

LAKE MUNICIPAL UTILITY DISTRICT
HARRIS COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
JULY 31, 2021

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

LAKE MUNICIPAL UTILITY DISTRICT

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

JULY 31, 2021

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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, 2021, 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, 2021, 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 18, 2021

**LAKE MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JULY 31, 2021**

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, 2021. 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 like 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, 2021**

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 \$1,077,880 as of July 31, 2021 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, 2021, and July 31, 2020:

**LAKE MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JULY 31, 2021**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2021	2020	Change Positive (Negative)
Current and Other Assets	\$ 4,661,133	\$ 4,458,558	\$ 202,575
Capital Assets (Net of Accumulated Depreciation)	13,823,179	14,278,368	(455,189)
Total Assets	\$ 18,484,312	\$ 18,736,926	\$ (252,614)
Deferred Outflows of Resources	\$ 75,470	\$ 75,242	\$ 228
Bonds Payable	\$ 16,858,161	\$ 17,272,683	\$ 414,522
Other Liabilities	623,741	647,905	24,164
Total Liabilities	\$ 17,481,902	\$ 17,920,588	\$ 438,686
Net Position:			
Net Investment in Capital Assets	\$ (2,275,594)	\$ (2,248,129)	\$ (27,465)
Restricted	1,977,097	1,930,487	46,610
Unrestricted	1,376,377	1,209,222	167,155
Total Net Position	\$ 1,077,880	\$ 891,580	\$ 186,300

The following table provides a comparative analysis of the District's operations for the years ended July 31, 2021, and July 31, 2020.

	Summary of Changes in the Statement of Activities		
	2021	2020	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 1,954,897	\$ 1,871,913	\$ 82,984
Charges for Services	2,222,114	2,240,205	(18,091)
Other Revenues	44,419	99,770	(55,351)
Total Revenues	\$ 4,221,430	\$ 4,211,888	\$ 9,542
Expenses for Services	4,035,130	3,801,978	(233,152)
Change in Net Position	\$ 186,300	\$ 409,910	\$ (223,610)
Net Position, Beginning of Year	891,580	481,670	409,910
Net Position, End of Year	\$ 1,077,880	\$ 891,580	\$ 186,300

**LAKE MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JULY 31, 2021**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of July 31, 2021, were \$4,141,152, an increase of \$181,501 from the prior year.

The General Fund fund balance increased by \$167,700. This was primarily due to tax and service revenues exceeding operating costs.

The Debt Service Fund fund balance increased by \$13,803, primarily due to the structure of the District's outstanding debt.

The Capital Projects Fund fund balance decreased by \$2.

BUDGETARY HIGHLIGHTS

The Board of Directors did not amend the General Fund budget during the current fiscal year. Actual revenues were \$261,013 more than budgeted revenues due to higher than anticipated revenues across all categories except investment revenues. Actual expenditures were \$192,107 more than budgeted expenditures due to lower than anticipated professional fees, purchased water service and utilities offset by higher than anticipated contracted services, purchased wastewater service and repairs and maintenance costs.

CAPITAL ASSETS

Capital assets total \$13,823,179 as of July 31, 2021, and include the water, wastewater and drainage systems.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2021	2020	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	2,751,870	2,842,512	(90,642)
Wastewater System	8,339,633	8,572,084	(232,451)
Drainage System	1,825,893	1,951,381	(125,488)
Building	92,210	94,771	(2,561)
Total Net Capital Assets	<u>\$ 13,823,179</u>	<u>\$ 14,278,368</u>	<u>\$ (455,189)</u>

**LAKE MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JULY 31, 2021**

LONG-TERM DEBT ACTIVITY

As of July 31, 2021, the District had total bond debt payable of \$17,115,000. The changes in the debt position of the District during the fiscal year ended July 31, 2021, are summarized as follows:

Bond Debt Payable, August 1, 2020	\$ 17,515,000
Add: Bond Sale - Series 2021 Refunding	3,485,000
Less: Bonds Refunded	3,290,000
Less: Bond Principal Paid	<u>595,000</u>
Bond Debt Payable, July 31, 2021	<u><u>\$ 17,115,000</u></u>

The District's bonds carry underlying rating of "A-" from Standard & Poor's. The Series 2015 Bonds, Series 2016 Bonds, Series 2018 Refunding Bonds and Series 2021 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 & Philbin, 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, 2021**

	<u>General Fund</u>	<u>Debt Service Fund</u>
ASSETS		
Cash	\$ 266,724	\$ 83,006
Investments	1,252,283	2,030,215
Receivables:		
Property Taxes	20,652	34,108
Penalty and Interest on Delinquent Taxes		
Service Accounts	248,306	
Other	10,946	
Due from Other Funds		7,311
Prepaid Costs	7,962	
Land		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	<u>\$ 1,806,873</u>	<u>\$ 2,154,640</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Refunding Bonds	<u>\$ -0-</u>	<u>\$ -0-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 1,806,873</u>	<u>\$ 2,154,640</u>

