of bonds	2,515,000
Bonds paid	<u>(655,000)</u>
Bonded debt payable, end of year	<u>\$ 22,435,000</u>

At July 31, 2022, the District had \$32,203,842 of bonds authorized but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage system within the District.

The District's bonds have an underlying rating of BBB+ by Standard & Poor's. The Series 2012, 2020 and 2022 bonds are insured by Assured Guaranty Municipal Corp., the Series 2014, 2019 and 2020A bonds are insured by Build America Mutual Assurance Company and the Series 2015 bonds are insured by Municipal Assurance Corp. The insured rating of the Series 2012, 2014, 2015, 2019, 2020, 2020A and 2022 bonds is AA by Standard & Poor's. There were no changes in the bond ratings during the fiscal year ended July 31, 2022.

As further described in Note 5 of the notes to the financial statements, developers within the District are constructing water, sewer and drainage facilities on behalf of the District under the terms of contracts with the District. The District has agreed to purchase these facilities from the proceeds of future bond issues subject to the approval of the Texas Commission on Environmental Quality. At July 31, 2022, the estimated amount due to developers was \$789,911.

RELEVANT FACTORS AND WATER SUPPLY ISSUES

Property Tax Base

The District's tax base increased approximately \$49,520,000 for the 2021 tax year (approximately 15%), due to the addition of new houses to the tax base and the increase in the average assessed valuations on existing property.

Relationship to the City of Houston

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Houston, the District must conform to a City of Houston ordinance consenting to the creation of the District. In addition, the District may be annexed by the City of Houston without the District's consent. If the District is annexed, the City will assume the District's assets and obligations (including the bonded indebtedness) and dissolve the District within ninety (90) days.

The District is authorized to enter into a strategic partnership agreement with the City of Houston to provide the terms and conditions under which services would be provided and funded by the parties and under which the District would continue to exist for an extended period if the land within the District would be annexed for limited purposes by the City. The terms of any such agreement would be determined by the City and the District.

The District is not aware of any plans regarding annexation or a strategic partnership with the City of Houston.

Water Supply Issues

The District is within the Harris-Galveston Subsidence District (the "Subsidence District") Regulatory Area No. 3. The Subsidence District regulates the withdrawal of groundwater within its jurisdiction. The District's authority to pump ground water from its well is subject to annual permits issued by the Subsidence District. The Subsidence District has ordered certain areas of suburban Houston to convert most of their water supply to surface water under various schedules. Beginning in January 2003, the District was required to have a groundwater reduction plan ("GRP"), approved by the Subsidence District. The Subsidence District designated January 2010, as the date required for the District to restrict the withdrawal of ground water and convert 30% of its total water use to surface water; January 2025, as the date required for the District to restrict the withdrawal of ground water and convert 60% of its total water use to surface water and January 2035, as the date required for the District to restrict the withdrawal of ground water and convert 80% of its total water use to surface water. If the District does not meet the requirements of the Subsidence District, the District may be required to pay the disincentive fees adopted by the Subsidence District.

In May, 2001, the Texas Legislature created the West Harris County Regional Water Authority (the "Authority") and included the District within the boundaries of the Authority. The Authority was created to provide a regional entity to build the necessary facilities to meet the subsidence District's requirements for conversion from ground water to surface water of all permit holders within its boundaries, including the District. Accordingly, the District is required to pay groundwater reduction plan fees to the Authority, and in turn is entitled to rely upon the Authority's GRP to achieve compliance with the Subsidence District's requirements. In accordance with the GRP, the Authority has negotiated a water supply contract with the City of Houston and has issued revenue bonds to finance the surface water supply system. The Authority may establish such fees, charges, or tolls as necessary to accomplish its purposes. At July 31, 2022, the Authority's well pumpage fee was equal to \$3.70 per 1,000 gallons pumped, and is expected to increase in the future. At July 31, 2022, the Authority's surface water usage fee was equal to \$4.10 per 1,000 gallons, and is expected to increase in the future.

The District cannot predict the amount or level of fees and charges which may be due the Authority for future years, but anticipates that it will pass such fees through to its customers in higher water and sewer rates. In the event the Authority fails to meet the Subsidence District's requirements by the deadlines established by the Subsidence District, the District and others within the Authority's GRP group could be required to pay the disincentive fee on withdrawn groundwater. This disincentive fee is substantial, and the District expects it would need to pass such fee through to its customers in higher water and sewer rates. This disincentive fee would be in addition to the Authority's fee.

ROLLING CREEK UTILITY DISTRICT

STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET

JULY 31, 2022

	General	Debt Service	Capital Projects	Total	Adjustments (Note 3)	Statement of Net Position
ASSETS						
Cash, including interest-bearing accounts, Note 7	\$ 140,664	\$ 29,246	\$ 357,867	\$ 527,777	\$	\$ 527,777
Certificates of deposit, at cost, Note 7	961,429	1,090,218		2,051,647		2,051,647
Temporary investments, at cost, Note 7	3,417,525	2,416,151		5,833,676		5,833,676
Receivables:						
Property taxes	23,119	40,468		63,587		63,587
Accrued penalty and interest on property taxes				0	25,966	25,966
Service accounts	192,598			192,598		192,598
Accrued interest	1,510	2,891		4,401		4,401
Other	6,494			6,494		6,494
Prepaid expenditures	14,197			14,197		14,197
Maintenance taxes collected not yet transferred from other fund	4,473			4,473	(4,473)	0
Due from other fund	19,598			19,598	(19,598)	0
Capital assets, net of accumulated depreciation, Note 4:						
Capital assets not being depreciated				0	1,228,816	1,228,816
Depreciable capital assets				0	11,027,845	11,027,845
Total assets	<u>\$4,781,607</u>	<u>\$3,578,974</u>	<u>\$ 357,867</u>	<u>\$ 8,718,448</u>	<u>12,258,556</u>	<u>20,977,004</u>
LIABILITIES						
Accounts payable	\$ 361,101	\$ 368		\$ 361,469		361,469
Due to developer			124,850	124,850		124,850
Accrued interest payable				0	55,677	55,677
Customer and builder deposits	145,134			145,134		145,134
Maintenance taxes collected not yet transferred to other fund		4,473		4,473	(4,473)	0
Due to other fund			19,598	19,598	(19,598)	0
Long-term liabilities, Note 5:						
Due within one year				0	824,092	824,092
Due in more than one year				0	22,404,763	22,404,763
Total liabilities	<u>506,235</u>	<u>4,841</u>	<u>144,448</u>	<u>655,524</u>	<u>23,260,461</u>	<u>23,915,985</u>
DEFERRED INFLOWS OF RESOURCES						
Property tax revenues	23,119	40,468	0	63,587	(63,587)	0
FUND BALANCES / NET POSITION						
Fund balances:						
Assigned to:						
Debt service		3,533,665		3,533,665	(3,533,665)	0
Capital projects			213,419	213,419	(213,419)	0
Unassigned	4,252,253			4,252,253	(4,252,253)	0
Total fund balances	<u>4,252,253</u>	<u>3,533,665</u>	<u>213,419</u>	<u>7,999,337</u>	<u>(7,999,337)</u>	<u>0</u>
Total liabilities, deferred inflows, and fund balances	<u>\$4,781,607</u>	<u>\$3,578,974</u>	<u>\$ 357,867</u>	<u>\$ 8,718,448</u>		
Net position:						
Invested in capital assets, net of related debt, Note 4					(10,972,194)	(10,972,194)
Restricted for debt service					3,544,422	3,544,422
Restricted for capital projects					213,419	213,419
Unrestricted					4,275,372	4,275,372
Total net position					<u>\$ (2,938,981)</u>	<u>\$ (2,938,981)</u>

