

Timber Lane Utility District

Information Required by Section 26.18, Texas Tax Code

Date: August 27, 2021

(1) Name of each member of the governing body:

Daniel M. Meacham
Robert B. Schenck
James F. Messer
A.F. (Bud) Gessel
Eric Langstaff

(2) Mailing address, e-mail address, and telephone number:

2727 Allen Parkway, Suite 1100
Houston, Texas 77019
713-652-6500
94056@smithmur.com

(3) Official contact information for each member of the governing body:

Same as Item (2) above.

(4) District's budget for the preceding two years:

See attached budgets for fiscal years ended June 30, 2020 and 2021.

(5) Proposed or adopted budget for the current year:

See attached budget for fiscal year ending June 30, 2022.

(6) Change in amount of District budget from the preceding year to current year, by dollar amount and percentage:

<u>2021 Budget Revenues</u>	<u>2022 Budget Revenues</u>	<u>\$ Amt of Change</u>	<u>% Change</u>
\$8,990,000	\$9,730,000	\$740,000	8.23136%

(7) Amount of property tax revenue budgeted for maintenance and operations for the preceding two years and the current year:

See attached budgets.

(8) Amount of property tax revenue budgeted for debt service for the preceding two years and the current year:

The District does not budget for debt service.

(9) Tax rate for maintenance and operations adopted by the taxing unit for the preceding two years:

2020: \$0.38

2019: \$0.38

(10) The tax rate for debt service adopted by the taxing unit for the preceding two years:

2020: \$0.51

2019: \$0.51

(11) This information required by Section 26.18 is applicable only to school districts.

(12) Tax rate for maintenance and operations proposed by the taxing unit for the current year:

As of the date of this report, no proposed tax rate has been established for the current year.

(13) Tax rate for debt service proposed by the taxing unit for the current year:

As of the date of this report, no proposed tax rate has been established for the current year.

(14) This information required by Section 26.18 is applicable only to school districts.

(15) The most recent financial audit of the District.

See attached.

TIMBER LANE U.D. BUDGET
For Year Ending JUNE 30, 2020

	BUDGET 06/30/19	Actual 11 months	Projected 12 months	FISCAL YEAR ENDING 06/30/20
INCOME:				
Water Revenue	1,500,000	1,385,061	1,510,975	1,500,000
Sewer Revenue	1,300,000	1,222,550	1,333,691	1,350,000
Penalties/ Other water revenues	175,000	173,126	188,864	200,000
Tap Fees	124,500	43,160	47,084	50,000
Sewer Inspection Fees	65,000	13,223	14,425	25,000
N.H.C.R.W.A. fees	1,700,000	1,539,952	1,679,947	2,000,000
Interest earned	50,000	143,941	157,026	150,000
Maintenance Tax Revenues	2,500,000	2,673,521	2,916,569	2,800,000
Sales Tax Revenue (C.O.H.)	145,000	112,707	122,953	145,000
Miscellaneous Revenue	50,000	71,994	78,539	50,000
Total Income	7,609,500	7,379,234	8,050,073	8,270,000
EXPENSES:				
Sludge Hauling	150,000	150,229	163,886	175,000
Director Fees	36,000	32,700	35,673	36,000
Payroll Taxes	3,500	4,501	4,910	3,500
Legal Fees	100,000	109,944	119,939	120,000
Electronic Records Mgmt	15,000	15,000	16,364	15,000
Auditing Fees	18,000	18,300	19,964	20,000
Engineering Fees	150,000	111,328	121,449	150,000
Engineering Fees (Park)	50,000	19,299	21,053	50,000
Engineering Fees (WWTP Permit)	25,000	0	0	25,000
Laboratory Expense	100,000	81,311	88,703	100,000
Permit Fees	50,000	43,556	47,516	50,000
N.H.C.R.W.A assessment	1,700,000	1,672,153	1,824,166	2,000,000
Operators Fees	310,000	271,946	296,669	310,000
Bookkeeping Fees	51,000	46,769	51,020	51,000
Repairs & Maintenance	850,000	594,194	648,211	800,000
R/M Detention Ponds (Champions)	320,000	292,711	319,321	325,000
Park Maint/ Operations (incl bldg maint)	300,000	285,220	311,149	350,000
Membership Fee/ Travel Expenses	30,000	30,388	33,151	35,000
Office Expenses	125,000	90,375	98,591	125,000
Chemicals	17,500	21,746	23,723	30,000
Utilities (all)	310,000	281,540	307,134	325,000
Insurance/Bonds	70,000	83,843	91,466	85,000
Recon/Discon /Serv Agreements	50,000	38,689	42,206	50,000
Tap Connection Expense	62,250	15,355	16,751	25,000
Sewer Inspection Expense	32,500	7,768	8,474	12,500
Costs for G.I.S.	12,000	7,200	7,855	12,000
Law Enforcement Services	950,000	847,374	924,408	1,000,000
Land Purchase	0	0	0	0
Park Projects	1,000,000	40,500	44,182	1,000,000
District Projects	350,000	269,323	293,806	400,000
Sink Hole	50,000	0	0	50,000
Publication & Legal Notice/Election	2,500	1,501	1,638	2,500
Water Conservation Ed	10,000	0	0	10,000
General Manager Parks	42,250	34,170	37,276	42,250
Miscellaneous Expenses **	50,000	59,133	64,509	50,000
Total Expense	7,392,500	5,578,066	6,085,162	7,834,750
SURPLUS (DEFICIT)	217,000	1,801,168	1,964,911	435,250

TIMBER LANE U.D. BUDGET
For Year Ending JUNE 30, 2021

	adopted FISCAL YEAR ENDING 06/30/21
INCOME:	
Water Revenue	1,500,000
Sewer Revenue	1,350,000
Penalties/ Other water revenues	200,000
Tap Fees	150,000
Sewer Inspection Fees	45,000
N.H.C.R.W.A. fees	2,200,000
Interest earned	150,000
Maintenance Tax Revenues	3,200,000
Sales Tax Revenue (C.O.H.)	145,000
Miscellaneous Revenue	50,000
Total Income	8,990,000
EXPENSES:	
Sludge Hauling	175,000
Director Fees	36,000
Payroll Taxes	5,000
Legal Fees	120,000
Electronic Records Mgmt	0
Auditing Fees	25,000
Engineering Fees	150,000
Engineering Fees (Park)	50,000
Engineering Fees (WWTP Permit)	25,000
Laboratory Expense	225,000
Permit Fees	50,000
N.H.C.R.W.A assessment	2,200,000
Operators Fees	310,000
Bookkeeping Fees	51,000
Repairs & Maintenance	900,000
R/M Detention Ponds (Champions)	450,000
Park Maint/ Operations (incl bldg maint)	450,000
Membership Fee/ Travel Expenses	35,000
Office Expenses	125,000
Chemicals	30,000
Utilities (all)	325,000
Insurance/Bonds	100,000
Recon/Discon /Serv Agreements	50,000
Tap Connection Expense	75,000
Sewer Inspection Expense	22,500
Costs for G.I.S.	12,000
Law Enforcement Services	1,000,000
Land Purchase	0
Park Projects	1,000,000
District Projects	400,000
Sink Hole	0
Publication & Legal Notice/Election	2,500
Water Conservation Ed	10,000
General Manager Parks	42,250
Miscellaneous Expenses **	50,000
Total Expense	8,501,250
SURPLUS (DEFICIT)	488,750