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>
\$ 670,942	\$ 1,020,672	\$	\$ 1,020,672
	3,282,498		3,282,498
	54,760		54,760
		23,013	23,013
	248,306		248,306
	10,946		10,946
	7,311	(7,311)	
	7,962	12,976	20,938
		813,573	813,573
		<u>13,009,606</u>	<u>13,009,606</u>
<u>\$ 670,942</u>	<u>\$ 4,632,455</u>	<u>\$ 13,851,857</u>	<u>\$ 18,484,312</u>
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 75,470</u>	<u>\$ 75,470</u>
<u>\$ 670,942</u>	<u>\$ 4,632,455</u>	<u>\$ 13,927,327</u>	<u>\$ 18,559,782</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, 2021**

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	\$ 194,563	\$
Accrued Interest Earned at Time of Sale		6,047
Accrued Interest Payable		
Due to Other Funds	7,311	
Security Deposits	228,622	
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	\$ 430,496	\$ 6,047
 DEFERRED INFLOWS OF RESOURCES		
Property Taxes	\$ 20,652	\$ 34,108
 FUND BALANCES		
Nonspendable:		
Prepaid Costs	\$ 7,962	\$
Restricted for Authorized Construction		
Restricted for Debt Service		2,114,485
Unassigned	1,347,763	
TOTAL FUND BALANCES	\$ 1,355,725	\$ 2,114,485
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,806,873	\$ 2,154,640
 NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$	\$ 194,563	\$	\$ 194,563
	6,047	(6,047)	
		200,556	200,556
	7,311	(7,311)	
	228,622		228,622
		430,000	430,000
		16,428,161	16,428,161
<u>\$ -0-</u>	<u>\$ 436,543</u>	<u>\$ 17,045,359</u>	<u>\$ 17,481,902</u>
<u>\$ -0-</u>	<u>\$ 54,760</u>	<u>\$ (54,760)</u>	<u>\$ -0-</u>
\$	\$ 7,962	\$ (7,962)	\$
670,942	670,942	(670,942)	
	2,114,485	(2,114,485)	
	1,347,763	(1,347,763)	
<u>\$ 670,942</u>	<u>\$ 4,141,152</u>	<u>\$ (4,141,152)</u>	<u>\$ - 0 -</u>
<u>\$ 670,942</u>	<u>\$ 4,632,455</u>		
		\$ (2,275,594)	\$ (2,275,594)
		1,977,097	1,977,097
		1,376,377	1,376,377
		<u>\$ 1,077,880</u>	<u>\$ 1,077,880</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, 2021**

Total Fund Balances - Governmental Funds		\$ 4,141,152
Amounts reported for governmental activities in the Statement of Net Position are different because:		
The cost of bond insurance is amortized over the repayment period of the related bonds in the governmental activities.		12,976
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		13,823,179
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.		75,470
Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2020 and prior tax levies became part of recognized revenue in the governmental activities of the District.		77,773
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	\$ (194,509)	
Bonds Payable	<u>(16,858,161)</u>	<u>(17,052,670)</u>
Total Net Position - Governmental Activities		<u>\$ 1,077,880</u>

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

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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, 2021

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	\$ 782,497	\$ 1,174,117
Water Service	885,873	
Wastewater Service	1,265,808	
Penalty and Interest	48,208	21,132
Investment Revenues	805	1,167
Miscellaneous Revenues	40,222	1,719
TOTAL REVENUES	\$ 3,023,413	\$ 1,198,135
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 108,029	\$ 8,009
Contracted Services	604,145	40,257
Purchased Water Service	435,465	
Purchased Wastewater Service	830,773	
Utilities	74,974	
Repairs and Maintenance	566,270	
Depreciation		
Other	234,892	1,268
Debt Service:		
Bond Principal		595,000
Bond Interest		539,798
Bond Issuance Costs	1,165	155,528
TOTAL EXPENDITURES/EXPENSES	\$ 2,855,713	\$ 1,339,860
EXCESS (DEFICIENCY) OF REVENUES OVER		
EXPENDITURES/EXPENSES	\$ 167,700	\$ (141,725)
OTHER FINANCING SOURCES (USES)		
Refunding Bonds	\$	\$ 3,485,000
Payment to Refunded Bond Escrow Agent		(3,300,181)
Bond Discount		(50,559)
Bond Premium		21,268
TOTAL OTHER FINANCING SOURCES (USES)	\$ -0-	\$ 155,528
NET CHANGE IN FUND BALANCES	\$ 167,700	\$ 13,803
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION -		
AUGUST 1, 2020	1,188,025	2,100,682
FUND BALANCES/NET POSITION -		
JULY 31, 2021	\$ 1,355,725	\$ 2,114,485