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

ROLLING CREEK UTILITY DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JULY 31, 2022

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments (Note 3)	Statement of Activities
REVENUES						
Property taxes	\$ 969,547	\$ 1,513,375	\$	\$ 2,482,922	\$ 10,429	\$ 2,493,351
Water service	487,638			487,638		487,638
Sewer service	617,615			617,615		617,615
Surface water fees, Note 9	705,942			705,942		705,942
Penalty, interest and other	59,140	3,524		62,664	4,417	67,081
Tap connection and inspection fees	67,563			67,563		67,563
Interest on deposits and investments	14,824	12,865	37	27,726		27,726
Total revenues	2,922,269	1,529,764	37	4,452,070	14,846	4,466,916
EXPENDITURES / EXPENSES						
Service operations:						
Professional fees	121,713	5,468	22,464	149,645		149,645
Contracted services	112,237	42,928		155,165		155,165
Utilities	145,875			145,875		145,875
Surface water fees, Note 9	748,591			748,591		748,591
Repairs, maintenance and other operating expenditures	812,297			812,297		812,297
Security services	74,367			74,367		74,367
Garbage disposal	311,223			311,223		311,223
Administrative expenditures	70,458	11,092		81,550		81,550
Depreciation				0	492,593	492,593
Capital outlay / non-capital outlay	101,085		2,097,415	2,198,500	(1,338,091)	860,409
Interest on developer construction			84,950	84,950		84,950
Debt service:						
Principal retirement		655,000		655,000	(655,000)	0
Bond issuance expenditures			220,451	220,451		220,451
Interest and fees		631,288		631,288	34,861	666,149
Total expenditures / expenses	2,497,846	1,345,776	2,425,280	6,268,902	(1,465,637)	4,803,265
Excess (deficiency) of revenues over expenditures	424,423	183,988	(2,425,243)	(1,816,832)	1,480,483	(336,349)
OTHER FINANCING SOURCES (USES)						
Bonds issued, Note 5		45,138	2,469,862	2,515,000	(2,515,000)	0
Bond issuance discounts, Note 5		(45,138)		(45,138)	45,138	0
Total other financing sources (uses)	0	0	2,469,862	2,469,862	(2,469,862)	0
Net change in fund balances / net position	424,423	183,988	44,619	653,030	(989,379)	(336,349)
Beginning of year	3,827,830	3,349,677	168,800	7,346,307	(9,948,939)	(2,602,632)
End of year	<u>\$ 4,252,253</u>	<u>\$ 3,533,665</u>	<u>\$ 213,419</u>	<u>\$ 7,999,337</u>	<u>\$(10,938,318)</u>	<u>\$(2,938,981)</u>

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

ROLLING CREEK UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2022

NOTE 1: REPORTING ENTITY

Rolling Creek Utility District (the "District") was created by Acts of the 62nd Legislature of the State of Texas, Regular Session, 1971, and operates in accordance with Texas Water Code Chapters 49 and 54. The District is a political subdivision of the State of Texas, governed by an elected five member Board of Directors. The Board of Directors held its first meeting on January 17, 1984, and the first bonds were sold on September 30, 1985. The District is subject to the continuing supervision of the Texas Commission on Environmental Quality.

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

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

Basic Financial Statements

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Basis of Accounting

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

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

Interfund Activity

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

Receivables

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

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

Capital Assets

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

Plant and equipment	10-45 years
Underground lines	45 years

Long-term Liabilities

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

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures of the fund from which they are paid.

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

Reconciliation of year end fund balances to net position:

Total fund balances, end of year		\$ 7,999,337
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Total capital assets, net		12,256,661
Some long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:		
Bonds payable	\$ (22,435,000)	
Deferred charge on refunding (to be amortized as interest expense)	8,270	
Issuance discount, net of premium (to be amortized as interest expense)	(12,214)	
Due to developers	<u>(789,911)</u>	(23,228,855)
Some receivables that do not provide current financial resources are not reported as receivables in the funds:		
Accrued penalty and interest on property taxes receivable	25,966	
Uncollected property taxes	<u>63,587</u>	89,553
Some liabilities that do not require the use of current financial resources are not reported as liabilities in the funds:		
Accrued interest		<u>(55,677)</u>
Net position, end of year		<u>\$ (2,938,981)</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

Total net change in fund balances		\$ 653,030
<p>The funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:</p>		
Capital outlay	\$ 1,338,091	
Depreciation	<u>(492,593)</u>	845,498
<p>The issuance of long-term debt (bonds payable) provides current financial resources to the funds, while the repayment of the principal of long-term debt consumes the current financial resources of the funds. Neither transaction, however, has any effect on net position. The effect of these differences in the treatment of long-term debt:</p>		
Bonds issued	(2,515,000)	
Principal reduction	<u>655,000</u>	(1,860,000)
<p>The funds report the effect of bond issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of these items:</p>		
Refunding charges	(10,097)	
Issuance premiums, net of discounts	<u>22,826</u>	12,729
<p>Some revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenues in the funds:</p>		
Accrued penalty and interest on property taxes receivable	4,417	
Uncollected property taxes	<u>10,429</u>	14,846
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds:</p>		
Accrued interest		<u>(2,452)</u>
Change in net position		<u>\$ (336,349)</u>

NOTE 4: CAPITAL ASSETS

At July 31, 2022, "Invested in capital assets, net of related debt" was \$(10,972,194). This amount was negative primarily because not all expenditures from bond proceeds (such as bond issuance costs) were for the acquisition of capital assets. Within Harris County, the county government assumes the maintenance and other incidents of ownership of most storm sewer facilities constructed by the District. Accordingly, these assets are not recorded in the financial statements of the District. In addition, some expenditures from bond proceeds were for the acquisition of capital assets beneath the capitalization threshold of \$5,000 (see Note 2) and some authorized expenditures were not for capital assets.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Capital asset activity for the fiscal year ended July 31, 2022, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land and detention ponds	\$ 141,215	\$ 297,690	\$	\$ 438,905
Construction in progress	<u>1,185,773</u>	<u>1,701,553</u>	<u>2,097,415</u>	<u>789,911</u>
Total capital assets not being depreciated	<u>1,326,988</u>	<u>1,999,243</u>	<u>2,097,415</u>	<u>1,228,816</u>
Depreciable capital assets:				
Water system	7,247,237	381,259		7,628,496
Sewer system	8,479,042	659,142		9,138,184
Drainage system	<u>2,387,637</u>			<u>2,387,637</u>
Total depreciable capital assets	<u>18,113,916</u>	<u>1,040,401</u>	<u>0</u>	<u>19,154,317</u>
Less accumulated depreciation for:				
Water system	(3,864,911)	(221,342)		(4,086,253)
Sewer system	(2,538,150)	(218,192)		(2,756,342)
Drainage system	<u>(1,230,818)</u>	<u>(53,059)</u>		<u>(1,283,877)</u>
Total accumulated depreciation	<u>(7,633,879)</u>	<u>(492,593)</u>	<u>0</u>	<u>(8,126,472)</u>
Total depreciable capital assets, net	<u>10,480,037</u>	<u>547,808</u>	<u>0</u>	<u>11,027,845</u>
Total capital assets, net	<u>\$ 11,807,025</u>	<u>\$ 2,547,051</u>	<u>\$ 2,097,415</u>	<u>\$ 12,256,661</u>
Changes to capital assets:				
Increase in liability to developer for construction		\$ 1,338,091	\$	
Assets transferred to non-depreciable assets		297,690	297,690	
Assets transferred to depreciable assets		984,344	984,344	
Transfer of subdivision drainage to Harris County		815,381	815,381	
Capital outlay paid (decrease in liability) to developer		(2,097,415)		
Increase in liability to developer for construction		1,701,553		
Less depreciation expense for the fiscal year		<u>(492,593)</u>		
Net increases / decreases to capital assets		<u>\$ 2,547,051</u>	<u>\$ 2,097,415</u>	