TIMBER LANE U.D. BUDGET
For Year Ending JUNE 30, 2022

	BUDGET 06/30/21	Actual 10 months	Projected 12 months	Proposed FISCAL YEAR ENDING 06/30/22
INCOME:				
Water Revenue	1,500,000	1,301,177	1,561,412	1,400,000
Sewer Revenue	1,350,000	1,361,559	1,633,871	1,450,000
Penalties/ Other water revenues	200,000	133,460	160,152	200,000
Tap Fees	150,000	1,142,870	1,371,444	200,000
Sewer Inspection Fees	45,000	140,302	168,362	50,000
N.H.C.R.W.A. fees	2,200,000	2,210,240	2,652,288	2,700,000
Interest earned	150,000	12,038	14,446	15,000
Maintenance Tax Revenues	3,200,000	3,292,919	3,951,502	3,500,000
Sales Tax Revenue (C.O.H.)	145,000	155,461	186,553	165,000
Miscellaneous Revenue	50,000	230,087	276,104	50,000
Total Income	8,990,000	9,980,112	11,976,135	9,730,000
EXPENSES:				
Sludge Hauling	175,000	177,385	212,862	210,000
Director Fees	36,000	30,000	36,000	36,000
Payroll Taxes	5,000	14,257	17,108	15,000
Legal Fees	120,000	83,487	100,184	0
Electronic Records Mgmt	0	0	0	0
Auditing Fees	25,000	19,300	23,160	25,000
Engineering Fees	150,000	138,136	165,763	150,000
Engineering Fees (Park)	50,000	46,384	55,661	50,000
Engineering Fees (WWTP Permit)	25,000	0	0	25,000
Laboratory Expense	225,000	141,900	170,280	150,000
Permit Fees	50,000	44,515	53,418	50,000
N.H.C.R.W.A assessment	2,200,000	2,388,006	2,865,607	2,700,000
Operators Fees	310,000	297,089	356,507	320,000
Bookkeeping Fees	51,000	46,600	55,920	51,000
Repairs & Maintenance	900,000	762,890	915,468	900,000
R/M Detention Ponds (Champions)	450,000	439,237	527,084	500,000
Park Maint/ Operations (incl bldg maint)	450,000	397,275	476,730	450,000
Membership Fee/ Travel Expenses	35,000	2,291	2,749	35,000
Office Expenses	125,000	99,711	119,653	125,000
Chemicals	30,000	2,431	2,917	30,000
Utilities (all)	325,000	343,567	412,281	325,000
Insurance/Bonds	100,000	103,094	123,713	150,000
Recon/Discon /Serv Agreements	50,000	32,969	39,562	40,000
Tap Connection Expense	75,000	440,128	528,154	100,000
Sewer Inspection Expense	22,500	99,159	118,991	25,000
Costs for G.I.S.	12,000	8,275	9,930	12,000
Law Enforcement Services	1,000,000	865,470	1,038,564	1,000,000
Land Purchase	0	0	0	0
Park Projects	1,000,000	991,546	1,189,855	1,747,000
District Projects	400,000	174,983	209,980	400,000
Sink Hole	0	0	0	0
Publication & Legal Notice/Election	2,500	0	0	2,500
Water Conservation Ed	10,000	0	0	10,000
General Manager Parks	42,250	34,170	41,004	42,250
Miscellaneous Expenses **	50,000	24,250	29,100	50,000
Total Expense	8,501,250	8,248,504	9,898,205	9,725,750
SURPLUS (DEFICIT)	488,750	1,731,608	2,077,930	4,250

TIMBER LANE UTILITY DISTRICT

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

JUNE 30, 2020

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Timber Lane Utility District
Harris County, Texas

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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



McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

October 29, 2020

**TIMBER LANE UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

Management's discussion and analysis of Timber Lane Utility District's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2020. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The basic financial statements include: (1) combined fund financial statements and government-wide financial statements and (2) notes to the financial statements. The combined fund financial statements and government-wide financial statements combine both: (1) the Statement of Net Position and Governmental Funds Balance Sheet and (2) the Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. This report also includes required and other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District's annual report includes two financial statements combining the government-wide financial statements and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the District's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The Statement of Net Position includes the District's assets, liabilities, and, if applicable, deferred inflows and outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

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

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has three governmental fund types. The General Fund accounts for resources not accounted for in another fund, customer service revenues, operating costs and general expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

**TIMBER LANE UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

FUND FINANCIAL STATEMENTS (Continued)

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

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The adjustments columns, the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities explains the differences between the two presentations and assists in understanding the differences between these two perspectives.

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information ("RSI"). The 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 \$23,871,203 as of June 30, 2020.

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

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

**TIMBER LANE UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2020	2019	Change Positive (Negative)
Current and Other Assets	\$ 24,753,423	\$ 25,854,422	\$ (1,100,999)
Capital Assets (Net of Accumulated Depreciation)	<u>63,223,425</u>	<u>52,330,920</u>	<u>10,892,505</u>
Total Assets	<u>\$ 87,976,848</u>	<u>\$ 78,185,342</u>	<u>\$ 9,791,506</u>
Deferred Outflows of Resources	\$ 511,505	\$ 581,284	\$ (69,779)
Due to Developer	\$ 7,456,851	\$ 1,018,819	\$ (6,438,032)
Long-Term Liabilities	54,109,371	54,709,379	600,008
Other Liabilities	<u>3,050,928</u>	<u>2,363,166</u>	<u>(687,762)</u>
Total Liabilities	<u>\$ 64,617,150</u>	<u>\$ 58,091,364</u>	<u>\$ (6,525,786)</u>
Net Position:			
Net Investment in Capital Assets	\$ 7,311,998	\$ 5,192,984	\$ 2,119,014
Restricted	5,229,849	5,404,090	(174,241)
Unrestricted	<u>11,329,356</u>	<u>10,078,188</u>	<u>1,251,168</u>
Total Net Position	<u>\$ 23,871,203</u>	<u>\$ 20,675,262</u>	<u>\$ 3,195,941</u>

The following table provides a summary of the District's operations for the years ending June 30, 2020, and June 30, 2019.

	Summary of Changes in the Statement of Activities		
	2020	2019	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 7,570,345	\$ 7,029,930	\$ 540,415
Charges for Services	5,724,794	4,899,379	825,415
Other Revenues	<u>1,266,338</u>	<u>832,769</u>	<u>433,569</u>
Total Revenues	<u>\$ 14,561,477</u>	<u>\$ 12,762,078</u>	<u>\$ 1,799,399</u>
Expenses for Services	<u>11,365,536</u>	<u>10,143,538</u>	<u>(1,221,998)</u>
Change in Net Position	\$ 3,195,941	\$ 2,618,540	\$ 577,401
Net Position, Beginning of Year	<u>20,675,262</u>	<u>18,056,722</u>	<u>2,618,540</u>
Net Position, End of Year	<u>\$ 23,871,203</u>	<u>\$ 20,675,262</u>	<u>\$ 3,195,941</u>

**TIMBER LANE UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of June 30, 2020, were \$21,995,917, an increase of \$1,442,539 from the prior year.

The General Fund fund balance increased by \$1,506,656, primarily due to tax and service revenues exceeding operating expenditures and capital costs.

The Debt Service Fund fund balance decreased by \$83,507, primarily due to the structure of the District's outstanding debt requirements.

The Capital Projects Fund fund balance decreased by \$2,865,688 due to capital expenditures and issuance costs exceeding proceeds received from the sale of bonds.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors did not amend the budget during the current fiscal year. Actual revenues were \$1,205,749 higher than budgeted, primarily due to higher than expected property tax, tap connection and inspection revenues and FEMA reimbursements. Actual expenditures were \$134,343 more than budgeted, primarily due to higher than expected repairs and maintenance and water authority assessments offset by lower than anticipated capital costs.

CAPITAL ASSETS

Capital assets as of June 30, 2020, total \$63,223,425 (net of accumulated depreciation) and include land, as well as the water, wastewater, drainage and recreational facilities. Significant capital asset activity during the current fiscal year included sanitary sewer rehabilitation to serve sections 2, 3 and 5, Cypress Creek pedestrian bridge, park trail and canopy structures adjacent to union pacific railroad, various land purchases, water, wastewater and drainage facilities to serve Arbor Trails, Section 3, Highland Glen, Section 4, Breckenridge West, Sections 1 and 2 as well as Breckenridge West, Detention, Phases 1 and 2. Current year construction in progress relates to the construction of the Timber Lane Community Center, various generator additions, Breckenridge West outfall channel and other park and trail improvements.

Capital Assets At Year-End, Net of Accumulated Depreciation

	2020	2019	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 3,603,809	\$ 3,444,821	\$ 158,988
Construction in Progress	7,723,747	4,114,880	3,608,867
Capital Assets, Net of Accumulated Depreciation:			
Water System	13,929,188	13,843,836	85,352
Wastewater System	19,923,973	19,004,386	919,587
Drainage System	14,684,621	9,447,213	5,237,408
Parks and Buildings	3,358,087	2,475,784	882,303
Total Net Capital Assets	<u>\$ 63,223,425</u>	<u>\$ 52,330,920</u>	<u>\$ 10,892,505</u>

**TIMBER LANE UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

LONG-TERM DEBT ACTIVITY

As of June 30, 2020, the District had total bond debt payable of \$53,730,000. The changes in the debt position of the District during the fiscal year ended June 30, 2020, are summarized as follows:

Bond Debt Payable, July 1, 2019	\$ 54,305,000
Add: Bond Sales - Series 2020 Bonds	2,200,000
Less: Bond Principal Paid	<u>2,775,000</u>
Bond Debt Payable, June 30, 2020	<u>\$ 53,730,000</u>

The District's bonds carry an underlying rating of "A2" from Moody's. The Series 2012 refunding, 2013 refunding and 2015 refunding bonds carry an insured rating of "AA" from Standard and Poor's by virtue of bond insurance issued by Assured Guaranty Municipal. The Series 2010 bonds carry an insured rating of "AA" by virtue of bond insurance issued by Assured Guaranty Corporation. The Series 2014, 2014A, 2014B refunding, 2015A, 2018A, 2019 refunding and 2020 bonds carry an insured rating of "AA" by virtue of bond insurance issued by Build America Mutual. The Series 2016 bonds have an insured rating of "Baa2" by virtue of bond insurance issued by National Public Finance Guarantee. The above ratings include all rating changes, if any, through June 30, 2020.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Timber Lane Utility District, c/o Smith Murdaugh Little & Bonham LLP, 2727 Allen Parkway, Suite 1100, Houston, Texas 77019.

