

**LAKE MUNICIPAL UTILITY DISTRICT**  
**HARRIS COUNTY, TEXAS**  
**ANNUAL FINANCIAL REPORT**  
**JULY 31, 2020**

**McCALL GIBSON SWEDLUND BARFOOT PLLC**  
Certified Public Accountants



**LAKE MUNICIPAL UTILITY DISTRICT**

**HARRIS COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**JULY 31, 2020**



## TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-7
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET	8-11
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	12
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES	13-14
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES	15
NOTES TO THE FINANCIAL STATEMENTS	16-28
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND	30
SUPPLEMENTARY INFORMATION REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE	
NOTES REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE (Included in the notes to the financial statements)	
SERVICES AND RATES	32-34
GENERAL FUND EXPENDITURES	35
INVESTMENTS	36
TAXES LEVIED AND RECEIVABLE	37-38
LONG-TERM DEBT SERVICE REQUIREMENTS	39-43
CHANGE IN LONG-TERM BOND DEBT	44-45
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES GENERAL FUND AND DEBT SERVICE FUND - FIVE YEARS	46-49
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS	50-51



**McCALL GIBSON SWEDLUND BARFOOT PLLC**  
*Certified Public Accountants*

13100 Wortham Center Drive  
Suite 235  
Houston, Texas 77065-5610  
(713) 462-0341  
Fax (713) 462-2708

PO Box 29584  
Austin, TX 78755-5126  
(512) 610-2209  
[www.mgsbpllc.com](http://www.mgsbpllc.com)  
E-Mail: [mgsb@mgsbpllc.com](mailto:mgsb@mgsbpllc.com)

**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Lake Municipal Utility District  
Harris County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Lake Municipal Utility District (the "District"), as of and for the year ended July 31, 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 July 31, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

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

### *Other Information*

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



McCall Gibson Swedlund Barfoot PLLC  
Certified Public Accountants  
Houston, Texas

November 19, 2020



**LAKE MUNICIPAL UTILITY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JULY 31, 2020**

Management's discussion and analysis of Lake Municipal Utility District's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended July 31, 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 three governmental fund types. The General Fund accounts for resources not accounted for in another fund, customer service revenues, costs and general expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

**LAKE MUNICIPAL UTILITY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JULY 31, 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.

**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 \$891,580 as of July 31, 2020. A portion of the District's net position reflects its net investment in capital assets (water, wastewater and drainage facilities less any debt used to acquire those assets that is still outstanding). The District uses these assets to provide water, wastewater and drainage services.

The following is a comparative analysis of the Statement of Net Position as of July 31, 2020, and July 31, 2019:

**LAKE MUNICIPAL UTILITY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JULY 31, 2020**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

	Summary of Changes in the Statement of Net Position		
	2020	2019	Change Positive (Negative)
Current and Other Assets	\$ 4,458,558	\$ 4,304,537	\$ 154,021
Capital Assets (Net of Accumulated Depreciation)	14,278,368	14,630,504	(352,136)
Total Assets	<u>\$ 18,736,926</u>	<u>\$ 18,935,041</u>	<u>\$ (198,115)</u>
Deferred Outflows of Resources	\$ 75,242	\$ 85,046	\$ (9,804)
Long -Term Liabilities	\$ 17,272,683	\$ 17,833,379	\$ 560,696
Other Liabilities	647,905	705,038	57,133
Total Liabilities	<u>\$ 17,920,588</u>	<u>\$ 18,538,417</u>	<u>\$ 617,829</u>
Net Position:			
Net Investment in Capital Assets	\$ (2,248,129)	\$ (2,447,628)	\$ 199,499
Restricted	1,930,487	1,925,790	4,697
Unrestricted	1,209,222	1,003,508	205,714
Total Net Position	<u>\$ 891,580</u>	<u>\$ 481,670</u>	<u>\$ 409,910</u>

The District's net position increased by \$409,910. The following table provides a comparative analysis of the District's operations for the years ended July 31, 2020, and July 31, 2019.

	Summary of Changes in the Statement of Activities		
	2020	2019	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 1,871,913	\$ 1,821,391	\$ 50,522
Charges for Services	2,240,205	2,145,145	95,060
Other Revenues	99,770	116,047	(16,277)
Total Revenues	<u>\$ 4,211,888</u>	<u>\$ 4,082,583</u>	<u>\$ 129,305</u>
Expenses for Services	3,801,978	3,753,852	(48,126)
Change in Net Position	\$ 409,910	\$ 328,731	\$ 81,179
Net Position, Beginning of Year	481,670	152,939	328,731
Net Position, End of Year	<u>\$ 891,580</u>	<u>\$ 481,670</u>	<u>\$ 409,910</u>

**LAKE MUNICIPAL UTILITY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JULY 31, 2020**

**FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS**

The District's combined fund balances as of July 31, 2020, were \$3,959,651, an increase of \$175,398 from the prior year.

The General Fund fund balance increased by \$199,603. This was primarily due to tax and service revenues exceeding operating and capital costs.

The Debt Service Fund fund balance decreased by \$24,948, primarily due to the structure of the District's outstanding debt.

The Capital Projects Fund fund balance increased by \$743.

**BUDGETARY HIGHLIGHTS**

The Board of Directors did not amend the General Fund budget during the current fiscal year. Actual revenues were \$264,138 more than budgeted revenues due to higher than anticipated revenues across all categories except penalty and interest and investment revenues. Actual expenditures were \$149,571 less than budgeted expenditures due to lower than anticipated professional fees, purchased water service and capital costs offset by higher than anticipated contracted services, purchased wastewater service and repairs and maintenance costs.

**CAPITAL ASSETS**

Capital assets total \$14,278,368 as of July 31, 2020, and include the water, wastewater and drainage systems. Capital asset activity completed during the current year included:

- New blower on blower no. 3.
- Lift pump no. 1 at wastewater treatment plant.
- Replace jockey pump.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2020	2019	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 813,573	\$ 813,573	\$
Construction in Progress	4,047		4,047
Capital Assets, Net of Accumulated Depreciation:			
Water System	2,842,512	2,932,021	(89,509)
Wastewater System	8,572,084	8,770,518	(198,434)
Drainage System	1,951,381	2,017,060	(65,679)
Building	94,771	97,332	(2,561)
Total Net Capital Assets	\$ 14,278,368	\$ 14,630,504	\$ (352,136)

**LAKE MUNICIPAL UTILITY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JULY 31, 2020**

**LONG-TERM DEBT ACTIVITY**

As of July 31, 2020, the District had total bond debt payable of \$17,515,000. The changes in the debt position of the District during the fiscal year ended July 31, 2020, are summarized as follows:

Bond Debt Payable, August 1, 2019	\$ 18,090,000
Less: Bond Principal Paid	<u>575,000</u>
Bond Debt Payable, July 31, 2020	<u>\$ 17,515,000</u>

The District's bonds carry underlying rating of "A-" from Standard & Poor's. The Series 2013 Bonds carry an insured rating of "AA" from Standard & Poor's by virtue of bond insurance issued by Assured Guaranty Municipal. The Series 2015 Bonds, Series 2016 Bonds and Series 2018 Refunding Bonds carry an insured rating of "AA" by virtue of bond insurance issued by Build America Mutual Assurance Company. The above ratings are as of year-end and reflect all changes during the current fiscal year.