NOTE 5: LONG-TERM LIABILITIES AND CONTINGENT LIABILITIES

Long-term liability activity for the fiscal year ended July 31, 2022, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Bonds payable	\$ 20,575,000	\$ 2,515,000	\$ 655,000	\$ 22,435,000	\$ 805,000
Less deferred amounts:					
For refunding charges	(18,367)		(10,097)	(8,270)	(2,984)
For issuance (discounts) premiums	<u>35,040</u>	<u>(45,138)</u>	<u>(22,312)</u>	<u>12,214</u>	<u>22,076</u>
Total bonds payable	<u>20,591,673</u>	<u>2,469,862</u>	<u>622,591</u>	<u>22,438,944</u>	<u>824,092</u>
Due to developers (see below)	<u>1,185,773</u>	<u>1,701,553</u>	<u>2,097,415</u>	<u>789,911</u>	-----
Total long-term liabilities	<u>\$ 21,777,446</u>	<u>\$ 4,171,415</u>	<u>\$ 2,720,006</u>	<u>\$ 23,228,855</u>	<u>\$ 824,092</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

As of July 31, 2022, the debt service requirements on the bonds payable were as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 805,000	\$ 650,748	\$ 1,455,748
2024	990,000	616,918	1,606,918
2025	1,025,000	583,419	1,608,419
2026	1,060,000	554,468	1,614,468
2027	1,090,000	530,370	1,620,370
2028 - 2032	5,880,000	2,262,654	8,142,654
2033 - 2037	6,885,000	1,297,420	8,182,420
2038 - 2040	<u>4,700,000</u>	<u>229,845</u>	<u>4,929,845</u>
	<u>\$ 22,435,000</u>	<u>\$ 6,725,842</u>	<u>\$ 29,160,842</u>

Bonds voted	\$ 64,605,000
Bonds approved for sale and sold for facilities and refunding	32,401,158
Bonds voted and not issued	32,203,842

The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount.

The bond issues payable at July 31, 2022, were as follows:

	<u>Refunding Series 2012</u>	<u>Series 2014</u>	<u>Refunding Series 2015</u>
Amounts outstanding, July 31, 2022	\$15,000	\$2,800,000	\$1,470,000
Interest rates	3.25%	4.00% to 5.00%	3.00% to 3.125%
Maturity dates, serially beginning/ending	September 1, 2022	September 1, 2022/2033	September 1, 2022/2030
Interest payment dates	September 1/March 1	September 1/March 1	September 1/March 1
Callable dates	September 1, 2019*	September 1, 2021*	September 1, 2022*

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	<u>Series 2019</u>	<u>Refunding Series 2020</u>	<u>Series 2020A</u>
Amounts outstanding, July 31, 2022	\$6,595,000	\$5,225,000	\$3,815,000
Interest rates	3.375% to 4.00%	2.00% to 4.00%	2.00% to 2.25%
Maturity dates, serially beginning/ending	September 1, 2031/2039	September 1, 2022/2030	September 1, 2022/2039
Interest payment dates	September 1/March 1	September 1/March 1	September 1/March 1
Callable dates	September 1, 2024*	September 1, 2025*	September 1, 2025*
	<u>Series 2022</u>		
Amounts outstanding, July 31, 2022	\$2,515,000		
Interest rates	1.00% to 2.25%		
Maturity dates, serially beginning/ending	September 1, 2023/2039		
Interest payment dates	September 1/March 1		
Callable dates	September 1, 2027*		

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

Developer Construction Commitments and Liabilities

Developers within the District are currently constructing certain underground facilities within the District's boundaries. The District has agreed to reimburse the developers for these construction and related engineering costs plus interest not to exceed the interest rate of the applicable District bond issue. These amounts are to be reimbursed from the proceeds of a future bond issue to the extent approved by the Texas Commission on Environmental Quality. The developer's engineer stated that cost of the construction in progress at July 31, 2022, was \$789,911. This amount has been recorded in the government-wide financial statements and in the schedules in Notes 4 and 5.

NOTE 6: PROPERTY TAXES

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

The Bond Resolutions require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

At an election held April 7, 1984, the voters within the District authorized a maintenance tax not to exceed \$0.25 per \$100 valuation on all property subject to taxation within the District. This maintenance tax is being used by the General Fund to pay expenditures of operating the District.

On October 6, 2021 the District levied the following ad valorem taxes for the 2021 tax year on the adjusted taxable valuation of \$389,715,953:

	<u>Rate</u>	<u>Amount</u>
Debt service	\$ 0.3900	\$ 1,519,892
Maintenance	<u>0.2500</u>	<u>974,290</u>
	<u>\$ 0.6400</u>	<u>\$ 2,494,182</u>

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

2021 tax year total property tax levy	\$ 2,494,182
Appraisal district adjustments to prior year taxes	<u>(831)</u>
Statement of Activities property tax revenues	<u>\$ 2,493,351</u>

NOTE 7: DEPOSITS AND TEMPORARY INVESTMENTS

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

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

In accordance with state statutes and the District's investment policies, the District requires that insurance or security be provided by depositories for all funds held by them. At the balance sheet date the districts deposits were covered by federal insurance.

At the balance sheet date the carrying value and market value of the investments in TexPool was \$5,833,676.

Deposits and temporary investments restricted by state statutes and the Bond Resolutions:

Debt Service Fund

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

Cash	\$ 29,246
Certificates of deposit	1,090,218
Temporary investments	<u>2,416,151</u>
	<u>\$ 3,535,615</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Capital Projects Fund

For construction of capital assets:

Cash	<u>\$ 357,867</u>
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NOTE 8: RISK MANAGEMENT

The District is exposed to various risks of loss related to: torts; theft of, damage to, and destruction of assets; errors and omissions; personal injuries and natural disasters. Significant losses are covered by insurance as described below. There were no significant reductions in insurance coverage from the prior fiscal year. There have been no settlements which have exceeded the insurance coverage for each of the past three fiscal years.

At July 31, 2022, the District had physical damage and boiler and machinery coverage of \$9,798,000, comprehensive general liability coverage with a per occurrence limit of \$1,000,000 and \$3,000,000 general aggregate, automobile liability coverage of \$1,000,000, pollution coverage of \$1,000,000, worker's compensation coverage of \$1,000,000, consultant's crime coverage of \$100,000 and a tax assessor-collector bond of \$50,000.

NOTE 9: REGIONAL WATER AUTHORITY

The West Harris County Regional Water Authority (the "Authority") was created by House Bill 1842, Acts of the 77th Legislature, Regular Session 2001. The Authority is a political subdivision of the State of Texas, governed by an elected five member Board of Directors. The Authority is empowered to, among other powers, "acquire or develop surface water and groundwater supplies from sources inside of or outside of the boundaries of the authority and may conserve, store, transport, treat, purify, distribute, sell and deliver water to persons, corporations, municipal corporations, political subdivisions of the state, and others, inside of and outside of the boundaries of the authority." The Authority is also empowered to "establish fees and charges as necessary to enable the authority to fulfill the authority's regulatory obligations." In accordance with this provision, as of July 31, 2022, the Authority had established a well pumpage fee of \$3.70 per 1,000 gallons of water pumped from each regulated well and a surface water usage fee of \$4.10 per 1,000 gallons of water purchased. The District's pumpage and surface water fees payable to the Authority for the fiscal year ended July 31, 2022, were \$748,591. The District billed its customers \$705,942 during the fiscal year to pay for the fees charged by the Authority.