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 1,956,614	\$ (1,717)	\$ 1,954,897
	885,873		885,873
	1,265,808		1,265,808
	69,340	1,093	70,433
506	2,478		2,478
	41,941		41,941
<u>\$ 506</u>	<u>\$ 4,222,054</u>	<u>\$ (624)</u>	<u>\$ 4,221,430</u>
\$	\$ 116,038	\$	\$ 116,038
	644,402	4,047	648,449
	435,465		435,465
	830,773		830,773
	74,974		74,974
	566,270		566,270
		451,142	451,142
508	236,668		236,668
	595,000	(595,000)	
	539,798	(7,937)	531,861
	156,693	(13,203)	143,490
<u>\$ 508</u>	<u>\$ 4,196,081</u>	<u>\$ (160,951)</u>	<u>\$ 4,035,130</u>
<u>\$ (2)</u>	<u>\$ 25,973</u>	<u>\$ 160,327</u>	<u>\$ 186,300</u>
\$	\$ 3,485,000	\$ (3,485,000)	\$
	(3,300,181)	3,300,181	
	(50,559)	50,559	
	21,268	(21,268)	
<u>\$ -0-</u>	<u>\$ 155,528</u>	<u>\$ (155,528)</u>	<u>\$ -0-</u>
\$ (2)	\$ 181,501	\$ (181,501)	\$
		186,300	186,300
<u>670,944</u>	<u>3,959,651</u>	<u>(3,068,071)</u>	<u>891,580</u>
<u>\$ 670,942</u>	<u>\$ 4,141,152</u>	<u>\$ (3,063,272)</u>	<u>\$ 1,077,880</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, 2021**

Net Change in Fund Balances - Governmental Funds	\$	181,501
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.		(1,717)
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.		1,093
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.		(451,142)
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. During the current year, construction in progress costs were reclassified to expense.		(4,047)
Governmental funds report bond premiums and discounts as other financing sources/uses in the year received/paid. However, in the Statement of Net Position, the bond premiums and discounts are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities.		42,494
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.		595,000
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.		7,937
Governmental funds report bond proceeds as other financing sources. Issued bonds increase liabilities in the Statement of Net Position.		(3,485,000)
Governmental funds report the payment to the refunded bond escrow agent as an other financing use. However, the refunding of outstanding bonds decreases long-term liabilities in the Statement of Net Position.		3,300,181
Change in Net Position - Governmental Activities	\$	<u>186,300</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, 2021

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, 2021

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 financial statements. The fund financial statements include a Governmental Funds Balance Sheet and Governmental Funds 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, 2021

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (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, 2021, the General Fund owes the Debt Service Fund (Tax Fund) \$7,311 for an excess transfer of maintenance taxes.

**LAKE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2021**

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

The District has not established a pension plan as the District does not have employees. The Internal Revenue Service has determined that fees of office received by Directors are wages subject to federal income tax withholding for payroll tax purposes only.

LAKE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2021

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, 2021

NOTE 3. LONG-TERM DEBT

	Series 2015	Series 2016
Amount Outstanding – July 31, 2021	\$ 5,300,000	\$ 3,260,000
Interest Rates	3.00% - 3.50%	2.00% - 3.00%
Maturity Dates - Serially Beginning/Ending	September 1, 2031/2042	September 1, 2021/2045
Interest Payment Dates	September 1 / March 1	September 1 / March 1
Callable Dates	September 1, 2022*	September 1, 2023*
	Refunding Series 2018	Refunding Series 2021
Amount Outstanding – July 31, 2021	\$ 5,070,000	\$ 3,485,000
Interest Rates	2.00% - 3.25%	2.00% - 3.00%
Maturity Dates - Serially Beginning/Ending	September 1, 2021/2030	September 1, 2022/2040
Interest Payment Dates	September 1 / March 1	September 1 / March 1
Callable Dates	September 1, 2023*	September 1, 2026*

* Or on any date thereafter, at a price of par, plus accrued interest to the date of redemption. 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. Refunding Series 2021 term bonds maturing September 1, 2031, are subject to mandatory redemption on September 1, 2028.

LAKE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2021

NOTE 3. LONG-TERM DEBT (Continued)

The following is a summary of transactions regarding bonds payable for the year ended July 31, 2021:

	August 1, 2020	Additions	Retirements	July 31, 2021
Bonds Payable	\$ 17,515,000	\$ 3,485,000	\$ 3,885,000	\$ 17,115,000
Unamortized Discounts	(242,317)	(50,559)	(15,135)	(277,741)
Unamortized Premiums		21,268	366	20,902
Bonds Payable, Net	<u>\$ 17,272,683</u>	<u>\$ 3,455,709</u>	<u>\$ 3,870,231</u>	<u>\$ 16,858,161</u>
			Amount Due Within One Year	\$ 430,000
			Amount Due After One Year	<u>16,428,161</u>
			Bonds Payable, Net	<u>\$ 16,858,161</u>

As of July 31, 2021, the District has authorized but unissued tax and refunding bonds in the amount of \$15,270,000.