**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 Lake Municipal Utility District, c/o Bacon & Wallace, L.L.P., 6363 Woodway, Suite 800, Houston, TX 77057.

**LAKE MUNICIPAL UTILITY DISTRICT  
STATEMENT OF NET POSITION AND  
GOVERNMENTAL FUNDS BALANCE SHEET  
JULY 31, 2020**

	General Fund	Debt Service Fund
<b>ASSETS</b>		
Cash	\$ 349,475	\$ 137,510
Investments	988,628	1,959,715
Receivables:		
Property Taxes	21,197	35,280
Penalty and Interest on Delinquent Taxes		
Service Accounts	268,164	
Other	3,763	
Due from Other Funds		9,457
Prepaid Costs	7,962	
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
<b>TOTAL ASSETS</b>	<b>\$ 1,639,189</b>	<b>\$ 2,141,962</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Charges on Refunding Bonds	\$ -0-	\$ -0-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 1,639,189</b>	<b>\$ 2,141,962</b>

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



<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 664,944	\$ 1,151,929 2,948,343	\$	\$ 1,151,929 2,948,343
	56,477		56,477
		21,920	21,920
	268,164		268,164
	3,763		3,763
6,000	15,457	(15,457)	
	7,962		7,962
		813,573	813,573
		4,047	4,047
		<u>13,460,748</u>	<u>13,460,748</u>
<u>\$ 670,944</u>	<u>\$ 4,452,095</u>	<u>\$ 14,284,831</u>	<u>\$ 18,736,926</u>
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 75,242</u>	<u>\$ 75,242</u>
<u>\$ 670,944</u>	<u>\$ 4,452,095</u>	<u>\$ 14,360,073</u>	<u>\$ 18,812,168</u>

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

**LAKE MUNICIPAL UTILITY DISTRICT  
STATEMENT OF NET POSITION AND  
GOVERNMENTAL FUNDS BALANCE SHEET  
JULY 31, 2020**

	General Fund	Debt Service Fund
<b>LIABILITIES</b>		
Accounts Payable	\$ 193,038	\$
Accrued Interest Payable		
Due to Other Funds	9,457	6,000
Security Deposits	227,472	
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
<b>TOTAL LIABILITIES</b>	\$ 429,967	\$ 6,000
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property Taxes	\$ 21,197	\$ 35,280
<b>FUND BALANCES</b>		
Nonspendable:		
Prepaid Costs	\$ 7,962	\$
Restricted for Authorized Construction		
Restricted for Debt Service		2,100,682
Unassigned	1,180,063	
<b>TOTAL FUND BALANCES</b>	\$ 1,188,025	\$ 2,100,682
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	\$ 1,639,189	\$ 2,141,962
<b>NET POSITION</b>		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
<b>TOTAL NET POSITION</b>		

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

<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$	\$ 193,038	\$	\$ 193,038
		227,395	227,395
	15,457	(15,457)	
	227,472		227,472
		595,000	595,000
		16,677,683	16,677,683
<u>\$ -0-</u>	<u>\$ 435,967</u>	<u>\$ 17,484,621</u>	<u>\$ 17,920,588</u>
<u>\$ -0-</u>	<u>\$ 56,477</u>	<u>\$ (56,477)</u>	<u>\$ -0-</u>
\$	\$ 7,962	\$ (7,962)	\$
670,944	670,944	(670,944)	
	2,100,682	(2,100,682)	
	1,180,063	(1,180,063)	
<u>\$ 670,944</u>	<u>\$ 3,959,651</u>	<u>\$ (3,959,651)</u>	<u>\$ - 0 -</u>
<u>\$ 670,944</u>	<u>\$ 4,452,095</u>		
		\$ (2,248,129)	\$ (2,248,129)
		1,930,487	1,930,487
		1,209,222	1,209,222
		<u>\$ 891,580</u>	<u>\$ 891,580</u>

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

**LAKE MUNICIPAL UTILITY DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JULY 31, 2020**

Total Fund Balances - Governmental Funds	\$	3,959,651
--	----	-----------

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		14,278,368
--	--	------------

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 new debt or the old debt, whichever is shorter.		75,242
--	--	--------

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.		78,397
--	--	--------

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

Accrued Interest Payable	\$ (227,395)	
Bonds Payable	<u>(17,272,683)</u>	<u>(17,500,078)</u>

Total Net Position - Governmental Activities	\$	<u>891,580</u>
--	----	----------------

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

**THIS PAGE INTENTIONALLY LEFT BLANK**

**LAKE MUNICIPAL UTILITY DISTRICT**  
**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JULY 31, 2020**

	General Fund	Debt Service Fund
<b>REVENUES</b>		
Property Taxes	\$ 742,710	\$ 1,114,814
Water Service	890,005	
Wastewater Service	1,280,905	
Penalty and Interest	43,237	12,564
Investment Revenues	10,416	16,743
Miscellaneous Revenues	65,865	5,207
<b>TOTAL REVENUES</b>	<b>\$ 3,033,138</b>	<b>\$ 1,149,328</b>
<b>EXPENDITURES/EXPENSES</b>		
Service Operations:		
Professional Fees	\$ 93,505	\$ 4,704
Contracted Services	585,465	36,138
Purchased Water Service	425,423	
Purchased Wastewater Service	831,800	
Utilities	72,431	
Repairs and Maintenance	551,582	
Depreciation		
Other	195,578	3,239
Capital Outlay	77,751	
Debt Service:		
Bond Principal		575,000
Bond Interest		555,195
<b>TOTAL EXPENDITURES/EXPENSES</b>	<b>\$ 2,833,535</b>	<b>\$ 1,174,276</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ 199,603</b>	<b>\$ (24,948)</b>
<b>CHANGE IN NET POSITION</b>		
<b>FUND BALANCES/NET POSITION -</b> <b>AUGUST 1, 2019</b>	<b>988,422</b>	<b>2,125,630</b>
<b>FUND BALANCES/NET POSITION -</b> <b>JULY 31, 2020</b>	<b>\$ 1,188,025</b>	<b>\$ 2,100,682</b>

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 1,857,524	\$ 14,389	\$ 1,871,913
	890,005		890,005
	1,280,905		1,280,905
	55,801	13,494	69,295
1,539	28,698		28,698
	71,072		71,072
<u>\$ 1,539</u>	<u>\$ 4,184,005</u>	<u>\$ 27,883</u>	<u>\$ 4,211,888</u>
\$	\$ 98,209	\$	\$ 98,209
	621,603		621,603
	425,423		425,423
	831,800		831,800
	72,431		72,431
	551,582		551,582
	199,613	429,887	429,887
796	77,751	(77,751)	199,613
	575,000	(575,000)	
	555,195	16,235	571,430
<u>\$ 796</u>	<u>\$ 4,008,607</u>	<u>\$ (206,629)</u>	<u>\$ 3,801,978</u>
\$ 743	\$ 175,398	\$ (175,398)	\$
		409,910	409,910
<u>670,201</u>	<u>3,784,253</u>	<u>(3,302,583)</u>	<u>481,670</u>
<u>\$ 670,944</u>	<u>\$ 3,959,651</u>	<u>\$ (3,068,071)</u>	<u>\$ 891,580</u>