ROLLING CREEK UTILITY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE, BUDGET AND ACTUAL, GENERAL FUND
FOR THE YEAR ENDED JULY 31, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 969,327	\$ 969,327	\$ 969,547	\$ 220
Water service	525,000	525,000	487,638	(37,362)
Sewer service	568,000	568,000	617,615	49,615
Surface water fees	645,000	645,000	705,942	60,942
Penalty and other	24,500	24,500	59,140	34,640
Tap connection and inspection fees	55,000	55,000	67,563	12,563
Interest on deposits and investments	15,000	15,000	14,824	(176)
TOTAL REVENUES	<u>2,801,827</u>	<u>2,801,827</u>	<u>2,922,269</u>	<u>120,442</u>
EXPENDITURES				
Service operations:				
Professional fees	222,000	222,000	121,713	(100,287)
Contracted services	96,700	96,700	112,237	15,537
Utilities	96,000	96,000	145,875	49,875
Surface water fees	645,000	645,000	748,591	103,591
Repairs, maintenance and other operating expenditures	745,000	745,000	812,297	67,297
Security services	73,609	73,609	74,367	758
Garbage disposal	287,000	287,000	311,223	24,223
Administrative expenditures	79,475	79,475	70,458	(9,017)
Capital outlay	50,000	50,000	101,085	51,085
TOTAL EXPENDITURES	<u>2,294,784</u>	<u>2,294,784</u>	<u>2,497,846</u>	<u>203,062</u>
EXCESS REVENUES (EXPENDITURES)	507,043	507,043	424,423	(82,620)
FUND BALANCE, BEGINNING OF YEAR	<u>3,827,830</u>	<u>3,827,830</u>	<u>3,827,830</u>	<u>0</u>
FUND BALANCE, END OF YEAR	<u>\$ 4,334,873</u>	<u>\$ 4,334,873</u>	<u>\$ 4,252,253</u>	<u>\$ (82,620)</u>

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

See accompanying independent auditor's report.

ROLLING CREEK UTILITY DISTRICT
SCHEDULE OF TEXAS SUPPLEMENTARY INFORMATION
REQUIRED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
JULY 31, 2022

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

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

ROLLING CREEK UTILITY DISTRICT
SCHEDULE OF SERVICES AND RATES
JULY 31, 2022

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

- | | | |
|--|---|--|
| <input checked="" type="checkbox"/> Retail Water | <input type="checkbox"/> Wholesale Water | <input checked="" type="checkbox"/> Drainage |
| <input checked="" type="checkbox"/> Retail Wastewater | <input type="checkbox"/> Wholesale Wastewater | <input type="checkbox"/> Irrigation |
| <input type="checkbox"/> Parks/Recreation | <input type="checkbox"/> Fire Protection | <input checked="" type="checkbox"/> Security |
| <input checked="" type="checkbox"/> Solid Waste/Garbage | <input type="checkbox"/> Flood Control | <input type="checkbox"/> Roads |
| <input checked="" type="checkbox"/> Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect) | | |
| <input type="checkbox"/> Other | | |

2. Retail Service Providers

a. Retail Rates for a 5/8" meter (or equivalent):

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1000 Gallons Over Minimum	Usage Levels
WATER:	\$21.00	10,000	N	\$1.50 2.00	10,000 to 20,000 Over 20,000
WASTEWATER:	\$33.19		Y		
SURCHARGE:	\$4.43 per 1,000 gallons of water used. – WHCRWA surface water fees. 0.50 % of monthly billing -- TCEQ assessment fees.				

District employs winter averaging for wastewater usage: Yes No

Total charges per 10,000 gallons usage: Water: \$21.00 Wastewater: \$33.19 Surcharge: \$44.57

ROLLING CREEK UTILITY DISTRICT
SCHEDULE OF SERVICES AND RATES (Continued)
JULY 31, 2022

b. Water and Wastewater Retail Connections (unaudited):

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC* Factor</u>	<u>Active ESFCs</u>
Unmetered	0	0	1.0	0
< or = 3/4"	1,518	1,514	1.0	1,514
1"	17	17	2.5	43
1-1/2"	5	5	5.0	25
2"	26	26	8.0	208
3"	1	1	15.0	15
4"	1	0	25.0	0
6"	0	0	50.0	0
8"	0	0	80.0	0
10"	0	0	115.0	0
Total Water	<u>1,568</u>	<u>1,563</u>		<u>1,805</u>
Total Wastewater	<u>1,530</u>	<u>1,525</u>	1.0	<u>1,525</u>

*Single family equivalents

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

Gallons pumped into system (unaudited): 189,640
 Gallons billed to customers (unaudited): 174,469

Water Accountability Ratio
 (Gallons billed/ gallons pumped): 92%

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

Does the District have Debt Service standby fees? Yes No

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

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

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

ROLLING CREEK UTILITY DISTRICT
EXPENDITURES
FOR THE YEAR ENDED JULY 31, 2022

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals (Memorandum Only)</u>
CURRENT				
Professional fees:				
Auditing	\$ 10,950	\$	\$ 22,464	\$ 10,950
Legal	75,430	5,468		103,362
Engineering	35,333			35,333
	<u>121,713</u>	<u>5,468</u>	<u>22,464</u>	<u>149,645</u>
Contracted services:				
Bookkeeping	19,764			19,764
Operation and billing	92,473			92,473
Tax assessor-collector		25,132		25,132
Central appraisal district		17,796		17,796
	<u>112,237</u>	<u>42,928</u>	<u>0</u>	<u>155,165</u>
Utilities	<u>145,875</u>	<u>0</u>	<u>0</u>	<u>145,875</u>
Surface water fees:				
Ground water pumpage fees	53,338			53,338
Purchased surface water	695,253			695,253
	<u>748,591</u>	<u>0</u>	<u>0</u>	<u>748,591</u>
Repairs, maintenance, and other operating expenditures:				
Repairs and maintenance	662,555			662,555
Sludge hauling	49,648			49,648
Chemicals	47,270			47,270
Laboratory costs	24,440			24,440
Sewer inspection costs	23,069			23,069
TCEQ assessment	5,315			5,315
	<u>812,297</u>	<u>0</u>	<u>0</u>	<u>812,297</u>
Security services	<u>74,367</u>	<u>0</u>	<u>0</u>	<u>74,367</u>
Garbage disposal	<u>311,223</u>	<u>0</u>	<u>0</u>	<u>311,223</u>
Administrative expenditures:				
Director's fees	8,850			8,850
Office supplies and postage	22,647			22,647
Insurance	19,722	250		19,972
Permit fees	5,799			5,799
Other	13,440	10,842		24,282
	<u>70,458</u>	<u>11,092</u>	<u>0</u>	<u>81,550</u>

See accompanying independent auditor's report.