As of July 31, 2021, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2022	\$ 430,000	\$ 479,937	\$ 909,937
2023	490,000	470,638	960,638
2024	510,000	459,856	969,856
2025	525,000	447,479	972,479
2026	545,000	433,394	978,394
2027-2031	3,000,000	1,910,780	4,910,780
2032-2036	3,230,000	1,476,834	4,706,834
2037-2041	3,850,000	1,007,429	4,857,429
2042-2046	4,535,000	351,662	4,886,662
	<u>\$ 17,115,000</u>	<u>\$ 7,038,009</u>	<u>\$ 24,153,009</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, 2021, 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 \$1,175,723 on the adjusted taxable valuation of \$391,907,708 for the 2020 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, 2021

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 \$1,020,672 and the bank balance was \$1,043,380. The District was not exposed to custodial credit risk at year-end.

**LAKE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2021**

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, 2021, as listed below:

	Cash
GENERAL FUND	\$ 266,724
DEBT SERVICE FUND	83,006
CAPITAL PROJECTS FUND	670,942
TOTAL DEPOSITS	\$ 1,020,672

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, 2021**

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

As of July 31, 2021, 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	\$ 1,252,283	\$ 1,252,283
<u>DEBT SERVICE FUND</u>		
TexPool	2,030,215	2,030,215
TOTAL INVESTMENTS	\$ 3,282,498	\$ 3,282,498

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At July 31, 2021, 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, 2021**

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended July 31, 2021:

	August 1, 2020	Increases	Decreases	July 31, 2021
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 813,573	\$	\$	\$ 813,573
Construction in Progress	<u>4,047</u>	<u></u>	<u>4,047</u>	<u></u>
Total Capital Assets Not Being Depreciated	<u>\$ 817,620</u>	<u>\$ - 0 -</u>	<u>\$ 4,047</u>	<u>\$ 813,573</u>
Capital Assets Subject to Depreciation				
Water System	\$ 4,029,028	\$	\$	\$ 4,029,028
Wastewater System	11,587,627			11,587,627
Drainage System	3,268,917			3,268,917
Building	<u>102,454</u>	<u></u>	<u></u>	<u>102,454</u>
Total Capital Assets Subject to Depreciation	<u>\$ 18,988,026</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 18,988,026</u>
Accumulated Depreciation				
Water System	\$ 1,186,516	\$ 90,642	\$	\$ 1,277,158
Wastewater System	3,015,543	232,451		3,247,994
Drainage System	1,317,536	125,488		1,443,024
Building	<u>7,683</u>	<u>2,561</u>	<u></u>	<u>10,244</u>
Total Accumulated Depreciation	<u>\$ 5,527,278</u>	<u>\$ 451,142</u>	<u>\$ - 0 -</u>	<u>\$ 5,978,420</u>
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 13,460,748</u>	<u>\$ (451,142)</u>	<u>\$ - 0 -</u>	<u>\$ 13,009,606</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 14,278,368</u>	<u>\$ (451,142)</u>	<u>\$ 4,047</u>	<u>\$ 13,823,179</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, 2021, the District levied an ad valorem maintenance tax rate of \$0.20 per \$100 of assessed valuation, which resulted in a tax levy of \$783,816 on the adjusted taxable valuation of \$391,907,708 for the 2020 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, 2021**

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 \$830,773 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 \$435,465 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, 2021

NOTE 10. ECONOMIC UNCERTAINTIES

On March 11, 2020, the World Health Organization declared the COVID-19 virus a global pandemic. Since that time, the District has not experienced any decrease in property values, unusual tax delinquencies, or interruptions to service as a result of COVID-19. The District will continue to carefully monitor the situation and evaluate the financial statement impact, if any, that results from the pandemic.

NOTE 11. REFUNDING BOND SALE

On March 31, 2021, the District closed in the sale of its \$3,485,000 Series 2021 Unlimited Refunding Bonds. Proceeds were used to refund: \$3,290,000 of the Series 2013 Bonds with maturities of 2032 - 2040, interest rates of 3.50% - 4.00% and a redemption date of April 1, 2021. The refunding resulted in gross debt service savings of \$640,752 and net present value savings of \$508,545.

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LAKE MUNICIPAL UTILITY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
JULY 31, 2021

LAKE MUNICIPAL UTILITY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JULY 31, 2021