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

**LAKE 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 JULY 31, 2020**

Net Change in Fund Balances - Governmental Funds	\$	175,398
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.		14,389
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.		13,494
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.		(429,887)
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.		77,751
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.		575,000
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.		(16,235)
Change in Net Position - Governmental Activities	\$	<u>409,910</u>

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



**LAKE MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JULY 31, 2020**

**NOTE 1. CREATION OF DISTRICT**

Lake Municipal Utility District (the “District”), located in Harris County, Texas was created effective February 27, 1979, by an Order of the Texas Water Commission, presently known as the Texas Commission on Environmental Quality (the “Commission”). Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, sanitary sewer service, storm sewer drainage, irrigation, solid waste service and to construct roads, and parks and recreational facilities for the residents of the District. The Board of Directors held its first meeting on April 7, 1979, and the first bonds were sold on December 8, 1981.

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

Financial Statement Presentation

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

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

- Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

**LAKE MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JULY 31, 2020**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Financial Statement Presentation (Continued)

- 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's the District's policy to use restricted resources first.

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

Governmental Funds

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

**LAKE MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JULY 31, 2020**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Fund Financial Statements (Continued)

Governmental Funds (Continued)

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

Debt Service Fund - To account for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes.

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

Basis of Accounting

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

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

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. As of July 31, 2020, the General Fund owes the Debt Service Fund \$4,437 for an excess transfer of maintenance taxes and \$5,020 for an excess reimbursement of bond issuance costs for the Series 2018 Refunding bonds. The Debt Service Fund owes the Capital Projects Fund \$6,000 for bond issuance costs.

**LAKE MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JULY 31, 2020**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Capital Assets

Capital assets which include property, plant, equipment, and infrastructure assets are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as 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 Systems	10-45
All Other Equipment	3-20

Budgeting

An annual unappropriated budget is adopted for the General Fund by the District’s Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was not amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the original 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 the directors are considered to be employees for federal payroll tax purposes only.

**LAKE MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JULY 31, 2020**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

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.

**LAKE MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JULY 31, 2020**

**NOTE 3. LONG-TERM DEBT**

	Series 2013	Series 2015
Amount Outstanding – July 31, 2020	\$ 3,290,000	\$ 5,300,000
Interest Rates	3.50% - 4.00%	3.00% - 3.50%
Maturity Dates - Serially Beginning/Ending	September 1, 2031/2040	September 1, 2031/2042
Interest Payment Dates	September 1 / March 1	September 1 / March 1
Callable Dates	September 1, 2020*	September 1, 2022*
	Series 2016	Refunding Series 2018
Amount Outstanding – July 31, 2020	\$ 3,285,000	\$ 5,640,000
Interest Rates	2.00% - 3.00%	2.00% - 3.25%
Maturity Dates - Serially Beginning/Ending	September 1, 2020/2045	September 1, 2020/2030
Interest Payment Dates	September 1 / March 1	September 1 / March 1
Callable Dates	September 1, 2023*	September 1, 2023*

\* Or on any date thereafter, at a price of par, plus accrued interest to the date of redemption. Series 2013 term bonds maturing on September 1, 2032, September 1, 2034, September 1, 2036, September, 2038, and September 1, 2040, are subject to mandatory redemption on September 1, 2031, September 1, 2033, September 1, 2035, September 1, 2037, and September 1, 2039, respectively. Series 2015 term bonds maturing September 1, 2038, September 1, 2040, and September 1, 2042, are subject to mandatory redemption on September 1, 2037, September 1, 2039, and September 1, 2041, respectively. Series 2016 term bonds maturing on September 1, 2031, September 1, 2036, and September 1, 2045, are subject to mandatory redemption on September 1, 2028, September 1, 2032, and September 1, 2037, respectively.

**LAKE MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JULY 31, 2020**

**NOTE 3. LONG-TERM DEBT (Continued)**

The following is a summary of transactions regarding bonds payable for the year ended July 31, 2020:

	August 1, 2019	Additions	Retirements	July 31, 2020
Bonds Payable	\$ 18,090,000	\$	\$ 575,000	\$ 17,515,000
Unamortized Discounts	(256,621)		(14,304)	(242,317)
Bonds Payable, Net	<u>\$ 17,833,379</u>	<u>\$ -0-</u>	<u>\$ 560,696</u>	<u>\$ 17,272,683</u>
			Amount Due Within One Year	\$ 595,000
			Amount Due After One Year	16,677,683
			Bonds Payable, Net	<u>\$ 17,272,683</u>

As of July 31, 2020, the District has authorized but unissued tax and refunding bonds in the amount of \$15,465,000.

As of July 31, 2020, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2021	\$ 595,000	\$ 539,797	\$ 1,134,797
2022	430,000	529,547	959,547
2023	470,000	520,547	990,547
2024	490,000	510,366	1,000,366
2025	505,000	498,588	1,003,588
2026-2030	2,810,000	2,262,755	5,072,755
2031-2035	3,090,000	1,800,583	4,890,583
2036-2040	3,740,000	1,232,912	4,972,912
2041-2045	4,435,000	498,162	4,933,162
2046	950,000	14,250	964,250
	<u>\$ 17,515,000</u>	<u>\$ 8,407,507</u>	<u>\$ 25,922,507</u>

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.

During the year ended July 31, 2020, the District levied an ad valorem debt service tax rate of \$0.30 per \$100 of assessed valuation, which resulted in a tax levy of \$1,125,597 on the adjusted taxable valuation of \$375,198,742 for the 2019 tax year. The bond orders require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for the maintenance tax levy.

**LAKE MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JULY 31, 2020**

**NOTE 3. LONG-TERM DEBT (Continued)**

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**

- A. The bond orders state that so long as any of the bonds or coupons remain outstanding, the District covenants that it will at all times keep insured such parts of the system as are usually insured by municipal corporations and political subdivisions in Texas operating like properties in similar locations under the same circumstances with a responsible insurance company or companies against risk, accidents, or casualties against which and to the extent insurance is usually carried by such municipal corporations and political subdivisions; provided, however, that at any time while any contractor engaged in such insurance.
- B. The bond orders state that the District is required by the Securities and Exchange Commission to provide continuing disclosure of annual financial information and operating data to the Municipal Securities Rulemaking Board. This information is of the general type included in the annual audit report. It is to be provided within six months after the end of each fiscal year and shall continue to be provided through the life of the bonds.