ROLLING CREEK UTILITY DISTRICT
EXPENDITURES (Continued)
FOR THE YEAR ENDED JULY 31, 2022

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals (Memorandum Only)</u>
CAPITAL OUTLAY				
Authorized expenditures	\$ 56,057	\$	\$ 2,097,415	\$ 2,153,472
Tap connection costs	45,028			45,028
	<u>101,085</u>	<u>0</u>	<u>2,097,415</u>	<u>2,198,500</u>
Interest on developer construction	<u>0</u>	<u>0</u>	<u>84,950</u>	<u>84,950</u>
DEBT SERVICE				
Principal retirement	<u>0</u>	<u>655,000</u>	<u>0</u>	<u>655,000</u>
Bond issuance expenditures	<u>0</u>	<u>0</u>	<u>220,451</u>	<u>220,451</u>
Interest and fees:				
Interest		626,188		626,188
Paying agent fees		5,100		5,100
	<u>0</u>	<u>631,288</u>	<u>0</u>	<u>631,288</u>
TOTAL EXPENDITURES	<u>\$ 2,497,846</u>	<u>\$ 1,345,776</u>	<u>\$ 2,425,280</u>	<u>\$ 6,268,902</u>

See accompanying independent auditor's report.

ROLLING CREEK UTILITY DISTRICT

ANALYSIS OF CHANGES IN DEPOSITS AND TEMPORARY INVESTMENTS
ALL GOVERNMENTAL FUND TYPES

FOR THE YEAR ENDED JULY 31, 2022

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals (Memorandum Only)</u>
SOURCES OF DEPOSITS AND TEMPORARY INVESTMENTS				
Cash receipts from revenues excluding maintenance taxes	\$ 1,905,155	\$ 1,531,574	\$ 37	\$ 3,436,766
Maintenance tax receipts		969,547		969,547
Transfer of maintenance taxes	969,774			969,774
Proceeds from sale of bonds			2,469,862	2,469,862
Increase in customer and builder deposits	11,075			11,075
Overpayments from taxpayers		<u>14,988</u>		<u>14,988</u>
TOTAL DEPOSITS AND TEMPORARY INVESTMENTS PROVIDED	<u>2,886,004</u>	<u>2,516,109</u>	<u>2,469,899</u>	<u>7,872,012</u>
APPLICATIONS OF DEPOSITS AND TEMPORARY INVESTMENTS				
Cash disbursements for:				
Current expenditures	2,341,254	55,481	2,866	2,399,601
Capital outlay	101,085		2,057,515	2,158,600
Debt service		1,286,288	220,451	1,506,739
Prepaid expenditures	14,197			14,197
Transfer of maintenance taxes		969,774		969,774
Refund of taxpayer overpayments		<u>14,829</u>		<u>14,829</u>
TOTAL DEPOSITS AND TEMPORARY INVESTMENTS APPLIED	<u>2,456,536</u>	<u>2,326,372</u>	<u>2,280,832</u>	<u>7,063,740</u>
INCREASE (DECREASE) IN DEPOSITS AND TEMPORARY INVESTMENTS	429,468	189,737	189,067	808,272
DEPOSITS AND TEMPORARY INVESTMENTS BALANCES, BEGINNING OF YEAR	<u>4,090,150</u>	<u>3,345,878</u>	<u>168,800</u>	<u>7,604,828</u>
DEPOSITS AND TEMPORARY INVESTMENTS BALANCES, END OF YEAR	<u>\$ 4,519,618</u>	<u>\$ 3,535,615</u>	<u>\$ 357,867</u>	<u>\$ 8,413,100</u>

See accompanying independent auditor's report.

ROLLING CREEK UTILITY DISTRICT

SCHEDULE OF CERTIFICATES OF DEPOSIT AND TEMPORARY INVESTMENTS

JULY 31, 2022

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Year End Balance</u>	<u>Accrued Interest Receivable</u>
GENERAL FUND				
Certificates of Deposit				
No. 13638	0.25%	1/04/23	\$ 245,693	\$ 350
No. 6000022514	0.40%	1/04/23	246,160	561
No. 6550111536	0.29%	3/10/23	244,576	278
No. 626915	0.80%	5/27/23	<u>225,000</u>	<u>321</u>
			<u>\$ 961,429</u>	<u>\$ 1,510</u>
TexPool				
No. 2677200002	Market	On demand	<u>\$ 3,417,525</u>	<u>\$ 0</u>
DEBT SERVICE FUND				
Certificates of Deposit				
No. 9009002290	0.30%	8/04/22	\$ 246,515	\$ 731
No. 1852001631	0.45%	9/17/22	108,321	423
No. 95900011969540	0.40%	11/30/22	248,418	662
No. 6000039393	0.40%	12/10/22	246,964	631
No. 70334712	1.25%	6/07/23	<u>240,000</u>	<u>444</u>
			<u>\$ 1,090,218</u>	<u>\$ 2,891</u>
TexPool				
No. 2677200001	Market	On demand	<u>\$ 2,416,151</u>	<u>\$ 0</u>
Total – All Funds			<u>\$ 7,885,323</u>	<u>\$ 4,401</u>

See accompanying independent auditor's report.

ROLLING CREEK UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED JULY 31, 2022

	<u>Maintenance Taxes</u>	<u>Debt Service Taxes</u>
RECEIVABLE, BEGINNING OF YEAR	\$ 18,679	\$ 34,479
Additions and corrections to prior year taxes	<u>(303)</u>	<u>(528)</u>
Adjusted receivable, beginning of year	18,376	33,951
2021 ADJUSTED TAX ROLL	<u>974,290</u>	<u>1,519,892</u>
Total to be accounted for	992,666	1,553,843
Tax collections: Current tax year	(964,826)	(1,505,129)
Prior tax years	<u>(4,721)</u>	<u>(8,246)</u>
RECEIVABLE, END OF YEAR	<u>\$ 23,119</u>	<u>\$ 40,468</u>
RECEIVABLE, BY TAX YEAR		
2009	\$ 6	\$ 16
2014	217	548
2015	1,462	3,509
2016	1,241	2,632
2017	2,217	3,990
2018	2,014	3,626
2019	2,605	4,689
2020	3,893	6,695
2021	<u>9,464</u>	<u>14,763</u>
RECEIVABLE, END OF YEAR	<u>\$ 23,119</u>	<u>\$ 40,468</u>

See accompanying independent auditor's report.

ROLLING CREEK UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE (Continued)
FOR THE YEAR ENDED JULY 31, 2022

ADJUSTED PROPERTY VALUATIONS AS OF JANUARY 1 OF TAX YEAR	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Land	\$ 90,057,352	\$ 71,051,536	\$ 61,661,154	\$ 60,210,126
Improvements	310,783,331	278,938,228	255,727,305	225,375,796
Personal property	6,263,785	5,763,939	5,215,104	4,531,618
Less exemptions	<u>(17,388,515)</u>	<u>(15,558,640)</u>	<u>(15,158,508)</u>	<u>(10,885,240)</u>
 TOTAL PROPERTY VALUATIONS	 <u>\$ 389,715,953</u>	 <u>\$ 340,195,063</u>	 <u>\$ 307,445,055</u>	 <u>\$ 279,232,300</u>
 TAX RATES PER \$100 VALUATION				
Debt service tax rates	\$ 0.39000	\$ 0.43000	\$ 0.45000	\$ 0.45000
Maintenance tax rates*	<u>0.25000</u>	<u>0.25000</u>	<u>0.25000</u>	<u>0.25000</u>
 TOTAL TAX RATES PER \$100 VALUATION	 <u>\$ 0.64000</u>	 <u>\$ 0.68000</u>	 <u>\$ 0.70000</u>	 <u>\$ 0.70000</u>
 TAX ROLLS	 <u>\$ 2,494,182</u>	 <u>\$ 2,313,326</u>	 <u>\$ 2,152,116</u>	 <u>\$ 1,954,627</u>
 PERCENT OF TAXES COLLECTED TO TAXES LEVIED	 <u>99.0 %</u>	 <u>99.5 %</u>	 <u>99.7 %</u>	 <u>99.7 %</u>

*Maximum tax rate approved by voters on April 7, 1984: \$0.25

See accompanying independent auditor's report.