	<u>Original and Final Budget</u>	<u>Actual</u>	Variance Positive (Negative)
REVENUES			
Property Taxes	\$ 625,000	\$ 782,497	\$ 157,497
Water Service	880,000	885,873	5,873
Wastewater Service	1,200,000	1,265,808	65,808
Penalty and Interest	45,000	48,208	3,208
Investment Revenues	12,000	805	(11,195)
Miscellaneous Revenues	400	40,222	39,822
TOTAL REVENUES	<u>\$ 2,762,400</u>	<u>\$ 3,023,413</u>	<u>\$ 261,013</u>
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 189,500	\$ 108,029	\$ 81,471
Contracted Services	597,000	604,145	(7,145)
Purchased Water Service	509,000	435,465	73,535
Purchased Wastewater Service	602,000	830,773	(228,773)
Utilities	76,000	74,974	1,026
Repairs and Maintenance	489,106	566,270	(77,164)
Other	201,000	236,057	(35,057)
TOTAL EXPENDITURES	<u>\$ 2,663,606</u>	<u>\$ 2,855,713</u>	<u>\$ (192,107)</u>
NET CHANGE IN FUND BALANCE	\$ 98,794	\$ 167,700	\$ 68,906
FUND BALANCE - AUGUST 1, 2020	<u>1,188,025</u>	<u>1,188,025</u>	<u> </u>
FUND BALANCE - JULY 31, 2021	<u>\$ 1,286,819</u>	<u>\$ 1,355,725</u>	<u>\$ 68,906</u>

See accompanying independent auditor's report.

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LAKE MUNICIPAL UTILITY DISTRICT
SUPPLEMENTARY INFORMATION REQUIRED BY THE
WATER DISTRICT FINANCIAL MANAGEMENT GUIDE
JULY 31, 2021

**LAKE MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED JULY 31, 2021**

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:	\$ 32.70	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	\$3.245	0001 and up
District employs winter averaging for wastewater usage?					_____ <u> X </u> Yes No

Total monthly charges per 10,000 gallons usage: Water: \$20.69 Wastewater: \$79.74 Surcharge: \$32.45

* Includes \$12.88 plus the prevailing garbage charge of \$19.57 plus \$0.25.

See accompanying independent auditor's report.

**LAKE MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED JULY 31, 2021**

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>
≤ ³ / ₄ "	<u> 2,022 </u>	<u> 2,005 </u>	x 1.0	<u> 2,005 </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> 2,019 </u>		<u> 2,070 </u>
Total Wastewater Connections	<u> 2,026 </u>	<u> 2,009 </u>	x 1.0	<u> 2,009 </u>

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

Gallons billed to customers:	130,059,000	Water Accountability Ratio: 87.6 % (Gallons billed and used/Gallons purchased)
Gallons purchased:	148,455,000	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, 2021**

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, 2021**

PROFESSIONAL FEES:	
Auditing	\$ 12,500
Engineering	34,413
Legal	<u>61,116</u>
TOTAL PROFESSIONAL FEES	<u>\$ 108,029</u>
PURCHASED SERVICES FOR RESALE:	
Purchased Water Service	\$ 435,465
Purchased Wastewater Service	<u>830,773</u>
TOTAL PURCHASED SERVICES FOR RESALE	<u>\$ 1,266,238</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 19,356
Operations and Billing	111,819
Solid Waste Disposal	<u>472,970</u>
TOTAL CONTRACTED SERVICES	<u>\$ 604,145</u>
UTILITIES	<u>\$ 74,974</u>
REPAIRS AND MAINTENANCE	<u>\$ 566,270</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 24,450
Election Costs	24,934
Insurance	14,604
Office Supplies and Postage	75,015
Payroll Taxes	1,871
Travel and Meetings	6,456
Other	<u>3,357</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 150,687</u>
OTHER EXPENDITURES:	
Laboratory Fees	\$ 65,907
Permit Fees	7,456
Regulatory Assessment	<u>10,842</u>
TOTAL OTHER EXPENDITURES	<u>\$ 84,205</u>
BOND ISSUANCE COSTS	<u>\$ 1,165</u>
TOTAL EXPENDITURES	<u>\$ 2,855,713</u>

See accompanying independent auditor's report.

**LAKE MUNICIPAL UTILITY DISTRICT
INVESTMENTS
JULY 31, 2021**

<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	\$ 1,252,283	\$ -0-
<u>DEBT SERVICE FUND</u>					
TexPool	XXXX0001	Varies	Daily	\$ 2,030,215	\$ -0-
TOTAL - ALL FUNDS				<u>\$ 3,282,498</u>	<u>\$ -0-</u>

See accompanying independent auditor's report.

**LAKE MUNICIPAL UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED JULY 31, 2021**

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
AUGUST 1, 2020	\$	21,197	\$	35,280
Adjustments to Beginning				
Balance		<u>(1,864)</u>	\$	19,333
			<u>(2,778)</u>	\$
				32,502
Original 2020 Tax Levy	\$	783,816	\$	1,175,723
Adjustment to 2020 Tax Levy		<u>783,816</u>		<u>1,175,723</u>
TOTAL TO BE				
ACCOUNTED FOR		\$	803,149	\$
				1,208,225
TAX COLLECTIONS:				
Prior Years	\$	8,695	\$	13,415
Current Year		<u>773,802</u>		<u>782,497</u>
			<u>1,160,702</u>	<u>1,174,117</u>
TAXES RECEIVABLE -				
JULY 31, 2021		<u>\$</u>	<u>20,652</u>	<u>\$</u>
				<u>34,108</u>
TAXES RECEIVABLE BY				
YEAR:				
2020	\$	10,014	\$	15,021
2019		4,583		6,875
2018		1,452		2,324
2017		917		1,513
2016		386		676
2015		381		799
2014		473		1,136
2013 and prior		<u>2,446</u>		<u>5,764</u>
TOTAL	\$	<u>20,652</u>	\$	<u>34,108</u>

See accompanying independent auditor's report.