**NOTE 5. DEPOSITS AND INVESTMENTS**

Deposits

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

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District's deposits was \$1,151,929 and the bank balance was \$1,178,473. The District was not exposed to custodial credit risk at year-end.



**LAKE MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JULY 31, 2020**

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

Deposits (Continued)

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at July 31, 2020, as listed below:

	Cash
GENERAL FUND	\$ 349,475
DEBT SERVICE FUND	137,510
CAPITAL PROJECTS FUND	664,944
TOTAL DEPOSITS	\$ 1,151,929

Investments

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

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

The District invests in TexPool, an external investment pool that is not SEC-registered. The State Comptroller of Public Accounts of the State of Texas has oversight of the pool. Federated Investors, Inc. manages the daily operations of the pool under a contract with the Comptroller. TexPool meets the criteria established in GASB Statement No. 79 and 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.

**LAKE MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JULY 31, 2020**

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

Investments (Continued)

As of July 31, 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	\$ 988,628	\$ 988,628
<u>DEBT SERVICE FUND</u>		
TexPool	1,959,715	1,959,715
TOTAL INVESTMENTS	\$ 2,948,343	\$ 2,948,343

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At July 31, 2020, the District's investment in the TexPool was rated AAAM by Standard and Poor's.

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

Restrictions

All cash and investments of the Debt Service Fund are restricted for the payment of debt service and the cost of assessing and collecting taxes. All cash and investments of the Capital Projects Fund are restricted for the purchase of capital assets.

**LAKE MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JULY 31, 2020**

**NOTE 6. CAPITAL ASSETS**

Capital asset activity for the year ended July 31, 2020:

	August 1, 2019	Increases	Decreases	July 31, 2020
<b>Capital Assets Not Being Depreciated</b>				
Land and Land Improvements	\$ 813,573	\$	\$	\$ 813,573
Construction in Progress		77,751	73,704	4,047
<b>Total Capital Assets Not Being Depreciated</b>	<u>\$ 813,573</u>	<u>\$ 77,751</u>	<u>\$ 73,704</u>	<u>\$ 817,620</u>
<b>Capital Assets Subject to Depreciation</b>				
Water System	\$ 4,029,028	\$	\$	\$ 4,029,028
Wastewater System	11,513,923	73,704		11,587,627
Drainage System	3,268,917			3,268,917
Building	102,454			102,454
<b>Total Capital Assets Subject to Depreciation</b>	<u>\$ 18,914,322</u>	<u>\$ 73,704</u>	<u>\$ - 0 -</u>	<u>\$ 18,988,026</u>
<b>Accumulated Depreciation</b>				
Water System	\$ 1,097,007	\$ 89,509	\$	\$ 1,186,516
Wastewater System	2,743,405	272,138		3,015,543
Drainage System	1,251,857	65,679		1,317,536
Building	5,122	2,561		7,683
<b>Total Accumulated Depreciation</b>	<u>\$ 5,097,391</u>	<u>\$ 429,887</u>	<u>\$ - 0 -</u>	<u>\$ 5,527,278</u>
<b>Total Depreciable Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 13,816,931</u>	<u>\$ (356,183)</u>	<u>\$ - 0 -</u>	<u>\$ 13,460,748</u>
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 14,630,504</u>	<u>\$ (278,432)</u>	<u>\$ 73,704</u>	<u>\$ 14,278,368</u>

**NOTE 7. MAINTENANCE TAX**

On December 8, 1981, the voters of the District approved the levy and collection of a maintenance tax not to exceed \$0.20 per \$100 of assessed valuation of taxable property within the District. During the fiscal year ended July 31, 2020, the District levied an ad valorem maintenance tax rate of \$0.20 per \$100 of assessed valuation, which resulted in a tax levy of \$750,397 on the adjusted taxable valuation of \$375,198,742 for the 2019 tax year. The taxes are to be used by the General Fund to pay expenditures of operating the District's waterworks and wastewater systems.

**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 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.

**LAKE MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JULY 31, 2020**

**NOTE 9. PURCHASED WATER AND WASTEWATER CONTRACTS**

The District entered into a Wastewater Disposal Contract (the “Wastewater Contract”) with the City of Baytown, Texas (the “City”) dated December 4, 1980, and amended April 21, 1981, to extend its term to forty years. The Wastewater Contract provides for the District's construction of its wastewater collection system, including metering device, lift stations and force main, to discharge into the City's wastewater system at a specified location within the City. The District is required to operate and maintain its system, or contract for such service subject to approval by the City, and set rates and charges to produce revenues sufficient to pay for such operation and maintenance. The Wastewater Contract also provides for the City's acceptance and treatment of wastewater collected and transported by the District and for the reservation of capacity.

On July 29, 1988, the District and the City amended the Wastewater Contract setting forth new "volumes of waste" to be transmitted by the District to the City for treatment under the agreement. The new capacity is a high flow allowance of 350,000 gallons per day and a total acceptance volume of 700,000 gallons per day. The facility is adequate to provide capacity to serve a total of 836 equivalent single-family residential connections. During the current fiscal year, the District recorded \$831,800 in purchased wastewater costs.

The District entered into a wholesale water supply contract (the “Water Contract”) with Baytown Area Water Authority, dated December 4, 1980 and amended June 15, 2006, for a term until December 31, 2020. The Water Contract provides that Baytown Area Water Authority will supply treated water to the District's water supply system and the District will purchase up to 1,000,000 gallons per day. The Water Contract provides for additional monthly quantities upon request, as available. The amended Water Contract provides for a base charge of \$2.65 per 1,000 gallons taken. Should the quantity of water taken during any month exceed by 10% the minimum quantity (1,000,000 gallons times days in the month), an additional monthly charge of 5% upon the entire monthly charge will be made.

Baytown Area Water Authority may change the base price at any time, provided that (except where an independent rate analysis indicates a certain rate increase is necessary) the price shall not be increased percentage-wise as to the District during any 12-month period, in excess of the percentage rate increase in Baytown Area Water Authority's rates to other purchasers of treated water during the same period. Based on Commission design criteria, the facilities are sufficient to provide capacity to serve a total of 1,157 equivalent single-family residential connections. During the current year, the District recorded \$425,423 in purchased water costs.

The District is undergoing a three year review of its daily water usage for the purpose of re-rating its capacity needs pursuant to an Alternative Capacity Request (“ACR”) with the Commission. Based upon historical consumption, no additional capacity is expected to be necessary to serve the District, and the purchased water capacity of 1,000,000 gallons per day is adequate capacity to serve the District at full build out of 2,025 equivalent single-family residential connections.