TIMBER LANE UTILITY DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2020

	General Fund	Debt Service Fund
ASSETS		
Cash	\$ 10,458,450	\$ 4,946,611
Investments	269,225	1,070,374
Receivables:		
Property Taxes	108,028	176,064
Penalty and Interest on Delinquent Taxes		
Service Accounts	939,101	
Accrued Interest		1,549
Other	1,500	
Due from Other Funds	821,946	
Prepaid Costs	193,226	
Due from Other Governmental Units	54,105	
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	\$ 12,845,581	\$ 6,194,598
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Refunding Bonds	\$ -0-	\$ -0-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 12,845,581	\$ 6,194,598

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>
\$ 6,413,328	\$ 21,818,389 1,339,599	\$	\$ 21,818,389 1,339,599
	284,092		284,092
		94,482	94,482
	939,101		939,101
	1,549		1,549
	1,500		1,500
	821,946	(821,946)	
	193,226	27,380	220,606
	54,105		54,105
		3,603,809	3,603,809
		7,723,747	7,723,747
		<u>51,895,869</u>	<u>51,895,869</u>
<u>\$ 6,413,328</u>	<u>\$ 25,453,507</u>	<u>\$ 62,523,341</u>	<u>\$ 87,976,848</u>
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 511,505</u>	<u>\$ 511,505</u>
<u>\$ 6,413,328</u>	<u>\$ 25,453,507</u>	<u>\$ 63,034,846</u>	<u>\$ 88,488,353</u>

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

TIMBER LANE UTILITY DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2020

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	\$ 646,920	\$
Accrued Interest Payable		
Due to Developer		
Due to Other Funds		358,088
Security Deposits	896,685	
Accrued Interest at Time of Sale		1,767
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	\$ 1,543,605	\$ 359,855
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	\$ 108,028	\$ 176,064
FUND BALANCES		
Nonspendable:		
Prepaid Costs	\$ 193,226	\$
Restricted for Authorized Construction		
Restricted for Debt Service		5,658,679
Unassigned	11,000,722	
TOTAL FUND BALANCES	\$ 11,193,948	\$ 5,658,679
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 12,845,581	\$ 6,194,598
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 806,180	\$ 1,453,100	\$	\$ 1,453,100
		701,143	701,143
		7,456,851	7,456,851
463,858	821,946	(821,946)	
	896,685		896,685
	1,767	(1,767)	
		2,855,000	2,855,000
		51,254,371	51,254,371
<u>\$ 1,270,038</u>	<u>\$ 3,173,498</u>	<u>\$ 61,443,652</u>	<u>\$ 64,617,150</u>
<u>\$ -0-</u>	<u>\$ 284,092</u>	<u>\$ (284,092)</u>	<u>\$ -0-</u>
\$	\$ 193,226	\$ (193,226)	\$
5,143,290	5,143,290	(5,143,290)	
	5,658,679	(5,658,679)	
	11,000,722	(11,000,722)	
<u>\$ 5,143,290</u>	<u>\$ 21,995,917</u>	<u>\$ (21,995,917)</u>	<u>\$ -0-</u>
<u>\$ 6,413,328</u>	<u>\$ 25,453,507</u>		
		\$ 7,311,998	\$ 7,311,998
		5,229,849	5,229,849
		11,329,356	11,329,356
		<u>\$ 23,871,203</u>	<u>\$ 23,871,203</u>

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

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

Total Fund Balances - Governmental Funds \$ 21,995,917

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

Prepaid bond insurance in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. 27,380

Interest paid in advance as part of a refunding bond sale is recorded as a deferred outflow in the governmental activities and systematically charged to interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter. 511,505

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. 63,223,425

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. 378,574

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

Due to Developer	\$ (7,456,851)	
Accrued Interest Payable	(699,376)	
Bonds Payable	<u>(54,109,371)</u>	<u>(62,265,598)</u>

Total Net Position - Governmental Activities \$ 23,871,203

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

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

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	\$ 3,215,975	\$ 4,325,182
Water Service	1,414,833	
Wastewater Service	1,365,909	
Sales Tax Revenues	141,520	
Regional Water Authority Fees	2,002,816	
Penalty and Interest	126,234	85,982
Tap Connection and Inspection Fees	576,469	
Investment Revenues	134,765	47,535
Grant and FEMA Revenues	418,230	
Miscellaneous Revenues	78,998	470
	<u>\$ 9,475,749</u>	<u>\$ 4,459,169</u>
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 443,604	\$ 23,183
Contracted Services	1,352,980	193,010
Utilities	305,738	
Regional Water Authority Assessment	2,211,917	
Repairs and Maintenance	1,908,529	
Depreciation		
Other	1,096,860	8,182
Capital Outlay	649,465	
Developer Interest		
Debt Service:		
Bond Principal		2,775,000
Bond Interest		1,543,301
Bond Issuance Costs		
	<u>\$ 7,969,093</u>	<u>\$ 4,542,676</u>
EXCESS (DEFICIENCY) OF REVENUES OVER		
EXPENDITURES/EXPENSES	<u>\$ 1,506,656</u>	<u>\$ (83,507)</u>
OTHER FINANCING SOURCES (USES)		
Long-Term Debt Issued	\$	\$
Bond Premium		
	<u>\$ -0-</u>	<u>\$ -0-</u>
NET CHANGE IN FUND BALANCES	<u>\$ 1,506,656</u>	<u>\$ (83,507)</u>
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - JULY 1, 2019	<u>9,687,292</u>	<u>5,742,186</u>
FUND BALANCES/NET POSITION - JUNE 30, 2020	<u><u>\$ 11,193,948</u></u>	<u><u>\$ 5,658,679</u></u>

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 7,541,157	\$ 29,188	\$ 7,570,345
	1,414,833		1,414,833
	1,365,909		1,365,909
	141,520		141,520
	2,002,816		2,002,816
	212,216	11,031	223,247
	576,469		576,469
12,932	195,232		195,232
843,408	1,261,638	(270,000)	991,638
	79,468		79,468
<u>\$ 856,340</u>	<u>\$ 14,791,258</u>	<u>\$ (229,781)</u>	<u>\$ 14,561,477</u>
\$	\$ 466,787	\$	\$ 466,787
	1,545,990		1,545,990
	305,738		305,738
	2,211,917		2,211,917
	1,908,529		1,908,529
		1,786,605	1,786,605
70,887	1,175,929		1,175,929
5,591,613	6,241,078	(6,241,078)	
66,337	66,337		66,337
	2,775,000	(2,775,000)	
	1,543,301	144,412	1,687,713
209,991	209,991		209,991
<u>\$ 5,938,828</u>	<u>\$ 18,450,597</u>	<u>\$ (7,085,061)</u>	<u>\$ 11,365,536</u>
<u>\$ (5,082,488)</u>	<u>\$ (3,659,339)</u>	<u>\$ 6,855,280</u>	<u>\$ 3,195,941</u>
\$ 2,200,000	\$ 2,200,000	\$ (2,200,000)	\$
16,800	16,800	(16,800)	
<u>\$ 2,216,800</u>	<u>\$ 2,216,800</u>	<u>\$ (2,216,800)</u>	<u>\$ -0-</u>
\$ (2,865,688)	\$ (1,442,539)	\$ 1,442,539	\$
		3,195,941	3,195,941
8,008,978	23,438,456	(2,763,194)	20,675,262
<u>\$ 5,143,290</u>	<u>\$ 21,995,917</u>	<u>\$ 1,875,286</u>	<u>\$ 23,871,203</u>

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

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

Net Change in Fund Balances - Governmental Funds	\$ (1,442,539)
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.	29,188
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.	11,031
Contributions due from another governmental entity are not considered a current financial resource in the governmental funds, but are reported as revenues in the Statement of Activities.	(270,000)
Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.	(1,786,605)
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.	6,241,078
Governmental funds report bond premiums as an other financing sources in the year received. However, in the Statement of Net Position, bond premiums are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities.	(16,800)
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.	2,775,000
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.	(144,412)
Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in the Statement of Net Position.	(2,200,000)
Change in Net Position - Governmental Activities	<u>\$ 3,195,941</u>

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

TIMBER LANE UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1. CREATION OF DISTRICT

Timber Lane Utility District, of Harris County, Texas (the “District”) was created in 1969 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 collection and disposal, including recycling, and to construct parks and recreational facilities for the residents of the District. The District is also empowered to contract for or employ its own peace officers with powers to make arrests and to establish, operate and maintain a fire department to perform all fire-fighting activities within the District. The Board of Directors held its first meeting on October 8, 1969 and sold its first series of bonds on August 9, 1971.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (“GASB”). In addition, the accounting records of the District are maintained generally in accordance with the *Water District Financial Management Guide* published by the Commission.