**LAKE MUNICIPAL UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED JULY 31, 2021**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 391,907,708</u>	<u>\$ 375,198,742</u>	<u>\$ 350,619,822</u>	<u>\$ 345,374,513</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.30	\$ 0.30	\$ 0.32	\$ 0.33
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>\$ 0.50</u>	<u>\$ 0.52</u>	<u>\$ 0.53</u>
ADJUSTED TAX LEVY*	<u>\$ 1,959,539</u>	<u>\$ 1,875,994</u>	<u>\$ 1,823,222</u>	<u>\$ 1,830,485</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>98.72 %</u>	<u>99.39 %</u>	<u>99.79 %</u>	<u>99.87 %</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, 2021**

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
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			
	\$ 5,300,000	\$ 3,088,874	\$ 8,388,874

See accompanying independent auditor's report.

**LAKE MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
JULY 31, 2021**

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
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>\$ 3,260,000</u>	<u>\$ 2,084,000</u>	<u>\$ 5,344,000</u>

See accompanying independent auditor's report.

**LAKE MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
JULY 31, 2021**

SERIES - 2018 REFUNDING

Due During Fiscal Years Ending July 31	Principal Due September 1	Interest Due September 1/ March 1	Total
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>\$ 5,070,000</u>	<u>\$ 797,329</u>	<u>\$ 5,867,329</u>

See accompanying independent auditor's report.

**LAKE MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
JULY 31, 2021**

SERIES - 2021 REFUNDING

Due During Fiscal Years Ending July 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2022	\$	\$ 72,562	\$ 72,562
2023	20,000	72,263	92,263
2024	20,000	71,662	91,662
2025	20,000	71,063	91,063
2026	20,000	70,462	90,462
2027	20,000	69,863	89,863
2028	20,000	69,362	89,362
2029	20,000	68,963	88,963
2030	20,000	68,562	88,562
2031	20,000	68,163	88,163
2032	280,000	65,162	345,162
2033	295,000	59,413	354,413
2034	305,000	53,413	358,413
2035	315,000	47,213	362,213
2036	320,000	40,863	360,863
2037	335,000	34,312	369,312
2038	345,000	27,513	372,513
2039	360,000	20,236	380,236
2040	370,000	12,481	382,481
2041	380,000	4,275	384,275
2042			
2043			
2044			
2045			
2046			
	<u>\$ 3,485,000</u>	<u>\$ 1,067,806</u>	<u>\$ 4,552,806</u>

See accompanying independent auditor's report.

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**LAKE MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
JULY 31, 2021**

ANNUAL REQUIREMENTS
FOR ALL SERIES

Due During Fiscal Years Ending July 31	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2022	\$ 430,000	\$ 479,937	\$ 909,937
2023	490,000	470,638	960,638
2024	510,000	459,856	969,856
2025	525,000	447,479	972,479
2026	545,000	433,394	978,394
2027	565,000	417,479	982,479
2028	580,000	400,481	980,481
2029	600,000	383,060	983,060
2030	620,000	364,693	984,693
2031	635,000	345,067	980,067
2032	600,000	327,397	927,397
2033	625,000	311,976	936,976
2034	645,000	295,988	940,988
2035	670,000	279,426	949,426
2036	690,000	262,047	952,047
2037	715,000	243,650	958,650
2038	740,000	223,888	963,888
2039	770,000	202,648	972,648
2040	800,000	180,318	980,318
2041	825,000	156,925	981,925
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>\$ 17,115,000</u>	<u>\$ 7,038,009</u>	<u>\$ 24,153,009</u>

See accompanying independent auditor's report.

**LAKE MUNICIPAL UTILITY DISTRICT
CHANGE IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED JULY 31, 2021**

Description	Original Bonds Issued	Bonds Outstanding August 1, 2020
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	3,285,000
Lake Municipal Utility District Unlimited Tax Refunding Bonds - Series 2018	5,815,000	5,640,000
Lake Municipal Utility District Unlimited Tax Refunding Bonds - Series 2021	<u>3,485,000</u>	<u> </u>
TOTAL	<u>\$ 21,225,000</u>	<u>\$ 17,515,000</u>
Debt Service Fund cash and investment balances as of July 31, 2021:		<u>\$ 2,113,221</u>
Average annual debt service payment (principal and interest) for remaining term of all debt:		<u>\$ 966,120</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. be used for refunding bonds.

See accompanying independent auditor's report.