**LAKE MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JULY 31, 2020**

**NOTE 10.      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.

**THIS PAGE INTENTIONALLY LEFT BLANK**

**LAKE MUNICIPAL UTILITY DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**JULY 31, 2020**





**LAKE MUNICIPAL UTILITY DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JULY 31, 2020**

	<u>Original and Final Budget</u>	<u>Actual</u>	Variance Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 625,000	\$ 742,710	\$ 117,710
Water Service	880,000	890,005	10,005
Wastewater Service	1,200,000	1,280,905	80,905
Penalty and Interest	50,000	43,237	(6,763)
Investment Revenues	14,000	10,416	(3,584)
Miscellaneous Revenues	<u>                    </u>	<u>65,865</u>	<u>65,865</u>
<b>TOTAL REVENUES</b>	<b><u>\$ 2,769,000</u></b>	<b><u>\$ 3,033,138</u></b>	<b><u>\$ 264,138</u></b>
<b>EXPENDITURES</b>			
Service Operations:			
Professional Fees	\$ 133,000	\$ 93,505	\$ 39,495
Contracted Services	536,000	585,465	(49,465)
Purchased Water Service	509,000	425,423	83,577
Purchased Wastewater Service	752,000	831,800	(79,800)
Utilities	76,000	72,431	3,569
Repairs and Maintenance	448,106	551,582	(103,476)
Other	189,000	195,578	(6,578)
Capital Outlay	<u>340,000</u>	<u>77,751</u>	<u>262,249</u>
<b>TOTAL EXPENDITURES</b>	<b><u>\$ 2,983,106</u></b>	<b><u>\$ 2,833,535</u></b>	<b><u>\$ 149,571</u></b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (214,106)</b>	<b>\$ 199,603</b>	<b>\$ 413,709</b>
<b>FUND BALANCE - AUGUST 1, 2019</b>	<u>988,422</u>	<u>988,422</u>	<u>                    </u>
<b>FUND BALANCE - JULY 31, 2020</b>	<b><u>\$ 774,316</u></b>	<b><u>\$ 1,188,025</u></b>	<b><u>\$ 413,709</u></b>

See accompanying independent auditor's report.

**THIS PAGE INTENTIONALLY LEFT BLANK**

**LAKE MUNICIPAL UTILITY DISTRICT**  
**SUPPLEMENTARY INFORMATION REQUIRED BY THE**  
**WATER DISTRICT FINANCIAL MANAGEMENT GUIDE**  
**JULY 31, 2020**



**LAKE MUNICIPAL UTILITY DISTRICT  
SERVICES AND RATES  
FOR THE YEAR ENDED JULY 31, 2020**

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

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

**2. RETAIL SERVICE PROVIDERS**

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

Based on the rate order effective June 18, 2020.

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1,000 Gallons over Minimum Use</u>	<u>Usage Levels</u>				
WATER:	\$ 17.49	2,000	N	\$0.40 0.50 1.00	2,001 – 10,000 10,001 – 20,000 20,001 and above				
WASTEWATER:	\$ 31.94*	2,000	N	\$5.88 5.98 6.25	2,001 – 10,000 10,001 – 20,000 20,001 and above				
SURCHARGE:									
Baytown Area Water Authority Fee			N	\$3.146	0001 and up				
District employs winter averaging for wastewater usage?					<table style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: center;">_____</td> <td style="text-align: center;"><u>  X  </u></td> </tr> <tr> <td style="text-align: center;">Yes</td> <td style="text-align: center;">No</td> </tr> </table>	_____	<u>  X  </u>	Yes	No
_____	<u>  X  </u>								
Yes	No								

Total monthly charges per 10,000 gallons usage: Water: \$20.69 Wastewater: \$78.98 Surcharge: \$31.46

\* Includes \$12.88 plus the prevailing garbage charge of \$18.81 plus \$0.25.

See accompanying independent auditor's report.

**LAKE MUNICIPAL UTILITY DISTRICT  
SERVICES AND RATES  
FOR THE YEAR ENDED JULY 31, 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	<u>                    </u>	<u>                    </u>	x 1.0	<u>                    </u>
≤ <sup>3</sup> / <sub>4</sub> "	<u>          2,022          </u>	<u>          2,014          </u>	x 1.0	<u>          2,014          </u>
1"	<u>                    7          </u>	<u>                    7          </u>	x 2.5	<u>                    18          </u>
1½"	<u>                    3          </u>	<u>                    3          </u>	x 5.0	<u>                    15          </u>
2"	<u>                    4          </u>	<u>                    4          </u>	x 8.0	<u>                    32          </u>
3"	<u>                    </u>	<u>                    </u>	x 15.0	<u>                    </u>
4"	<u>                    </u>	<u>                    </u>	x 25.0	<u>                    </u>
6"	<u>                    </u>	<u>                    </u>	x 50.0	<u>                    </u>
8"	<u>                    </u>	<u>                    </u>	x 80.0	<u>                    </u>
10"	<u>                    </u>	<u>                    </u>	x 115.0	<u>                    </u>
Total Water Connections	<u>          2,036          </u>	<u>          2,028          </u>		<u>          2,079          </u>
Total Wastewater Connections	<u>          2,026          </u>	<u>          2,018          </u>	x 1.0	<u>          2,018          </u>

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

Gallons billed to customers:	135,189,000	Water Accountability Ratio: 90.9% (Gallons billed and used/Gallons purchased)
Gallons purchased:	148,749,000	From: <u>Baytown Area Water Authority</u>

See accompanying independent auditor's report.

**LAKE MUNICIPAL UTILITY DISTRICT  
SERVICES AND RATES  
FOR THE YEAR ENDED JULY 31, 2020**

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

Does the District have Debt Service standby fees? Yes  No

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

**5. LOCATION OF DISTRICT:**

Is the District located entirely within one county?

Yes  No

County in which District is located:

Harris County, Texas

Is the District located within a city?

Entirely  Partly  Not at all

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

Entirely  Partly  Not at all

ETJ in which District is located:

City of Baytown, Texas

Are Board Members appointed by an office outside the District?

Yes  No

See accompanying independent auditor's report.

**LAKE MUNICIPAL UTILITY DISTRICT  
GENERAL FUND EXPENDITURES  
FOR THE YEAR ENDED JULY 31, 2020**

PROFESSIONAL FEES:	
Auditing	\$ 12,250
Engineering	20,027
Legal	<u>61,228</u>
TOTAL PROFESSIONAL FEES	<u>\$ 93,505</u>
PURCHASED SERVICES FOR RESALE:	
Purchased Water Service	\$ 425,423
Purchased Wastewater Service	<u>831,800</u>
TOTAL PURCHASED SERVICES FOR RESALE	<u>\$ 1,257,223</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 18,080
Operations and Billing	108,283
Solid Waste Disposal	<u>459,102</u>
TOTAL CONTRACTED SERVICES	<u>\$ 585,465</u>
UTILITIES	<u>\$ 72,431</u>
REPAIRS AND MAINTENANCE	<u>\$ 551,582</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 15,450
Election Costs	11,836
Insurance	12,914
Office Supplies and Postage	71,992
Payroll Taxes	1,182
Travel and Meetings	4,577
Other	<u>7,089</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 125,040</u>
CAPITAL OUTLAY	<u>\$ 77,751</u>
OTHER EXPENDITURES:	
Laboratory Fees	\$ 52,938
Permit Fees	6,927
Regulatory Assessment	<u>10,673</u>
TOTAL OTHER EXPENDITURES	<u>\$ 70,538</u>
TOTAL EXPENDITURES	<u>\$ 2,833,535</u>

See accompanying independent auditor's report.