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

Financial Statement Presentation

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

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

TIMBER LANE UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

- Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

When both restricted and unrestricted resources are available for use, generally it is the District's policy to use restricted resources first.

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 by adjustment to obtain net total revenue and expense of the government-wide Statement of Activities.

Fund Financial Statements

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

TIMBER LANE UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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 it is 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.

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.

TIMBER LANE UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

Engineering fees and certain other costs are capitalized as part of the asset. In accordance with GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, interest costs are not capitalized as part of the asset but will be shown as an expenditure in the fund financial statements and as an expense in the government-wide financial statements

Assets are capitalized, including infrastructure assets, if they have an original cost greater than \$25,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Estimated useful lives are as follows:

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

Budgeting

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

Pensions

The District has one full time employee. Payments are made into the social security system for the employee. The Internal Revenue Service has determined that fees of office received by Directors are considered wages subject to federal income tax withholding for payroll tax purposes only. A separate pension plan has not been established for the directors or employee.

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

TIMBER LANE UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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. The District 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.

TIMBER LANE UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3. LONG-TERM DEBT

	<u>Series 2010</u>	<u>Refunding Series 2012</u>	<u>Refunding Series 2013</u>	<u>Series 2014</u>
Amounts Outstanding – June 30, 2020	\$ 565,000	\$ 795,000	\$ 4,405,000	\$ 1,675,000
Interest Rates	3.75% - 4.00%	3.00%	3.00% - 3.25%	4.00% - 4.25%
Maturity Dates – Serially Beginning/Ending	August 1, 2020/2024	August 1, 2020	August 1, 2020/2023, 2029/2030	August 1, 2020/2036
Interest Payment Dates	August 1/ February 1	August 1/ February 1	August 1/ February 1	August 1/ February 1
Callable Dates	August 1, 2018*	August 1, 2019*	August 1, 2019*	August 1, 2021*
	<u>Series 2014A</u>	<u>Refunding Series 2014B</u>	<u>Refunding Series 2015</u>	<u>Series 2015A</u>
Amounts Outstanding – June 30, 2020	\$ 1,200,000	\$ 4,590,000	\$ 8,275,000	\$ 5,300,000
Interest Rates	3.00% - 3.75%	2.00% - 3.00%	2.00% - 3.25%	2.00% - 3.75%
Maturity Dates – Serially Beginning/Ending	August 1, 2020/2030	August 1, 2020/2027	August 1, 2020/2034	August 1, 2020/2040
Interest Payment Dates	August 1/ February 1	August 1/ February 1	August 1/ February 1	August 1/ February 1
Callable Dates	August 1, 2021*	August 1, 2023*	August 1, 2022*	August 1, 2023*
	<u>Series 2016</u>	<u>Recreational Series 2018</u>	<u>Series 2018A</u>	<u>Refunding Series 2019</u>
Amounts Outstanding – June 30, 2020	\$ 5,500,000	\$ 3,000,000	\$ 6,375,000	\$ 9,850,000
Interest Rates	2.50% - 3.625%	3.00% - 3.50%	3.00% - 3.50%	3.00% - 4.00%
Maturity Dates – Serially Beginning/Ending	August 1, 2020/2040	August 1, 2020/2040	August 1, 2020/2040	August 1, 2020/2028
Interest Payment Dates	August 1/ February 1	August 1/ February 1	August 1/ February 1	August 1/ February 1
Callable Dates	August 1, 2023*	August 1, 2024*	August 1, 2024*	August 1, 2025*

TIMBER LANE UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3. LONG-TERM DEBT (Continued)

	Series 2020
Amounts Outstanding - June 30, 2020	\$ 2,200,000
Interest Rates	2.00% - 3.00%
Maturity Dates – Serially Beginning/Ending	August 1, 2021/2040
Interest Payment Dates	August 1/ February 1
Callable Dates	August 1, 2025*

* Or any date thereafter, at a price of par plus accrued interest on the principal amounts called to the date fixed for redemption. The Series 2013 bonds maturing August 1, 2023 and 2025 are term bonds and are scheduled for mandatory redemption beginning August 1, 2022 and 2024. The Series 2014 bonds maturing August 1, 2030, 2032, 2034 and 2036 are term bonds and are scheduled for mandatory redemption beginning August 1, 2025, 2031, 2033 and 2035, respectively. The Series 2014A bonds maturing August 1, 2024, 2026, 2028 and 2030 are term bonds and are scheduled for mandatory redemption beginning August 1, 2022, 2025, 2027 and 2029, respectively. The Series 2015 bonds maturing August 1, 2025 and 2027 are term bonds and are scheduled for mandatory redemption beginning August 1, 2023 and 2026, respectively. The Series 2015A bonds maturing August 1, 2030, 2032, 2034, 2037 and 2040 are term bonds and are scheduled for mandatory redemption beginning August 1, 2028, 2031, 2033, 2035 and 2038, respectively. The Series 2016 bonds maturing August 1, 2025, 2027, 2029, 2034 and 2040 are term bonds and are scheduled for mandatory redemption beginning August 1, 2024, 2026, 2028, 2033 and 2039, respectively. The Series 2018 bonds maturing August 1, 2036 and 2040 are term bonds and are scheduled for mandatory redemption beginning August 1, 2035 and 2037, respectively. The Series 2018A term bonds maturing August 1, 2040 are scheduled for mandatory redemption beginning August 1, 2036.

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

	July 1, 2019	Additions	Retirements	June 30, 2020
Bonds Payable	\$ 54,305,000	\$ 2,200,000	\$ 2,775,000	\$ 53,730,000
Unamortized Discounts	(86,014)		(10,657)	(75,357)
Unamortized Premiums	490,393	16,800	52,465	454,728
Bonds Payable, Net	\$ 54,709,379	\$ 2,216,800	\$ 2,816,808	\$ 54,109,371
		Amount Due Within One Year		\$ 2,855,000
		Amount Due After One Year		51,254,371
		Bonds Payable, Net		\$ 54,109,371

TIMBER LANE UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3. LONG-TERM DEBT (Continued)

As of June 30, 2020, the District had authorized but unissued bonds in the amount of \$26,000,000 for water, sanitary sewer and drainage bonds and \$20,542,369 for refunding bonds.

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

Fiscal Year	Principal	Interest	Total
2021	\$ 2,855,000	\$ 1,642,077	\$ 4,497,077
2022	3,000,000	1,561,293	4,561,293
2023	3,035,000	1,472,213	4,507,213
2024	3,085,000	1,380,299	4,465,299
2025	3,130,000	1,286,844	4,416,844
2026-2030	16,065,000	4,951,605	21,016,605
2031-2035	13,535,000	2,544,321	16,079,321
2036-2040	7,625,000	877,797	8,502,797
2041	1,400,000	24,469	1,424,469
	<u>\$ 53,730,000</u>	<u>\$ 15,740,918</u>	<u>\$ 69,470,918</u>

The bonds of the District 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 June 30, 2020, the District levied an ad valorem debt service tax rate of \$0.51 per \$100 of assessed valuation, which resulted in a tax levy of \$4,358,779 on the adjusted taxable valuation of \$854,662,447 for the 2019 tax year. The bond resolutions 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.

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.

TIMBER LANE UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4. SIGNIFICANT BOND RESOLUTION AND LEGAL REQUIREMENTS

The bond orders state that any profits received from the investment of any money in any fund or account created by the resolution shall be placed into such fund or account of the District.

The bond orders state that the District is required to provide continuing disclosure of annual financial information and operating data with respect to the District to the Municipal Securities Rulemaking Board. The information, along with the audited annual financial statements, is of the general type included in the annual audit report, and must be filed within six months after the end of each fiscal year of the District.

The District has covenanted that it will take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross proceeds of the bonds, within the meaning of Section 148(f) of the Internal Revenue Code, be rebated to the federal government. The minimum requirement for determination of the rebatable amount is on the five-year anniversary of each use.

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 \$22,034,980 and the bank balance was \$22,058,530. The District was not exposed to custodial credit risk at year-end. The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at June 30, 2020, as listed below:

	Cash	Certificates of Deposit	Total
	<u> </u>	<u> </u>	<u> </u>
GENERAL FUND	\$ 10,458,450	\$	\$ 10,458,450
DEBT SERVICE FUND	4,946,611	216,591	5,163,202
CAPITAL PROJECTS FUND	<u>6,413,328</u>	<u> </u>	<u>6,413,328</u>
TOTAL DEPOSITS	<u>\$ 21,818,389</u>	<u>\$ 216,591</u>	<u>\$ 22,034,980</u>

TIMBER LANE UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

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 and TexSTAR, external investment pools that are not SEC-registered. The State Comptroller of Public Accounts of the State of Texas has oversight of Texpool. Federated Investors, Inc. manages the daily operations of Texpool under a contract with the Comptroller. J.P. Morgan Investment Management Inc. provides investment management and FirstSouthwest, a division of Hilltop Securities Inc., provides participant services and marketing under an agreement with the TexSTAR Board of Directors. Custodial, fund accounting and depository services are provided by JPMorgan Chase Bank, N.A. and/or its subsidiary J.P. Morgan Investors Services Co. TexPool and TexSTAR measure their portfolio assets at amortized cost. As a result, the District also measures its investments in TexPool and TexSTAR at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from TexPool or TexSTAR. Certificates of deposit are valued at acquisition cost at the date of purchase.