<u>Current Year Transactions</u>				
<u>Bonds Sold</u>	<u>Retirements</u>		<u>Bonds Outstanding July 31, 2021</u>	<u>Paying Agent</u>
	<u>Principal</u>	<u>Interest</u>		
\$	\$ 3,290,000	\$ 122,173	\$ - 0 -	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	96,175	3,260,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	570,000	144,356	5,070,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
<u>3,485,000</u>			<u>3,485,000</u>	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
<u>\$ 3,485,000</u>	<u>\$ 3,885,000</u>	<u>\$ 539,798</u>	<u>\$ 17,115,000</u>	

Bond Authority:	<u>Unlimited Tax and Refunding Bonds*</u>
Amount Authorized by Voters	\$ 47,270,000
Amount Issued	<u>32,000,000</u>
Remaining to be Issued	<u>\$ 15,270,000</u>

See accompanying independent auditor's report.

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

	Amounts		
	2021	2020	2019
REVENUES			
Property Taxes	\$ 782,497	\$ 742,710	\$ 698,141
Water Service	885,873	890,005	908,670
Wastewater Service	1,265,808	1,280,905	1,180,315
Penalty and Interest	48,208	43,237	50,010
Investment Revenues	805	10,416	15,750
Miscellaneous Revenues	40,222	65,865	46,607
TOTAL REVENUES	<u>\$ 3,023,413</u>	<u>\$ 3,033,138</u>	<u>\$ 2,899,493</u>
EXPENDITURES			
Professional Fees	\$ 108,029	\$ 93,505	\$ 111,401
Contracted Services	604,145	585,465	577,423
Purchased Water Service	435,465	425,423	516,672
Purchased Wastewater Service	830,773	831,800	761,725
Utilities	74,974	72,431	75,628
Repairs and Maintenance	566,270	551,582	460,165
Other	236,057	195,578	169,307
Capital Outlay	-	77,751	73,925
TOTAL EXPENDITURES	<u>\$ 2,855,713</u>	<u>\$ 2,833,535</u>	<u>\$ 2,746,246</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 167,700</u>	<u>\$ 199,603</u>	<u>\$ 153,247</u>
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
NET CHANGE IN FUND BALANCE	\$ 167,700	\$ 199,603	\$ 153,247
BEGINNING FUND BALANCE	<u>1,188,025</u>	<u>988,422</u>	<u>835,175</u>
ENDING FUND BALANCE	<u><u>\$ 1,355,725</u></u>	<u><u>\$ 1,188,025</u></u>	<u><u>\$ 988,422</u></u>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2018	2017	2021	2020	2019	2018	2017
\$ 693,276	\$ 631,731	25.9 %	24.6 %	24.2 %	24.2 %	22.8 %
851,821	837,926	29.3	29.3	31.3	29.7	30.3
1,222,632	1,183,577	41.9	42.2	40.7	42.6	42.8
54,958	55,674	1.6	1.4	1.7	1.9	2.0
16,394	4,449		0.3	0.5	0.6	0.2
29,302	51,437	1.3	2.2	1.6	1.0	1.9
<u>\$ 2,868,383</u>	<u>\$ 2,764,794</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 170,311	\$ 109,223	3.6 %	3.1 %	3.8 %	5.9 %	4.0 %
543,318	519,548	20.0	19.3	19.9	18.9	18.8
542,013	546,519	14.4	14.0	17.8	18.9	19.8
770,721	762,643	27.5	27.4	26.3	26.9	27.6
73,127	75,345	2.4	2.4	2.6	2.5	2.7
535,812	438,644	18.7	18.2	15.9	18.7	15.9
168,550	152,695	7.8	6.4	5.8	5.9	5.5
135,473			2.6	2.5	4.7	
<u>\$ 2,939,325</u>	<u>\$ 2,604,617</u>	<u>94.4 %</u>	<u>93.4 %</u>	<u>94.6 %</u>	<u>102.4 %</u>	<u>94.3 %</u>
\$ (70,942)	\$ 160,177	5.6 %	6.6 %	5.4 %	(2.4) %	5.7 %
\$ -0-	\$ 68,447					
\$ (70,942)	\$ 228,624					
906,117	677,493					
<u>\$ 835,175</u>	<u>\$ 906,117</u>					

See accompanying independent auditor's report.