**LAKE MUNICIPAL UTILITY DISTRICT  
INVESTMENTS  
JULY 31, 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	\$ 988,628	\$ -0-
<u>DEBT SERVICE FUND</u>					
TexPool	XXXX0001	Varies	Daily	\$ 1,959,715	\$ -0-
TOTAL - ALL FUNDS				<u>\$ 2,948,343</u>	<u>\$ -0-</u>

See accompanying independent auditor's report.

**LAKE MUNICIPAL UTILITY DISTRICT  
TAXES LEVIED AND RECEIVABLE  
FOR THE YEAR ENDED JULY 31, 2020**

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
AUGUST 1, 2019	\$	15,086		\$ 27,002
Adjustments to Beginning				
Balance		<u>(1,576)</u>	\$ 13,510	<u>(2,505)</u> \$ 24,497
Original 2019 Tax Levy	\$	741,101		\$ 1,111,652
Adjustment to 2019 Tax Levy		<u>9,296</u>	<u>750,397</u>	<u>13,945</u> 1,125,597
TOTAL TO BE				
ACCOUNTED FOR			\$ 763,907	\$ 1,150,094
TAX COLLECTIONS:				
Prior Years	\$	4,244		\$ 7,114
Current Year		<u>738,466</u>	<u>742,710</u>	<u>1,107,700</u> 1,114,814
TAXES RECEIVABLE -				
JULY 31, 2020			<u>\$ 21,197</u>	<u>\$ 35,280</u>
TAXES RECEIVABLE BY				
YEAR:				
2019			\$ 11,931	\$ 17,897
2018			4,097	6,555
2017			1,431	2,361
2016			438	767
2015			381	799
2014			473	1,136
2013			3	7
2012 and prior			<u>2,443</u>	<u>5,758</u>
TOTAL			<u>\$ 21,197</u>	<u>\$ 35,280</u>

See accompanying independent auditor's report.

**LAKE MUNICIPAL UTILITY DISTRICT  
TAXES LEVIED AND RECEIVABLE  
FOR THE YEAR ENDED JULY 31, 2020**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 375,198,742</u>	<u>\$ 350,619,822</u>	<u>\$ 345,374,513</u>	<u>\$ 317,547,849</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.30	\$ 0.32	\$ 0.33	\$ 0.35
Maintenance	<u>0.20</u>	<u>0.20</u>	<u>0.20</u>	<u>0.20</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.50</u>	<u>\$ 0.52</u>	<u>\$ 0.53</u>	<u>\$ 0.55</u>
ADJUSTED TAX LEVY*	<u>\$ 1,875,994</u>	<u>\$ 1,823,222</u>	<u>\$ 1,830,485</u>	<u>\$ 1,746,413</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>98.41 %</u>	<u>99.42 %</u>	<u>99.79 %</u>	<u>99.93 %</u>

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

Maintenance Tax – A maintenance tax rate not to exceed \$0.20 per \$100 of assessed valuation was approved by voters on December 8, 1981.

See accompanying independent auditor's report.

**LAKE MUNICIPAL UTILITY DISTRICT  
LONG-TERM DEBT SERVICE REQUIREMENTS  
JULY 31, 2020**

S E R I E S - 2 0 1 3			
Due During Fiscal Years Ending July 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2021	\$	\$ 122,172	\$ 122,172
2022		122,172	122,172
2023		122,172	122,172
2024		122,172	122,172
2025		122,172	122,172
2026		122,172	122,172
2027		122,172	122,172
2028		122,172	122,172
2029		122,172	122,172
2030		122,172	122,172
2031		122,172	122,172
2032	260,000	117,622	377,622
2033	275,000	108,260	383,260
2034	290,000	98,300	388,300
2035	305,000	87,739	392,739
2036	315,000	76,576	391,576
2037	335,000	64,714	399,714
2038	350,000	52,038	402,038
2039	370,000	38,538	408,538
2040	385,000	23,900	408,900
2041	405,000	8,100	413,100
2042			
2043			
2044			
2045			
2046			
	\$ 3,290,000	\$ 2,019,679	\$ 5,309,679

See accompanying independent auditor's report.

**LAKE MUNICIPAL UTILITY DISTRICT  
LONG-TERM DEBT SERVICE REQUIREMENTS  
JULY 31, 2020**

S E R I E S - 2 0 1 5

Due During Fiscal Years Ending July 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2021	\$	\$ 177,094	\$ 177,094
2022		177,094	177,094
2023		177,094	177,094
2024		177,094	177,094
2025		177,094	177,094
2026		177,094	177,094
2027		177,094	177,094
2028		177,094	177,094
2029		177,094	177,094
2030		177,094	177,094
2031		177,094	177,094
2032	295,000	172,669	467,669
2033	305,000	163,669	468,669
2034	315,000	154,369	469,369
2035	330,000	144,694	474,694
2036	345,000	134,353	479,353
2037	355,000	123,194	478,194
2038	370,000	110,950	480,950
2039	385,000	97,737	482,737
2040	405,000	83,912	488,912
2041	420,000	69,475	489,475
2042	865,000	46,987	911,987
2043	910,000	15,925	925,925
2044			
2045			
2046			
	<u>\$ 5,300,000</u>	<u>\$ 3,265,968</u>	<u>\$ 8,565,968</u>

See accompanying independent auditor's report.

**LAKE MUNICIPAL UTILITY DISTRICT  
LONG-TERM DEBT SERVICE REQUIREMENTS  
JULY 31, 2020**

S E R I E S - 2 0 1 6

Due During Fiscal Years Ending July 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2021	\$ 25,000	\$ 96,175	\$ 121,175
2022	25,000	95,675	120,675
2023	25,000	95,175	120,175
2024	25,000	94,675	119,675
2025	25,000	94,128	119,128
2026	25,000	93,519	118,519
2027	25,000	92,878	117,878
2028	25,000	92,206	117,206
2029	25,000	91,534	116,534
2030	25,000	90,878	115,878
2031	25,000	90,222	115,222
2032	25,000	89,566	114,566
2033	25,000	88,894	113,894
2034	25,000	88,206	113,206
2035	25,000	87,519	112,519
2036	25,000	86,831	111,831
2037	25,000	86,144	111,144
2038	25,000	85,425	110,425
2039	25,000	84,675	109,675
2040	25,000	83,925	108,925
2041	25,000	83,175	108,175
2042	25,000	82,425	107,425
2043	25,000	81,675	106,675
2044	860,000	68,400	928,400
2045	900,000	42,000	942,000
2046	950,000	14,250	964,250
	<u>\$ 3,285,000</u>	<u>\$ 2,180,175</u>	<u>\$ 5,465,175</u>

See accompanying independent auditor's report.