ROLLING CREEK UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS
JULY 31, 2022

<u>Due During Fiscal Years Ending July 31,</u>	<u>Series 2012</u>		
	<u>Principal Due September 1</u>	<u>Interest Due September 1, March 1</u>	<u>Total</u>
2023	\$ 15,000	\$ 244	\$ 15,244
 <u>Series 2014</u> 			
<u>Due During Fiscal Years Ending July 31,</u>	<u>Principal Due September 1</u>	<u>Interest Due September 1, March 1</u>	<u>Total</u>
2023	\$ 50,000	\$ 121,125	\$ 171,125
2024	50,000	118,625	168,625
2025	50,000	116,125	166,125
2026	50,000	113,875	163,875
2027	50,000	111,875	161,875
2028	75,000	109,375	184,375
2029	75,000	106,375	181,375
2030	75,000	103,281	178,281
2031	75,000	100,094	175,094
2032	725,000	83,094	808,094
2033	750,000	51,281	801,281
2034	775,000	17,437	792,437
TOTALS	<u>\$ 2,800,000</u>	<u>\$ 1,152,562</u>	<u>\$ 3,952,562</u>

See accompanying independent auditor's report.

ROLLING CREEK UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)
JULY 31, 2022

<u>Due During Fiscal Years Ending July 31,</u>	<u>Series 2015</u>		
	<u>Principal Due September 1</u>	<u>Interest Due September 1, March 1</u>	<u>Total</u>
2023	\$ 150,000	\$ 42,287	\$ 192,287
2024	160,000	37,637	197,637
2025	160,000	32,837	192,837
2026	160,000	28,037	188,037
2027	160,000	23,238	183,238
2028	160,000	18,437	178,437
2029	170,000	13,488	183,488
2030	170,000	8,281	178,281
2031	180,000	2,812	182,812
TOTALS	<u>\$ 1,470,000</u>	<u>\$ 207,054</u>	<u>\$ 1,677,054</u>

See accompanying independent auditor's report.

ROLLING CREEK UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)
JULY 31, 2022

<u>Due During Fiscal Years Ending July 31,</u>	<u>Series 2019</u>		
	<u>Principal Due September 1</u>	<u>Interest Due September 1, March 1</u>	<u>Total</u>
2023	\$	\$ 234,106	\$ 234,106
2024		234,106	234,106
2025		234,106	234,106
2026		234,107	234,107
2027		234,106	234,106
2028		234,106	234,106
2029		234,106	234,106
2030		234,106	234,106
2031		234,106	234,106
2032	95,000	232,206	327,206
2033	105,000	228,206	333,206
2034	120,000	223,706	343,706
2035	935,000	205,528	1,140,528
2036	975,000	172,688	1,147,688
2037	1,020,000	137,775	1,157,775
2038	1,065,000	101,288	1,166,288
2039	1,115,000	62,441	1,177,441
2040	1,165,000	21,116	1,186,116
TOTALS	<u>\$ 6,595,000</u>	<u>\$ 3,491,909</u>	<u>\$ 10,086,909</u>

See accompanying independent auditor's report.

ROLLING CREEK UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)
JULY 31, 2022

<u>Due During Fiscal Years Ending July 31,</u>	<u>Series 2020</u>		
	<u>Principal Due September 1</u>	<u>Interest Due September 1, March 1</u>	<u>Total</u>
2023	\$ 465,000	\$ 125,000	\$ 590,000
2024	500,000	105,700	605,700
2025	525,000	85,200	610,200
2026	555,000	69,150	624,150
2027	595,000	57,650	652,650
2028	620,000	45,500	665,500
2029	635,000	32,950	667,950
2030	655,000	20,050	675,050
2031	675,000	6,750	681,750
TOTALS	<u>\$ 5,225,000</u>	<u>\$ 547,950</u>	<u>\$ 5,772,950</u>

See accompanying independent auditor's report.

ROLLING CREEK UTILITY DISTRICT

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

JULY 31, 2022

<u>Due During Fiscal Years Ending July 31,</u>	<u>Series 2020A</u>		
	<u>Principal Due September 1</u>	<u>Interest Due September 1, March 1</u>	<u>Total</u>
2023	\$ 125,000	\$ 76,613	\$ 201,613
2024	150,000	73,862	223,862
2025	150,000	70,863	220,863
2026	150,000	67,862	217,862
2027	125,000	65,113	190,113
2028	125,000	62,612	187,612
2029	125,000	60,113	185,113
2030	125,000	57,612	182,612
2031	125,000	55,113	180,113
2032	250,000	51,362	301,362
2033	275,000	46,113	321,113
2034	275,000	40,612	315,612
2035	290,000	34,963	324,963
2036	300,000	29,062	329,062
2037	300,000	23,063	323,063
2038	300,000	16,875	316,875
2039	300,000	10,500	310,500
2040	<u>325,000</u>	<u>3,656</u>	<u>328,656</u>
TOTALS	<u>\$ 3,815,000</u>	<u>\$ 845,969</u>	<u>\$ 4,660,969</u>

See accompanying independent auditor's report.

ROLLING CREEK UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)
JULY 31, 2022

<u>Due During Fiscal Years Ending July 31,</u>	<u>Series 2022</u>		
	<u>Principal Due September 1</u>	<u>Interest Due September 1, March 1</u>	<u>Total</u>
2023	\$	\$ 51,373	\$ 51,373
2024	130,000	46,988	176,988
2025	140,000	44,288	184,288
2026	145,000	41,437	186,437
2027	160,000	38,388	198,388
2028	140,000	35,388	175,388
2029	140,000	33,288	173,288
2030	150,000	31,650	181,650
2031	150,000	29,587	179,587
2032	165,000	26,812	191,812
2033	150,000	23,662	173,662
2034	160,000	20,562	180,562
2035	155,000	17,412	172,412
2036	150,000	14,268	164,268
2037	150,000	11,082	161,082
2038	150,000	7,894	157,894
2039	150,000	4,612	154,612
2040	130,000	1,463	131,463
TOTALS	<u>\$ 2,515,000</u>	<u>\$ 480,154</u>	<u>\$ 2,995,154</u>

See accompanying independent auditor's report.

ROLLING CREEK UTILITY DISTRICT

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

JULY 31, 2022

<u>Due During Fiscal Years Ending July 31,</u>	<u>Annual Requirements for All Series</u>		
	<u>Total Principal Due</u>	<u>Total Interest Due</u>	<u>Total</u>
2023	\$ 805,000	\$ 650,748	\$ 1,455,748
2024	990,000	616,918	1,606,918
2025	1,025,000	583,419	1,608,419
2026	1,060,000	554,468	1,614,468
2027	1,090,000	530,370	1,620,370
2028	1,120,000	505,418	1,625,418
2029	1,145,000	480,320	1,625,320
2030	1,175,000	454,980	1,629,980
2031	1,205,000	428,462	1,633,462
2032	1,235,000	393,474	1,628,474
2033	1,280,000	349,262	1,629,262
2034	1,330,000	302,317	1,632,317
2035	1,380,000	257,903	1,637,903
2036	1,425,000	216,018	1,641,018
2037	1,470,000	171,920	1,641,920
2038	1,515,000	126,057	1,641,057
2039	1,565,000	77,553	1,642,553
2040	1,620,000	26,235	1,646,235
	<u>\$ 22,435,000</u>	<u>\$ 6,725,842</u>	<u>\$ 29,160,842</u>
TOTALS	<u>\$ 22,435,000</u>	<u>\$ 6,725,842</u>	<u>\$ 29,160,842</u>

See accompanying independent auditor's report.