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
TexPool	\$ 266,525	\$ 266,525
TexSTAR	2,700	2,700
<u>DEBT SERVICE FUND</u>		
TexPool	567,201	567,201
TexSTAR	286,582	286,582
Certificates of Deposit	216,591	216,591
TOTAL INVESTMENTS	\$ 1,339,599	\$ 1,339,599

TIMBER LANE UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2020, the District's investment in TexPool and TexSTAR were rated AAAM by Standard and Poor's. The District also manages credit risk by investing in certificates of deposit with balances below FDIC coverage. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investment in TexPool and TexSTAR to have a maturity of less than one year due to the fact the share position can usually be redeemed each day at the discretion of the District, unless there has been a significant change in value. The District also manages interest rate risk by investing in certificates of deposit with maturities of less than one year.

Restrictions

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

NOTE 6. CAPITAL ASSETS

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

	July 1, 2019	Increases	Decreases	June 30, 2020
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 3,444,821	\$ 158,988	\$	\$ 3,603,809
Construction in Progress	4,114,880	12,679,110	9,070,243	7,723,747
Total Capital Assets Not Being Depreciated	\$ 7,559,701	\$ 12,838,098	\$ 9,070,243	\$ 11,327,556
Capital Assets Subject to Depreciation				
Water System	\$ 22,504,961	\$ 569,383	\$	\$ 23,074,344
Wastewater System	30,655,765	1,629,007		32,284,772
Drainage System	16,032,067	5,669,380		21,701,447
Parks and Buildings	3,413,970	1,043,485		4,457,455
Total Capital Assets Subject to Depreciation	\$ 72,606,763	\$ 8,911,255	\$ - 0 -	\$ 81,518,018
Accumulated Depreciation				
Water System	\$ 8,661,125	\$ 484,031	\$	\$ 9,145,156
Wastewater System	11,651,379	709,420		12,360,799
Drainage System	6,584,854	431,972		7,016,826
Parks and Buildings	938,186	161,182		1,099,368
Total Accumulated Depreciation	\$ 27,835,544	\$ 1,786,605	\$ - 0 -	\$ 29,622,149
Total Depreciable Capital Assets, Net of Accumulated Depreciation	\$ 44,771,219	\$ 7,124,650	\$ - 0 -	\$ 51,895,869
Total Capital Assets, Net of Accumulated Depreciation	\$ 52,330,920	\$ 19,962,748	\$ 9,070,243	\$ 63,223,425

TIMBER LANE UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7. MAINTENANCE TAX

On August 12, 2000, the voters of the District approved the levy and collection of a maintenance tax not to exceed \$0.50 per \$100 of assessed valuation of taxable property within the District. This maintenance tax is to be used by the General Fund to pay expenditures of operating the District's waterworks and wastewater system. During the fiscal year ended June 30, 2020, the District levied an ad valorem maintenance tax rate of \$0.38 per \$100 of assessed valuation, which resulted in a tax levy of \$3,247,717 on the adjusted taxable valuation of \$854,662,447 for the 2019 tax year.

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.

NOTE 9. REGIONAL WATER AUTHORITY FEES

The North Harris County Regional Water Authority was created by House Bill 2965, Acts of the 76th Legislature, Regular Session 1999, and was confirmed by an election held on January 15, 2000. The Authority is a political subdivision of the State of Texas, governed by an elected five-member Board of Directors. The Authority is empowered to, among others powers, "acquire or develop surface water and groundwater supplies from sources inside of or outside of the boundaries of the authority and may conserve, store, transport, treat, purify, distribute, sell and deliver water to persons, corporations, municipal corporation, political subdivisions of the state, and others, inside of and outside of the boundaries of the authority." The Authority is also empowered to "establish fees and charges as necessary to enable the authority to fulfill the authority's regulatory obligations." The current fee is \$3.85 per 1,000 gallons. The District's well pumpage fees payable to the Authority for the year ended June 30, 2020 were \$2,211,917.

NOTE 10. STRATEGIC PARTNERSHIP AGREEMENT

Effective March 8, 2007, the District entered into a Strategic Partnership Agreement with the City of Houston, Texas. The agreement provides that in accordance with Subchapter F of Chapter 43 of the Local Government Code and Act, the City shall annex a tract of land defined as the "Subject Tract" for the limited purposes of applying the City's Planning, Zoning, Health and Safety Ordinances within the tract within the boundaries of the District. The District will continue to develop, to own, and to operate and maintain a water and wastewater system in the District. During the current fiscal year, the District recorded \$141,520 of sales tax revenue from the City of Houston, of which \$38,852 was recorded as a receivable at year end.

TIMBER LANE UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 11. INTERFUND PAYABLES AND RECEIVABLES

As of June 30, 2020, the District recorded interfund payables of \$327,888 in the Debt Service Fund for maintenance tax collections due to the General Fund and \$30,200 for issuance costs paid by the General Fund and \$463,858 in the Capital Projects Fund to reimburse the General Fund for bond issuance costs and various costs related to construction of assets.

NOTE 12. DISTRICT PARKS AND RECREATIONAL FACILITIES

The District contracted with the Texas A&M University College of Architecture, Department of Landscape Architecture and Urban Planning, for preparation of master plans in 2005-2007, 2014, 2015 and 2018 for a series of parks and trails that will connect recreational facilities within the District and will become a part of a Master Greenway Project (Cypress Creek Greenway) along Cypress Creek in north Harris County. The District is financing the parks and trails with proceeds from recreational facilities bonds, surplus operating revenues, and with grants from the Texas Parks & Wildlife Department (“TPWD”) and other state and local agencies. During the current year, the District received an Indoor Recreation Grant from the TPWD in the amount of \$546,783 from the TPWD for construction of the Timber Lane UD Community Center.

NOTE 13. BOND SALES

On February 13, 2020, the District closed on the sale of its Series 2020 Unlimited Tax Bonds in the amount of \$2,200,000. The District used proceeds of the bonds to pay for construction costs related to water, wastewater and drainage to serve Arbor Trails, Section 3, Highland Glen, Section 4, SWPP to serve Highland Glen, Section 4, various drainage improvements, land acquisition costs for Arbor Trails detention pond and related engineering. Additional proceeds were used to pay issuance costs of the bonds.

Subsequent to year-end, on or about November 24, 2020, the District anticipates closing on the sale of its \$3,560,000 Series 2020A Unlimited Tax Refunding Bonds. Proceeds from the sale will be used to refund and defease Series 2013 bonds in a principal amount of \$3,470,000. The effect of the refunding will obtain a gross savings of approximately \$299,279 and net present value savings of \$233,790.

NOTE 14. ECONOMIC UNCERTAINTIES

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

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TIMBER LANE UTILITY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2020

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

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	\$ 2,800,000	\$ 3,215,975	\$ 415,975
Water Service	1,500,000	1,414,833	(85,167)
Wastewater Service	1,350,000	1,365,909	15,909
Sales Tax Revenues	145,000	141,520	(3,480)
Regional Water Authority Fee	2,000,000	2,002,816	2,816
Penalty and Interest	200,000	126,234	(73,766)
Tap Connection and Inspection Fees	75,000	576,469	501,469
Investment Revenues	150,000	134,765	(15,235)
Miscellaneous/Grant/FEMA Revenues	50,000	497,228	447,228
TOTAL REVENUES	\$ 8,270,000	\$ 9,475,749	\$ 1,205,749
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 380,000	\$ 443,604	\$ (63,604)
Contracted Services	1,403,250	1,352,980	50,270
Utilities	325,000	305,738	19,262
Regional Water Authority Assessment	2,000,000	2,211,917	(211,917)
Repairs and Maintenance	1,525,000	1,908,529	(383,529)
Other	801,500	1,096,860	(295,360)
Capital Outlay	1,400,000	649,465	750,535
TOTAL EXPENDITURES	\$ 7,834,750	\$ 7,969,093	\$ (134,343)
NET CHANGE IN FUND BALANCE	\$ 435,250	\$ 1,506,656	\$ 501,478
FUND BALANCE - JULY 1, 2019	9,687,292	9,687,292	
FUND BALANCE - JUNE 30, 2020	\$ 10,122,542	\$ 11,193,948	\$ 501,478

See accompanying independent auditor's report.