**LAKE MUNICIPAL UTILITY DISTRICT  
LONG-TERM DEBT SERVICE REQUIREMENTS  
JULY 31, 2020**

SERIES - 2018 REFUNDING

Due During Fiscal Years Ending July 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2021	\$ 570,000	\$ 144,356	\$ 714,356
2022	405,000	134,606	539,606
2023	445,000	126,106	571,106
2024	465,000	116,425	581,425
2025	480,000	105,194	585,194
2026	500,000	92,319	592,319
2027	520,000	77,644	597,644
2028	535,000	61,819	596,819
2029	555,000	45,469	600,469
2030	575,000	28,159	603,159
2031	590,000	9,588	599,588
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
	<u>\$ 5,640,000</u>	<u>\$ 941,685</u>	<u>\$ 6,581,685</u>

See accompanying independent auditor's report.

**THIS PAGE INTENTIONALLY LEFT BLANK**



**LAKE MUNICIPAL UTILITY DISTRICT  
LONG-TERM DEBT SERVICE REQUIREMENTS  
JULY 31, 2020**

ANNUAL REQUIREMENTS  
FOR ALL SERIES

Due During Fiscal Years Ending July 31	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2021	\$ 595,000	\$ 539,797	\$ 1,134,797
2022	430,000	529,547	959,547
2023	470,000	520,547	990,547
2024	490,000	510,366	1,000,366
2025	505,000	498,588	1,003,588
2026	525,000	485,104	1,010,104
2027	545,000	469,788	1,014,788
2028	560,000	453,291	1,013,291
2029	580,000	436,269	1,016,269
2030	600,000	418,303	1,018,303
2031	615,000	399,076	1,014,076
2032	580,000	379,857	959,857
2033	605,000	360,823	965,823
2034	630,000	340,875	970,875
2035	660,000	319,952	979,952
2036	685,000	297,760	982,760
2037	715,000	274,052	989,052
2038	745,000	248,413	993,413
2039	780,000	220,950	1,000,950
2040	815,000	191,737	1,006,737
2041	850,000	160,750	1,010,750
2042	890,000	129,412	1,019,412
2043	935,000	97,600	1,032,600
2044	860,000	68,400	928,400
2045	900,000	42,000	942,000
2046	950,000	14,250	964,250
	<u>\$ 17,515,000</u>	<u>\$ 8,407,507</u>	<u>\$ 25,922,507</u>

See accompanying independent auditor's report.

**LAKE MUNICIPAL UTILITY DISTRICT  
CHANGE IN LONG-TERM BOND DEBT  
FOR THE YEAR ENDED JULY 31, 2020**

Description	Original Bonds Issued	Bonds Outstanding August 1, 2019
Lake Municipal Utility District Unlimited Tax Bonds - Series 2009	\$ 2,745,000	\$ 435,000
Lake Municipal Utility District Unlimited Tax Bonds - Series 2013	3,290,000	3,290,000
Lake Municipal Utility District Unlimited Tax Bonds - Series 2015	5,300,000	5,300,000
Lake Municipal Utility District Unlimited Tax Bonds - Series 2016	3,335,000	3,310,000
Lake Municipal Utility District Unlimited Tax Refunding Bonds - Series 2018	<u>5,815,000</u>	<u>5,755,000</u>
TOTAL	<u>\$ 20,485,000</u>	<u>\$ 18,090,000</u>
Debt Service Fund cash and investment balances as of July 31, 2020:		<u>\$ 2,097,225</u>
Average annual debt service payment (principal and interest) for remaining term of all debt:		<u>\$ 997,020</u>

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

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

See accompanying independent auditor's report.

<u>Current Year Transactions</u>				
<u>Bonds Sold</u>	<u>Retirements</u>		<u>Bonds Outstanding July 31, 2020</u>	<u>Paying Agent</u>
	<u>Principal</u>	<u>Interest</u>		
\$	\$ 435,000	\$ 8,048	\$ - 0 -	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
		122,172	3,290,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
		177,094	5,300,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	25,000	96,675	3,285,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	115,000	151,206	5,640,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
<u>\$ - 0 -</u>	<u>\$ 575,000</u>	<u>\$ 555,195</u>	<u>\$ 17,515,000</u>	

Bond Authority:	<u>Unlimited Tax and Refunding Bonds*</u>
Amount Authorized by Voters	\$ 47,270,000
Amount Issued	<u>31,805,000</u>
Remaining to be Issued	<u>\$ 15,465,000</u>

See accompanying independent auditor's report.

**LAKE MUNICIPAL UTILITY DISTRICT  
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES  
GENERAL FUND - FIVE YEARS**

	Amounts		
	2020	2019	2018
<b>REVENUES</b>			
Property Taxes	\$ 742,710	\$ 698,141	\$ 693,276
Water Service	890,005	908,670	851,821
Wastewater Service	1,280,905	1,180,315	1,222,632
Penalty and Interest	43,237	50,010	54,958
Tap Connection and Inspection Fees			
Investment Revenues	10,416	15,750	16,394
Miscellaneous Revenues	65,865	46,607	29,302
<b>TOTAL REVENUES</b>	\$ 3,033,138	\$ 2,899,493	\$ 2,868,383
<b>EXPENDITURES</b>			
Professional Fees	\$ 93,505	\$ 111,401	\$ 170,311
Contracted Services	585,465	577,423	543,318
Purchased Water Service	425,423	516,672	542,013
Purchased Wastewater Service	831,800	761,725	770,721
Utilities	72,431	75,628	73,127
Repairs and Maintenance	551,582	460,165	535,812
Other	195,578	169,307	168,550
Capital Outlay	77,751	73,925	135,473
<b>TOTAL EXPENDITURES</b>	\$ 2,833,535	\$ 2,746,246	\$ 2,939,325
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	\$ 199,603	\$ 153,247	\$ (70,942)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In (Out)	\$ -0-	\$ -0-	\$ -0-
<b>NET CHANGE IN FUND BALANCE</b>	\$ 199,603	\$ 153,247	\$ (70,942)
<b>BEGINNING FUND BALANCE</b>	988,422	835,175	906,117
<b>ENDING FUND BALANCE</b>	\$ 1,188,025	\$ 988,422	\$ 835,175

See accompanying independent auditor's report.