ROLLING CREEK UTILITY DISTRICT
ANALYSIS OF CHANGES IN LONG-TERM BONDED DEBT
FOR THE YEAR ENDED JULY 31, 2022

	<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	<u>(4)</u>
Bond Series:	2010	2012	2014	2015
Interest Rate:	Not Applicable	3.25%	4.00% to 5.00%	3.00% to 3.125%
Dates Interest Payable:	Not Applicable	September 1/ March 1	September 1/ March 1	September 1/ March 1
Maturity Dates:	Not Applicable	September 1, 2022	September 1, 2022/2033	September 1, 2022/2030
Bonds Outstanding at Beginning of Current Year	\$ 415,000	\$ 30,000	\$ 2,850,000	\$ 1,625,000
Less Retirements	<u>(415,000)</u>	<u>(15,000)</u>	<u>(50,000)</u>	<u>(155,000)</u>
Bonds Outstanding at End of Current Year	<u>\$ 0</u>	<u>\$ 15,000</u>	<u>\$ 2,800,000</u>	<u>\$ 1,470,000</u>
Current Year Interest Paid:	<u>\$ 8,300</u>	<u>\$ 732</u>	<u>\$ 123,625</u>	<u>\$ 46,863</u>

Bond Descriptions and Original Amount of Issue

- (1) Rolling Creek Utility District Unlimited Tax Refunding Bonds, Series 2010 (\$5,350,000)
- (2) Rolling Creek Utility District Unlimited Tax Refunding Bonds, Series 2012 (\$3,520,000)
- (3) Rolling Creek Utility District Unlimited Tax Bonds, Series 2014 (\$3,300,000)
- (4) Rolling Creek Utility District Unlimited Tax Refunding Bonds, Series 2015 (\$2,335,000)

Paying Agent/Registrar

- (1) Wells Fargo Bank Texas, N.A., Houston, Texas
- (2) Wells Fargo Bank Texas, N.A., Dallas, Texas
- (3) Wells Fargo Bank N.A., Minneapolis, Minnesota
- (4) The Bank of New York Mellon Trust Company, N.A., Dallas, Texas

Net Debt Service Fund deposits and investments balances as of July 31, 2022: \$3,533,665
Average annual debt service payment for remaining term of all debt: 1,620,047

See accompanying independent auditor's report.

ROLLING CREEK UTILITY DISTRICT
ANALYSIS OF CHANGES IN LONG-TERM BONDED DEBT (Continued)
FOR THE YEAR ENDED JULY 31, 2022

	<u>(5)</u>	<u>(6)</u>	<u>(7)</u>
Bond Series:	2019	2020	2020A
Interest Rate:	3.375% to 4.00%	2.00% to 4.00%	2.00% to 2.25%
Dates Interest Payable:	September 1/ March 1	September 1/ March 1	September 1/ March 1
Maturity Dates:	September 1, 2031/2039	September 1, 2022/2030	September 1, 2022/2039
Bonds Outstanding at Beginning of Current Year	\$ 6,595,000	\$ 5,245,000	\$ 3,815,000
Less Retirements	<u>0</u>	<u>(20,000)</u>	<u>0</u>
Bonds Outstanding at End of Current Year	<u>\$ 6,595,000</u>	<u>\$ 5,225,000</u>	<u>\$ 3,815,000</u>
Current Year Interest Paid:	<u>\$ 234,106</u>	<u>\$ 134,700</u>	<u>\$ 77,862</u>

Bond Descriptions and Original Amount of Issue

- (5) Rolling Creek Utility District Unlimited Tax Bonds, Series 2019 (\$6,595,000)
(6) Rolling Creek Utility District Unlimited Tax Refunding Bonds, Series 2020 (\$5,275,000)
(7) Rolling Creek Utility District Unlimited Tax Bonds, Series 2020A (\$3,815,000)

Paying Agent/Registrar

(5) (6) (7) The Bank of New York Mellon Trust Company, N.A., Dallas, Texas

<u>Bond Authority</u>	<u>Tax Bonds</u>	<u>Other Bonds</u>	<u>Tax and Refunding Bonds</u>
Amount Authorized by Voters:	\$ 4,075,000	\$ 0	\$ 64,605,000
Amount Issued:	4,075,000		32,401,158
Remaining to be Issued:	0		32,203,842

See accompanying independent auditor's report.

ROLLING CREEK UTILITY DISTRICT
ANALYSIS OF CHANGES IN LONG-TERM BONDED DEBT (Continued)
FOR THE YEAR ENDED JULY 31, 2022

	<u>(8)</u>	<u>Totals</u>
Bond Series:	2022	
Interest Rate:	1.00% to 2.25%	
Dates Interest Payable:	September 1/ March 1	
Maturity Dates:	September 1, 2023/2039	
Bonds Outstanding at Beginning of Current Year	\$	\$ 20,575,000
Add Bonds Sold	2,515,000	2,515,000
Less Retirements	<u>0</u>	<u>(655,000)</u>
Bonds Outstanding at End of Current Year	<u>\$ 2,515,000</u>	<u>\$ 22,435,000</u>
Current Year Interest Paid:	<u>\$ 0</u>	<u>\$ 626,188</u>

Bond Descriptions and Original Amount of Issue

(8) Rolling Creek Utility District Unlimited Tax Bonds, Series 2022 (\$2,515,000)