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TIMBER LANE UTILITY DISTRICT
SUPPLEMENTARY INFORMATION REQUIRED BY THE
WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

JUNE 30, 2020

**TIMBER LANE UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED JUNE 30, 2020**

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

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

2. RETAIL SERVICE PROVIDERS

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

Based on the rate order effective March 9, 2017.

	<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:	\$ 13.25	5,000	N	\$ 1.85 \$ 2.25 \$ 2.60	5,001 to 10,000 10,001 to 18,000 18,001 and up
WASTEWATER:	\$ 14.25	5,000	N	\$ 1.50 \$ 1.70	5,001 to 10,000 10,001 and up
SURCHARGE: Regional Water Authority Fees				\$ 4.43	0001 and up

District employs winter averaging for wastewater usage? X
Yes No

Total monthly charges per 10,000 gallons usage: Water: \$22.50 Wastewater: \$21.75 Surcharges: \$44.30

See accompanying independent auditor's report.

**TIMBER LANE UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED JUNE 30, 2020**

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered			x 1.0	
≤¾"	6,370	6,251	x 1.0	6,251
1"	56	48	x 2.5	120
1½"	20	20	x 5.0	100
2"	32	30	x 8.0	240
3"	1	1	x 15.0	15
4"	4	3	x 25.0	75
6"	3	3	x 50.0	150
8"	3	3	x 80.0	240
10"			x 115.0	
Total Water Connections	<u>6,489</u>	<u>6,359</u>		<u>7,191</u>
Total Wastewater Connections	<u>6,440</u>	<u>6,307</u>	x 1.0	<u>6,307</u>

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

Gallons pumped into system: 503,729,000 Water Accountability Ratio: 89.35%
(Gallons billed/Gallons pumped)

Gallons billed to customers: 450,117,000

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED JUNE 30, 2020

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

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

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

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes X No _____

County in which District is located:

Harris County, Texas

Is the District located within a city?

Entirely _____ Partly _____ Not at all X

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

Entirely X Partly _____ Not at all _____

ETJ in which District is located:

City of Houston, Texas

Are Board Members appointed by an office outside the District?

Yes _____ No X

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2020

PROFESSIONAL FEES:	
Auditing	\$ 20,300
Engineering	291,174
Legal	<u>132,130</u>
TOTAL PROFESSIONAL FEES	<u>\$ 443,604</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 50,888
Operations and Billing	298,831
Security	962,257
Parks General Manager	<u>41,004</u>
TOTAL CONTRACTED SERVICES	<u>\$ 1,352,980</u>
UTILITIES	<u>\$ 305,738</u>
REPAIRS AND MAINTENANCE	<u>\$ 1,908,529</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 34,650
Dues	675
Election Costs	5,197
Insurance	84,164
Legal Notices	834
Office Supplies and Postage	98,477
Payroll Taxes	719
Travel and Meetings	<u>10,472</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 235,188</u>

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2020

CAPITAL OUTLAY		\$	<u>649,465</u>
TAP CONNECTIONS		\$	<u>230,227</u>
OTHER EXPENDITURES:			
Chemicals		\$	21,597
Laboratory Fees			243,274
Permit Fees			29,961
Inspection Fees			75,716
Regional Water Authority Assessment			2,211,917
Regulatory Assessment			13,543
Sludge Hauling			174,472
Other			<u>72,882</u>
TOTAL OTHER EXPENDITURES		\$	<u>2,843,362</u>
TOTAL EXPENDITURES		\$	<u><u>7,969,093</u></u>
Number of persons employed by the District	<u>1</u>	Full-Time	<u>-0-</u> Part-Time

See accompanying independent auditor's report.

**TIMBER LANE UTILITY DISTRICT
INVESTMENTS
JUNE 30, 2020**

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
<u>GENERAL FUND</u>					
TexPool	XXXX0002	Varies	Daily	\$ 266,525	\$
TexSTAR	XXXX2220	Varies	Daily	<u>2,700</u>	<u> </u>
TOTAL GENERAL FUND				<u>\$ 269,225</u>	<u>\$ - 0 -</u>
<u>DEBT SERVICE FUND</u>					
TexPool	XXXX0003	Varies	Daily	\$ 567,201	\$
TexSTAR	XXXX3330	Varies	Daily	286,582	
Certificate of Deposit	XXXX7961	1.85%	07/21/20	108,870	888
Certificate of Deposit	XXXX1717	1.85%	09/01/20	<u>107,721</u>	<u>661</u>
TOTAL DEBT SERVICE FUND				<u>\$ 1,070,374</u>	<u>\$ 1,549</u>
TOTAL - ALL FUNDS				<u><u>\$ 1,339,599</u></u>	<u><u>\$ 1,549</u></u>

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2020

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
JULY 1, 2019	\$	90,124		\$ 164,780
Adjustments to Beginning				
Balance		<u>(13,838)</u>	\$ 76,286	<u>(22,313)</u> \$ 142,467
Original 2019 Tax Levy	\$	2,740,474		\$ 3,678,004
Adjustment to 2019 Tax Levy		<u>507,243</u>	<u>3,247,717</u>	<u>680,775</u> <u>4,358,779</u>
TOTAL TO BE				
ACCOUNTED FOR		\$ 3,324,003		\$ 4,501,246
TAX COLLECTIONS:				
Prior Years	\$	25,720		\$ 43,524
Current Year		<u>3,190,255</u>	<u>3,215,975</u>	<u>4,281,658</u> <u>4,325,182</u>
TAXES RECEIVABLE -				
JUNE 30, 2020		<u>\$ 108,028</u>		<u>\$ 176,064</u>
TAXES RECEIVABLE BY				
YEAR:				
2019	\$	57,462		\$ 77,121
2018		13,557		21,386
2017		10,435		19,402
2016		7,870		13,625
2015		4,796		8,605
2014 and prior		<u>13,908</u>		<u>35,925</u>
TOTAL	\$	<u>108,028</u>		<u>\$ 176,064</u>

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2020

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
PROPERTY VALUATIONS:				
Land	\$ 162,952,711	\$ 161,570,329	\$ 157,193,392	\$ 135,961,980
Improvements	713,453,165	630,346,017	617,289,933	545,398,293
Personal Property	33,328,092	34,789,178	32,823,192	29,851,389
Exemptions	<u>(55,071,521)</u>	<u>(56,667,913)</u>	<u>(48,649,891)</u>	<u>(41,974,725)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 854,662,447</u>	<u>\$ 770,037,611</u>	<u>\$ 758,656,626</u>	<u>\$ 669,236,937</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.510	\$ 0.560	\$ 0.595	\$ 0.580
Maintenance	<u>0.380</u>	<u>0.355</u>	<u>0.320</u>	<u>0.335</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.890</u>	<u>\$ 0.915</u>	<u>\$ 0.915</u>	<u>\$ 0.915</u>
ADJUSTED TAX LEVY*	<u>\$ 7,606,496</u>	<u>\$ 7,045,843</u>	<u>\$ 6,941,708</u>	<u>\$ 6,123,518</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>98.23 %</u>	<u>99.50 %</u>	<u>99.57 %</u>	<u>99.65 %</u>

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

Maintenance Tax – Maximum Tax Rate of \$0.50 per \$100 of assessed valuation approved by voters on August 12, 2000. See also Note 7.

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2020

SERIES - 2010

Due During Fiscal Years Ending June 30	Principal Due August 1	Interest Due August 1/ February 1	Total
2021	\$ 100,000	\$ 20,475	\$ 120,475
2022	105,000	16,500	121,500
2023	110,000	12,200	122,200
2024	120,000	7,600	127,600
2025	130,000	2,600	132,600
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
	<u>\$ 565,000</u>	<u>\$ 59,375</u>	<u>\$ 624,375</u>

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2020

REFUNDING SERIES - 2012

Due During Fiscal Years Ending June 30	Principal Due August 1	Interest Due August 1/ February 1	Total
2021	\$ 795,000	\$ 11,925	\$ 806,925
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
	<u>\$ 795,000</u>	<u>\$ 11,925</u>	<u>\$ 806,925</u>

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2020

REFUNDING SERIES - 2013

Due During Fiscal Years Ending June 30	Principal Due August 1	Interest Due August 1/ February 1	Total
2021	\$ 460,000	\$ 133,925	\$ 593,925
2022	475,000	119,900	594,900
2023	185,000	109,769	294,769
2024	185,000	103,756	288,756
2025		100,750	100,750
2026		100,750	100,750
2027		100,750	100,750
2028		100,750	100,750
2029		100,750	100,750
2030	1,535,000	75,806	1,610,806
2031	1,565,000	25,431	1,590,431
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
	<u>\$ 4,405,000</u>	<u>\$ 1,072,337</u>	<u>\$ 5,477,337</u>