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

	Amounts		
	2021	2020	2019
REVENUES			
Property Taxes	\$ 1,174,117	\$ 1,114,814	\$ 1,118,081
Penalty and Interest	21,132	12,564	12,631
Investment Revenues	1,167	16,743	30,990
Miscellaneous Revenues	<u>1,719</u>	<u>5,207</u>	<u>21,031</u>
TOTAL REVENUES	<u>\$ 1,198,135</u>	<u>\$ 1,149,328</u>	<u>\$ 1,182,733</u>
EXPENDITURES			
Tax Collection Expenditures	\$ 46,784	\$ 41,331	\$ 37,970
Debt Service Principal	595,000	575,000	545,000
Debt Service Interest and Fees	542,548	557,945	531,555
Bond Issuance Costs	155,528		6,900
Payment to Refunded Bond Escrow Agent			
TOTAL EXPENDITURES	<u>\$ 1,339,860</u>	<u>\$ 1,174,276</u>	<u>\$ 1,121,425</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (141,725)</u>	<u>\$ (24,948)</u>	<u>\$ 61,308</u>
OTHER FINANCING SOURCES (USES)			
Refunding Bonds	\$ 3,485,000	\$	\$
Payment to Refunded Bond Escrow Agent	(3,300,181)		
Bond Discount	(50,559)		
Bond Premium	<u>21,268</u>		
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ 155,528</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
NET CHANGE IN FUND BALANCE	\$ 13,803	\$ (24,948)	\$ 61,308
BEGINNING FUND BALANCE	<u>2,100,682</u>	<u>2,125,630</u>	<u>2,064,322</u>
ENDING FUND BALANCE	<u>\$ 2,114,485</u>	<u>\$ 2,100,682</u>	<u>\$ 2,125,630</u>
TOTAL ACTIVE RETAIL WATER CONNECTIONS	<u>2,019</u>	<u>2,028</u>	<u>2,014</u>
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	<u>2,009</u>	<u>2,018</u>	<u>2,004</u>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2018	2017	2021	2020	2019	2018	2017
\$ 1,145,555	\$ 1,107,598	98.0 %	96.9 %	94.5 %	95.8 %	97.3 %
15,753	13,020	1.8	1.1	1.1	1.3	1.1
21,369	9,769	0.1	1.5	2.6	1.8	0.9
<u>13,642</u>	<u>8,492</u>	<u>0.1</u>	<u>0.5</u>	<u>1.8</u>	<u>1.1</u>	<u>0.7</u>
\$ 1,196,319	\$ 1,138,879	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
\$ 49,038	\$ 36,651	3.9 %	3.6 %	3.2 %	4.1 %	3.2 %
440,000	420,000	49.6	50.0	46.1	36.8	36.9
675,438	654,321	45.3	48.5	44.9	56.5	57.5
230,705		13.0		0.6	19.3	
<u>7,000</u>					<u>0.6</u>	
\$ 1,402,181	\$ 1,110,972	111.8 %	102.1 %	94.8 %	117.3 %	97.6 %
\$ (205,862)	\$ 27,907	<u>(11.8) %</u>	<u>(2.1) %</u>	<u>5.2 %</u>	<u>(17.3) %</u>	<u>2.4 %</u>
\$ 5,815,000	\$					
(5,494,430)						
(83,944)						
<u>236,626</u>	<u>- 0 -</u>					
\$ 30,764	\$ 27,907					
<u>2,033,558</u>	<u>2,005,651</u>					
\$ 2,064,322	\$ 2,033,558					
<u>2,002</u>	<u>2,017</u>					
<u>2,007</u>	<u>2,007</u>					

See accompanying independent auditor's report.

**LAKE MUNICIPAL UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
JULY 31, 2021**

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

District Telephone Number - (713) 739-1060

Board Members	Term of Office (Elected or <u>Appointed</u>)	Fees of Office for the year ended <u>July 31, 2021</u>	Expense Reimbursements for the year ended <u>July 31, 2021</u>	<u>Title</u>
Kathleen Witkowski	05/20 05/24 (Elected)	\$ 6,600	\$ 254	President
Kenneth J. Sandor	05/18 05/22 (Elected)	\$ 6,900	\$ 1,550	Vice President
Alias Jones	05/18 05/22 (Elected)	\$ 4,050	\$ -0-	Secretary
Shelia Crianza	05/20 05/24 (Elected)	\$ 3,150	\$ 1,512	Assistant Secretary
Linda Mason	05/20 05/24 (Elected)	\$ 2,100	\$ 974	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: November 20, 2020

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.

See accompanying independent auditor's report.

**LAKE MUNICIPAL UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
JULY 31, 2021**

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended July 31, 2021</u>	<u>Title</u>
Bacon, Wallace & Philbin, L.L.P.	11/14/90	\$ 73,583 \$ 36,120	General Counsel Bond Counsel
McCall Gibson Swedlund Barfoot PLLC	07/17/14	\$ 14,000	Auditor
District Data Services, Inc.	01/18/81	\$ 19,356	Bookkeeper
Langford Engineering, Inc.	02/14/13	\$ 34,413	Engineer
Rathmann & Associates, L.P.	04/09/03	\$ 45,063	Financial Advisor
Texas Operations & Professional Services	06/30/12	\$ 620,668	Operator
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	03/03/15	\$ 8,009	Delinquent Tax Attorney
San Jacinto Tax Service Company, LLC	12/04/80	\$ 19,660	Tax Assessor/ Collector

See accompanying independent auditor's report.