Paying Agent/Registrar

(8) The Bank of New York Mellon Trust Company, N.A., Dallas, Texas

ROLLING CREEK UTILITY DISTRICT

COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES,
GENERAL FUND

FOR YEARS ENDED JULY 31

	AMOUNT					PERCENT OF TOTAL REVENUES				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
REVENUES										
Property taxes	\$ 969,547	\$ 847,486	\$ 766,693	\$ 693,913	\$ 655,376	33.2 %	31.1 %	30.9 %	31.2 %	30.9 %
Water service	487,638	452,303	432,198	385,381	396,734	16.7	16.7	17.4	17.4	18.6
Sewer service	617,615	581,904	544,636	500,929	489,507	21.1	21.4	22.0	22.6	23.0
Surface water fees	705,942	604,770	557,019	437,470	445,631	24.2	22.3	22.5	19.7	20.9
Penalty and other	59,140	40,325	47,071	40,540	40,319	2.0	1.5	1.9	1.8	1.9
Tap connection and inspection fees	67,563	177,970	95,261	103,603	76,725	2.3	6.6	3.8	4.7	3.6
Interest on deposits and investments and other	14,824	10,217	36,957	55,695	25,279	0.5	0.4	1.5	2.6	1.1
TOTAL REVENUES	2,922,269	2,714,975	2,479,835	2,217,531	2,129,571	100.0	100.0	100.0	100.0	100.0
EXPENDITURES										
Service operations:										
Professional fees	121,713	123,106	127,092	170,109	185,493	4.2	4.5	5.1	7.7	8.7
Contracted services	112,237	96,981	87,771	79,334	81,273	3.8	3.6	3.5	3.6	3.8
Utilities	145,875	100,369	92,529	90,627	93,503	5.0	3.7	3.7	4.1	4.4
Surface water fees	748,591	601,458	563,863	449,143	444,728	25.6	22.0	22.7	20.2	20.9
Repairs, maintenance and other operating expenditures	812,297	683,411	739,376	659,683	584,884	27.8	25.3	30.0	29.8	27.5
Security services	74,367	73,308	70,575	69,165	67,990	2.5	2.7	2.8	3.1	3.2
Garbage disposal	311,223	281,804	262,418	240,454	219,809	10.7	10.4	10.6	10.8	10.3
Administrative expenditures	70,458	61,341	80,953	89,033	75,444	2.4	2.3	3.3	4.0	3.5
Capital outlay	101,085	112,046	35,550	482,998	229,471	3.5	4.1	1.4	21.8	10.8
TOTAL EXPENDITURES	2,497,846	2,133,824	2,060,127	2,330,546	1,982,595	85.5	78.6	83.1	105.1	93.1
EXCESS REVENUES (EXPENDITURES)	\$ 424,423	\$ 581,151	\$ 419,708	\$ (113,015)	\$ 146,976	14.5 %	21.4 %	16.9 %	(5.1) %	6.9 %
TOTAL ACTIVE RETAIL WATER CONNECTIONS	1,563	1,499	1,398	1,316	1,248					
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	1,525	1,464	1,362	1,284	1,219					

See accompanying independent auditor's report.

ROLLING CREEK UTILITY DISTRICT
COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES,
DEBT SERVICE FUND
FOR YEARS ENDED JULY 31

	<u>AMOUNT</u>					<u>PERCENT OF TOTAL REVENUES</u>				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
REVENUES										
Property taxes	\$ 1,513,375	\$ 1,458,142	\$ 1,381,350	\$ 1,249,378	\$ 1,182,050	99.0 %	98.7 %	96.5 %	96.6 %	98.0 %
Penalty and interest	3,524	2,632	6,061	2,184	4,896	0.2	0.2	0.4	0.2	0.4
Accrued interest on bonds received at date of sale	0	4,975	10,601	3,902	0	0.0	0.3	0.7	0.3	0.0
Interest and fees	<u>12,865</u>	<u>11,566</u>	<u>34,024</u>	<u>37,588</u>	<u>19,557</u>	<u>0.8</u>	<u>0.8</u>	<u>2.4</u>	<u>2.9</u>	<u>1.6</u>
TOTAL REVENUES	<u>1,529,764</u>	<u>1,477,315</u>	<u>1,432,036</u>	<u>1,293,052</u>	<u>1,206,503</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
EXPENDITURES										
Current:										
Professional fees	5,468	10,516	6,999	5,425	6,878	0.4	0.7	0.5	0.4	0.6
Contracted services	42,928	40,226	38,061	33,637	31,605	2.8	2.7	2.7	2.6	2.6
Other expenditures	11,092	7,729	5,113	5,345	5,936	0.7	0.5	0.4	0.4	0.5
Debt service:										
Principal retirement	655,000	620,000	570,000	545,000	530,000	42.8	42.1	39.8	42.2	43.9
Refunding contribution	0	0	12,155	0	0	0.0	0.0	0.9	0.0	0.0
Interest and fees	<u>631,288</u>	<u>591,408</u>	<u>694,134</u>	<u>458,781</u>	<u>475,044</u>	<u>41.3</u>	<u>40.0</u>	<u>48.4</u>	<u>35.5</u>	<u>39.4</u>
TOTAL EXPENDITURES	<u>1,345,776</u>	<u>1,269,879</u>	<u>1,326,462</u>	<u>1,048,188</u>	<u>1,049,463</u>	<u>88.0</u>	<u>86.0</u>	<u>92.7</u>	<u>81.1</u>	<u>87.0</u>
EXCESS REVENUES (EXPENDITURES)	<u>\$ 183,988</u>	<u>\$ 207,436</u>	<u>\$ 105,574</u>	<u>\$ 244,864</u>	<u>\$ 157,040</u>	<u>12.0 %</u>	<u>14.0 %</u>	<u>7.3 %</u>	<u>18.9 %</u>	<u>13.0 %</u>

See accompanying independent auditor's report.

ROLLING CREEK UTILITY DISTRICTBOARD MEMBERS, KEY PERSONNEL AND CONSULTANTSJULY 31, 2022

Complete District Mailing Address: Rolling Creek Utility District
c/o Coats Rose, P.C.
9 Greenway Plaza, Suite 1000
Houston, Texas 77046

District Business Telephone No.: 713-651-0111

Submission date of the most recent District Registration Form: May 5, 2021

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

BOARD MEMBERS

<u>Name and Address</u>	<u>Term of Office (Elected/ Appointed)</u>	<u>Fees of Office Paid</u>	<u>Expense Reimb.</u>	<u>Title at Year End</u>
Kenneth B. Levenson 1321 Modiste Street Houston, Texas 77055	Elected 5/01/21- 5/03/25	\$ 1,500	\$ 50	President
Adrian M. Shapiro P.O. Box 35353 Houston, Texas 77235-5353	Elected 5/04/19- 5/06/23	1,800	98	Vice President/ Inv. Officer
Gary Brown 35 Trafalgar Place Conroe, Texas 77384-5117	Elected 5/04/19- 5/06/23	2,100	382	Secretary/ Treasurer
Ashley Sober 18315 Winding Elm Trail Houston, Texas 77084	Elected 5/01/21- 5/03/25	1,650	139	Assistant Secretary
Clay Deaton 18215 Langsbury Drive Houston, Texas 77084	Elected 5/01/21- 5/03/25	1,800	166	Asst. Sec/ Assistant Vice Pres.

See accompanying independent auditor's report.

ROLLING CREEK UTILITY DISTRICTBOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS (Continued)JULY 31, 2022CONSULTANTS

<u>Name and Address</u>	<u>Date Hired</u>	<u>Fees and Expense Reimbursements</u>	<u>Title at Year End</u>
Coats Rose, P.C. 9 Greenway Plaza, Suite 1000 Houston, Texas 77046	1/25/84	\$ 101,128 80,017 Bonds	Attorney
Perdue, Brandon, Fielder, Collins & Mott, L.L.P. 1235 North Loop West, Suite 600 Houston, Texas 77008	10/06/99	4,519	Delinquent Tax Attorney
Myrtle Cruz, Inc. 3401 Louisiana, Suite 400 Houston, Texas 77002	1/25/84	23,257 4,000 Bonds	Bookkeeper
Inframark, LLC 32259 Morton Road Brookshire, Texas 77423	6/01/12	898,869	Operator
LJA Engineering & Surveying, Inc. 2929 Briarpark Drive, Suite 600 Houston, Texas 77042	11/01/00	35,333 40,957 Bonds	Engineer
Bob Leared 11111 Katy Freeway, Suite 725 Houston, Texas 77043	7/27/84	29,723 2,500 Bonds	Tax Assessor- Collector
Harris County Appraisal District P.O. Box 900275 Houston, Texas 77292	Legislative Action	17,796	Central Appraisal District
Rathmann and Associates, L.P. 8584 Katy Freeway, Suite 250 Houston, Texas 77024	5/07/03	51,800 Bonds	Financial Advisor
Mark C. Eyring, CPA, PLLC 12702 Century Drive, Suite C2 Stafford, Texas 77477	Prior to 1992	11,012 5,200 Bonds	Independent Auditor

See accompanying independent auditor's report.