		Percentage of Total Revenue				
2017	2016	2020	2019	2018	2017	2016
\$ 631,731	\$ 545,512	24.6 %	24.2 %	24.2 %	22.8 %	19.8 %
837,926	854,543	29.3	31.3	29.7	30.3	31.1
1,183,577	1,178,948	42.2	40.7	42.6	42.8	42.9
55,674	52,197	1.4	1.7	1.9	2.0	1.9
	70,400					2.6
4,449	1,617	0.3	0.5	0.6	0.2	0.1
51,437	44,776	2.2	1.6	1.0	1.9	1.6
<u>\$ 2,764,794</u>	<u>\$ 2,747,993</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 109,223	\$ 100,997	3.1 %	3.8 %	5.9 %	4.0 %	3.7 %
519,548	462,546	19.3	19.9	18.9	18.8	16.8
546,519	489,605	14.0	17.8	18.9	19.8	17.8
762,643	774,258	27.4	26.3	26.9	27.6	28.2
75,345	67,108	2.4	2.6	2.5	2.7	2.4
438,644	604,098	18.2	15.9	18.7	15.9	22.0
152,695	289,286	6.4	5.8	5.9	5.5	10.5
	23,487	2.6	2.5	4.7		0.9
<u>\$ 2,604,617</u>	<u>\$ 2,811,385</u>	<u>93.4 %</u>	<u>94.6 %</u>	<u>102.4 %</u>	<u>94.3 %</u>	<u>102.3 %</u>
<u>\$ 160,177</u>	<u>\$ (63,392)</u>	<u>6.6 %</u>	<u>5.4 %</u>	<u>(2.4) %</u>	<u>5.7 %</u>	<u>(2.3) %</u>
<u>\$ 68,447</u>	<u>\$ -0-</u>					
\$ 228,624	\$ (63,392)					
<u>677,493</u>	<u>740,885</u>					
<u>\$ 906,117</u>	<u>\$ 677,493</u>					

See accompanying independent auditor's report.

**LAKE MUNICIPAL UTILITY DISTRICT  
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES  
DEBT SERVICE FUND - FIVE YEARS**

	Amounts		
	2020	2019	2018
<b>REVENUES</b>			
Property Taxes	\$ 1,114,814	\$ 1,118,081	\$ 1,145,555
Penalty and Interest	12,564	12,631	15,753
Investment Revenues	16,743	30,990	21,369
Miscellaneous Revenues	5,207	21,031	13,642
<b>TOTAL REVENUES</b>	<b>\$ 1,149,328</b>	<b>\$ 1,182,733</b>	<b>\$ 1,196,319</b>
<b>EXPENDITURES</b>			
Tax Collection Expenditures	\$ 41,331	\$ 37,970	\$ 49,038
Debt Service Principal	575,000	545,000	440,000
Debt Service Interest and Fees	557,945	531,555	675,438
Bond Issuance Costs		6,900	230,705
Payment to Refunded Bond Escrow Agent			7,000
<b>TOTAL EXPENDITURES</b>	<b>\$ 1,174,276</b>	<b>\$ 1,121,425</b>	<b>\$ 1,402,181</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ (24,948)</b>	<b>\$ 61,308</b>	<b>\$ (205,862)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Refunding Bonds	\$	\$	\$ 5,815,000
Payment to Refunded Bond Escrow Agent			(5,494,430)
Bond Discount			(83,944)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ 236,626</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (24,948)</b>	<b>\$ 61,308</b>	<b>\$ 30,764</b>
<b>BEGINNING FUND BALANCE</b>	2,125,630	2,064,322	2,033,558
<b>ENDING FUND BALANCE</b>	<b>\$ 2,100,682</b>	<b>\$ 2,125,630</b>	<b>\$ 2,064,322</b>
<b>TOTAL ACTIVE RETAIL WATER CONNECTIONS</b>	<b>2,028</b>	<b>2,014</b>	<b>2,002</b>
<b>TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS</b>	<b>2,018</b>	<b>2,004</b>	<b>2,007</b>

See accompanying independent auditor's report.

		Percentage of Total Revenue				
2017	2016	2020	2019	2018	2017	2016
\$ 1,107,598	\$ 1,147,343	96.9 %	94.5 %	95.8 %	97.3 %	96.9 %
13,020	18,612	1.1	1.1	1.3	1.1	1.6
9,769	6,899	1.5	2.6	1.8	0.9	0.6
8,492	10,191	0.5	1.8	1.1	0.7	0.9
<u>\$ 1,138,879</u>	<u>\$ 1,183,045</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 36,651	\$ 42,359	3.6 %	3.2 %	4.1 %	3.2 %	3.6 %
420,000	400,000	50.0	46.1	36.8	36.9	33.8
654,321	622,251	48.5	44.9	56.5	57.5	52.6
			0.6	19.3		
				0.6		
<u>\$ 1,110,972</u>	<u>\$ 1,064,610</u>	<u>102.1 %</u>	<u>94.8 %</u>	<u>117.3 %</u>	<u>97.6 %</u>	<u>90.0 %</u>
<u>\$ 27,907</u>	<u>\$ 118,435</u>	<u>(2.1) %</u>	<u>5.2 %</u>	<u>(17.3) %</u>	<u>2.4 %</u>	<u>10.0 %</u>
\$	\$					
<u>\$ -0-</u>	<u>\$ -0-</u>					
\$ 27,907	\$ 118,435					
2,005,651	1,887,216					
<u>\$ 2,033,558</u>	<u>\$ 2,005,651</u>					
<u>2,017</u>	<u>2,011</u>					
<u>2,007</u>	<u>1,999</u>					

See accompanying independent auditor's report.

**LAKE MUNICIPAL UTILITY DISTRICT  
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS  
JULY 31, 2020**

District Mailing Address - Lake Municipal Utility District  
c/o Bacon & Wallace, L.L.P.  
6363 Woodway, Suite 800  
Houston, TX 77057

District Telephone Number - (713) 739-1060

<b>Board Members</b>	Term of Office (Elected or <u>Appointed</u> )	Fees of Office for the year ended <u>July 31, 2020</u>	Expense Reimbursements for the year ended <u>July 31, 2020</u>	<u>Title</u>
Kathleen Witkowski	05/16 05/20* (Elected)	\$ 4,050	\$ 390	President
Kenneth J. Sandor	05/18 05/22 (Elected)	\$ 4,200	\$ 957	Vice President
Jason M. Poitras	05/16 05/20* (Elected)	\$ 3,600	\$ -0-	Secretary
Shelia Crianza	05/16 05/20* (Elected)	\$ 1,800	\$ 1,125	Assistant Secretary
Alias Jones	05/18 05/22 (Elected)	\$ 1,800	\$ -0-	Director

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

Submission date of most recent District Registration Form: June 26, 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 August 15, 2002. Fees of Office are the amounts actually paid to a Director during the District's current fiscal year.

\*Due to the global virus pandemic, the District postponed the directors' election to November 3, 2020.

See accompanying independent auditor's report.



**LAKE MUNICIPAL UTILITY DISTRICT  
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS  
JULY 31, 2020**

<b>Consultants:</b>	<u>Date Hired</u>	<u>Fees for the year ended July 31, 2020</u>	<u>Title</u>
Bacon & Wallace, L.L.P.	11/14/90	\$ 73,063	General Counsel
McCall Gibson Swedlund Barfoot PLLC	07/17/14	\$ 12,250	Auditor
District Data Services, Inc.	01/18/81	\$ 18,080	Bookkeeper
Langford Engineering, Inc.	02/14/13	\$ 24,074	Engineer
Rathmann & Associates, L.P.	04/09/03	\$ -0-	Financial Advisor
Texas Operations & Professional Services	06/30/12	\$ 718,321	Operator
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	03/03/15	\$ 4,704	Delinquent Tax Attorney
San Jacinto Tax Service Company, LLC	12/04/80	\$ 20,155	Tax Assessor/ Collector

See accompanying independent auditor's report.