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2020

S E R I E S - 2 0 1 4

Due During Fiscal Years Ending June 30	Principal Due August 1	Interest Due August 1/ February 1	Total
2021	\$ 25,000	\$ 68,625	\$ 93,625
2022	25,000	67,625	92,625
2023	25,000	66,625	91,625
2024	25,000	65,625	90,625
2025	25,000	64,625	89,625
2026	25,000	63,625	88,625
2027	25,000	62,625	87,625
2028	25,000	61,625	86,625
2029	25,000	60,625	85,625
2030	50,000	59,125	109,125
2031	100,000	56,125	156,125
2032	150,000	51,125	201,125
2033	150,000	45,125	195,125
2034	150,000	39,031	189,031
2035	150,000	32,844	182,844
2036	350,000	22,313	372,313
2037	350,000	7,437	357,437
2038			
2039			
2040			
2041			
	<u>\$ 1,675,000</u>	<u>\$ 894,750</u>	<u>\$ 2,569,750</u>

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2020

S E R I E S - 2 0 1 4 A				
Due During Fiscal Years Ending June 30	Principal Due August 1	Interest Due August 1/ February 1	Total	
2021	\$ 100,000	\$ 38,125	\$	138,125
2022	100,000	35,125		135,125
2023	100,000	32,125		132,125
2024	100,000	29,125		129,125
2025	100,000	26,125		126,125
2026	100,000	23,000		123,000
2027	100,000	19,750		119,750
2028	125,000	15,938		140,938
2029	125,000	11,562		136,562
2030	125,000	7,031		132,031
2031	125,000	2,344		127,344
2032				
2033				
2034				
2035				
2036				
2037				
2038				
2039				
2040				
2041				
	\$ 1,200,000	\$ 240,250	\$	1,440,250

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2020

REFUNDING SERIES - 2014B

Due During Fiscal Years Ending June 30	Principal Due August 1	Interest Due August 1/ February 1	Total
2021	\$ 490,000	\$ 127,900	\$ 617,900
2022	480,000	115,800	595,800
2023	770,000	97,050	867,050
2024	775,000	73,875	848,875
2025	785,000	50,475	835,475
2026	440,000	32,100	472,100
2027	430,000	19,050	449,050
2028	420,000	6,300	426,300
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
	<u>\$ 4,590,000</u>	<u>\$ 522,550</u>	<u>\$ 5,112,550</u>

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2020

REFUNDING SERIES - 2015

Due During Fiscal Years Ending June 30	Principal Due August 1	Interest Due August 1/ February 1	Total
2021	\$ 70,000	\$ 250,894	\$ 320,894
2022	75,000	249,443	324,443
2023	100,000	247,194	347,194
2024	100,000	244,193	344,193
2025	100,000	241,194	341,194
2026	130,000	237,743	367,743
2027	180,000	233,094	413,094
2028	230,000	226,943	456,943
2029	780,000	211,794	991,794
2030	815,000	187,869	1,002,869
2031	800,000	163,644	963,644
2032	1,510,000	128,994	1,638,994
2033	1,480,000	83,219	1,563,219
2034	1,455,000	37,359	1,492,359
2035	450,000	7,312	457,312
2036			
2037			
2038			
2039			
2040			
2041			
	<u>\$ 8,275,000</u>	<u>\$ 2,750,889</u>	<u>\$ 11,025,889</u>

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2020

S E R I E S - 2 0 1 5 A

Due During Fiscal Years Ending June 30	Principal Due August 1	Interest Due August 1/ February 1	Total
2021	\$ 200,000	\$ 163,781	\$ 363,781
2022	200,000	159,781	359,781
2023	200,000	155,781	355,781
2024	200,000	151,531	351,531
2025	200,000	147,031	347,031
2026	200,000	142,281	342,281
2027	225,000	136,406	361,406
2028	200,000	130,031	330,031
2029	175,000	124,406	299,406
2030	150,000	119,531	269,531
2031	175,000	114,656	289,656
2032	200,000	108,781	308,781
2033	200,000	102,281	302,281
2034	275,000	94,391	369,391
2035	350,000	83,844	433,844
2036	350,000	71,812	421,812
2037	350,000	59,563	409,563
2038	375,000	46,875	421,875
2039	375,000	33,281	408,281
2040	375,000	19,219	394,219
2041	325,000	6,094	331,094
	<u>\$ 5,300,000</u>	<u>\$ 2,171,357</u>	<u>\$ 7,471,357</u>

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2020

S E R I E S - 2 0 1 6

Due During Fiscal Years Ending June 30	Principal Due August 1	Interest Due August 1/ February 1	Total
2021	\$ 250,000	\$ 165,344	\$ 415,344
2022	250,000	159,094	409,094
2023	250,000	152,219	402,219
2024	250,000	144,719	394,719
2025	250,000	137,219	387,219
2026	250,000	129,719	379,719
2027	250,000	122,219	372,219
2028	250,000	114,719	364,719
2029	250,000	107,219	357,219
2030	250,000	99,719	349,719
2031	250,000	92,219	342,219
2032	250,000	84,719	334,719
2033	250,000	77,219	327,219
2034	250,000	69,719	319,719
2035	250,000	62,219	312,219
2036	275,000	54,344	329,344
2037	275,000	45,922	320,922
2038	300,000	36,750	336,750
2039	300,000	26,812	326,812
2040	300,000	16,312	316,312
2041	300,000	5,437	305,437
	<u>\$ 5,500,000</u>	<u>\$ 1,903,862</u>	<u>\$ 7,403,862</u>

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2020

SERIES - 2018 RECREATIONAL

Due During Fiscal Years Ending June 30	Principal Due August 1	Interest Due August 1/ February 1	Total
2021	\$ 100,000	\$ 96,031	\$ 196,031
2022	100,000	93,031	193,031
2023	100,000	90,031	190,031
2024	100,000	87,031	187,031
2025	100,000	84,031	184,031
2026	100,000	81,031	181,031
2027	100,000	78,031	178,031
2028	100,000	75,031	175,031
2029	100,000	72,031	172,031
2030	100,000	69,031	169,031
2031	100,000	66,031	166,031
2032	150,000	62,188	212,188
2033	150,000	57,406	207,406
2034	150,000	52,531	202,531
2035	175,000	47,142	222,142
2036	175,000	41,234	216,234
2037	175,000	35,328	210,328
2038	225,000	28,438	253,438
2039	225,000	20,563	245,563
2040	225,000	12,688	237,688
2041	250,000	4,375	254,375
	<u>\$ 3,000,000</u>	<u>\$ 1,253,234</u>	<u>\$ 4,253,234</u>

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2020

S E R I E S - 2 0 1 8 A

Due During Fiscal Years Ending June 30	Principal Due August 1	Interest Due August 1/ February 1	Total
2021	\$ 225,000	\$ 203,969	\$ 428,969
2022	225,000	197,219	422,219
2023	225,000	190,469	415,469
2024	225,000	183,719	408,719
2025	225,000	176,969	401,969
2026	225,000	170,219	395,219
2027	225,000	163,469	388,469
2028	225,000	156,719	381,719
2029	225,000	149,969	374,969
2030	225,000	143,219	368,219
2031	225,000	136,328	361,328
2032	350,000	127,344	477,344
2033	375,000	115,781	490,781
2034	375,000	103,594	478,594
2035	400,000	90,750	490,750
2036	400,000	77,000	477,000
2037	400,000	63,000	463,000
2038	400,000	49,000	449,000
2039	400,000	35,000	435,000
2040	400,000	21,000	421,000
2041	400,000	7,000	407,000
	<u>\$ 6,375,000</u>	<u>\$ 2,561,737</u>	<u>\$ 8,936,737</u>

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2020

SERIES - 2019 REFUNDING

Due During Fiscal Years Ending June 30	Principal Due August 1	Interest Due August 1/ February 1	Total
2021	\$ 40,000	\$ 309,850	\$ 349,850
2022	865,000	296,275	1,161,275
2023	870,000	270,250	1,140,250
2024	905,000	243,625	1,148,625
2025	1,115,000	213,325	1,328,325
2026	1,495,000	166,700	1,661,700
2027	1,500,000	114,300	1,614,300
2028	1,540,000	68,700	1,608,700
2029	1,520,000	22,800	1,542,800
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
	<u>\$ 9,850,000</u>	<u>\$ 1,705,825</u>	<u>\$ 11,555,825</u>

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2020

SERIES - 2020

Due During Fiscal Years Ending June 30	Principal Due August 1	Interest Due August 1/ February 1	Total
2021	\$	\$ 51,233	\$ 51,233
2022	100,000	51,500	151,500
2023	100,000	48,500	148,500
2024	100,000	45,500	145,500
2025	100,000	42,500	142,500
2026	100,000	39,500	139,500
2027	100,000	37,000	137,000
2028	100,000	35,000	135,000
2029	100,000	33,000	133,000
2030	100,000	31,000	131,000
2031	100,000	29,000	129,000
2032	100,000	26,938	126,938
2033	100,000	24,812	124,812
2034	125,000	22,344	147,344
2035	125,000	19,531	144,531
2036	125,000	16,719	141,719
2037	125,000	13,828	138,828
2038	125,000	10,859	135,859
2039	125,000	7,812	132,812
2040	125,000	4,688	129,688
2041	125,000	1,563	126,563
	<u>\$ 2,200,000</u>	<u>\$ 592,827</u>	<u>\$ 2,792,827</u>

See accompanying independent auditor's report.

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TIMBER LANE UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2020

ANNUAL REQUIREMENTS
FOR ALL SERIES

Due During Fiscal Years Ending June 30	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2021	\$ 2,855,000	\$ 1,642,077	\$ 4,497,077
2022	3,000,000	1,561,293	4,561,293
2023	3,035,000	1,472,213	4,507,213
2024	3,085,000	1,380,299	4,465,299
2025	3,130,000	1,286,844	4,416,844
2026	3,065,000	1,186,668	4,251,668
2027	3,135,000	1,086,694	4,221,694
2028	3,215,000	991,756	4,206,756
2029	3,300,000	894,156	4,194,156
2030	3,350,000	792,331	4,142,331
2031	3,440,000	685,778	4,125,778
2032	2,710,000	590,089	3,300,089
2033	2,705,000	505,843	3,210,843
2034	2,780,000	418,969	3,198,969
2035	1,900,000	343,642	2,243,642
2036	1,675,000	283,422	1,958,422
2037	1,675,000	225,078	1,900,078
2038	1,425,000	171,922	1,596,922
2039	1,425,000	123,468	1,548,468
2040	1,425,000	73,907	1,498,907
2041	1,400,000	24,469	1,424,469
	<u>\$ 53,730,000</u>	<u>\$ 15,740,918</u>	<u>\$ 69,470,918</u>

See accompanying independent auditor's report.

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

Description	Original Bonds Issued	Bonds Outstanding July 1, 2019
Timber Lane Utility District Unlimited Tax Bonds - Series 2009	\$ 3,450,000	\$ 25,000
Timber Lane Utility District Unlimited Tax Park Bonds - Series 2010	1,200,000	655,000
Timber Lane Utility District Unlimited Tax Refunding Bonds - Series 2012	9,535,000	1,715,000
Timber Lane Utility District Unlimited Tax Refunding Bonds - Series 2013	9,310,000	4,705,000
Timber Lane Utility District Unlimited Tax Bonds - Series 2014	1,800,000	1,700,000
Timber Lane Utility District Unlimited Tax Bonds - Series 2014A	1,700,000	1,300,000
Timber Lane Utility District Unlimited Tax Refunding Bonds - Series 2014B	6,205,000	5,060,000
Timber Lane Utility District Unlimited Tax Refunding Bonds - Series 2015	8,965,000	8,345,000
Timber Lane Utility District Unlimited Tax Bonds - Series 2015A	6,100,000	5,500,000
Timber Lane Utility District Unlimited Tax Bonds - Series 2016	6,250,000	5,750,000
Timber Lane Utility District Unlimited Tax Recreational Bonds - Series 2018	3,100,000	3,100,000
Timber Lane Utility District Unlimited Tax Bonds - Series 2018A	6,600,000	6,600,000
Timber Lane Utility District Unlimited Tax Refunding Bonds - Series 2019	9,850,000	9,850,000
Timber Lane Utility District Unlimited Tax Bonds - Series 2020	<u>2,200,000</u>	<u> </u>
TOTAL	<u>\$ 76,265,000</u>	<u>\$ 54,305,000</u>

See accompanying independent auditor's report.

Current Year Transactions				Bonds Outstanding June 30, 2020	Paying Agent
Bonds Sold	Retirements				
	Principal	Interest			
\$	\$ 25,000	\$ 625	\$ - 0 -	Wells Fargo Bank N.A. Houston, TX	
	90,000	24,038	565,000	Wells Fargo Bank N.A. Houston, TX	
	920,000	37,650	795,000	Wells Fargo Bank N.A. Dallas, TX	
	300,000	143,825	4,405,000	Wells Fargo Bank N.A. Dallas, TX	
	25,000	69,625	1,675,000	Wells Fargo Bank N.A. Minneapolis, MN	
	100,000	40,625	1,200,000	Wells Fargo Bank N.A. Minneapolis, MN	
	470,000	139,850	4,590,000	Wells Fargo Bank N.A. Minneapolis, MN	
	70,000	252,294	8,275,000	Wells Fargo Bank N.A. Minneapolis, MN	
	200,000	167,781	5,300,000	Wells Fargo Bank N.A. Minneapolis, MN	
	250,000	170,969	5,500,000	Wells Fargo Bank N.A. Minneapolis, MN	
	100,000	99,031	3,000,000	Amegy Bank N.A. Houston, TX	
	225,000	210,718	6,375,000	Amegy Bank N.A. Houston, TX	
		186,270	9,850,000	Zions Bancorporation N.A. Houston, TX	
<u>2,200,000</u>			<u>2,200,000</u>	Zions Bancorporation N.A. Houston, TX	
<u>\$ 2,200,000</u>	<u>\$ 2,775,000</u>	<u>\$ 1,543,301</u>	<u>\$ 53,730,000</u>		

See accompanying independent auditor's report.

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

Bond Authority:	Tax Bonds	Refunding Bonds	Recreational Facilities Bonds
Amount Authorized by Voters	\$ 112,350,000	\$ 35,000,000	\$ 6,000,000
Amount Issued	86,350,000	14,457,631	6,000,000
Remaining to be Issued	\$ 26,000,000	\$ 20,542,369	\$ - 0 -
Debt Service Fund cash and investments balances as of June 30, 2020:			\$ 6,016,985
Average annual debt service payment (principal and interest) for remaining term of all debt:			\$ 3,308,139

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

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND – FIVE YEARS

	Amounts		
	2020	2019	2018
REVENUES			
Property Taxes	\$ 3,215,975	\$ 2,736,182	\$ 2,433,906
Water & Wastewater Service	2,780,742	2,700,165	2,695,398
Sales Tax Revenues	141,520	131,058	142,491
Regional Water Authority Fees	2,002,816	1,718,757	1,480,887
Penalty and Interest	126,234	193,719	151,615
Tap Connection and Inspection Fees	576,469	82,673	104,056
Investment Revenues	134,765	159,782	65,347
Miscellaneous/Grant/FEMA Revenues	497,228	258,167	117,260
TOTAL REVENUES	\$ 9,475,749	\$ 7,980,503	\$ 7,190,960
EXPENDITURES			
Professional Fees	\$ 443,604	\$ 250,942	\$ 331,748
Contracted Services	1,352,980	1,313,708	1,244,014
Utilities	305,738	322,119	329,770
Regional Water Authority Assessment	2,211,917	1,839,346	1,484,951
Repairs and Maintenance	1,908,529	1,395,551	1,438,509
Other	1,096,860	713,462	671,404
Capital Outlay	649,465	895,453	899,047
TOTAL EXPENDITURES	\$ 7,969,093	\$ 6,730,581	\$ 6,399,443
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 1,506,656	\$ 1,249,922	\$ 791,517
OTHER FINANCING SOURCES (USES)			
Transfers In(Out)	\$	\$	\$
Developer/Other Government Contributions		48,173	
TOTAL OTHER FINANCING SOURCES (USES)	\$ - 0 -	\$ 48,173	\$ - 0 -
NET CHANGE IN FUND BALANCE	\$ 1,506,656	\$ 1,298,095	\$ 791,517
BEGINNING FUND BALANCE	9,687,292	8,389,197	7,597,680
ENDING FUND BALANCE	\$ 11,193,948	\$ 9,687,292	\$ 8,389,197

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2017	2016	2020	2019	2018	2017	2016
\$ 2,240,896	\$ 1,921,526	34.1 %	34.5 %	33.9 %	30.2 %	28.8 %
2,675,390	2,750,503	29.3	33.8	37.5	35.9	41.3
144,399	144,262	1.5	1.6	2.0	1.9	2.2
1,309,670	1,118,312	21.1	21.5	20.6	17.6	16.7
173,243	182,268	1.3	2.4	2.1	2.3	2.7
680,430	322,715	6.1	1.0	1.4	9.1	4.8
13,199	9,165	1.4	2.0	0.9	0.2	0.1
205,245	228,645	5.2	3.2	1.6	2.8	3.4
<u>\$ 7,442,472</u>	<u>\$ 6,677,396</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 355,695	\$ 240,643	4.7 %	3.1 %	4.6 %	4.8 %	3.6 %
1,159,782	1,125,697	14.3	16.5	17.3	15.6	16.9
308,209	315,211	3.2	4.0	4.6	4.1	4.7
1,339,113	1,084,206	23.3	23.0	20.7	18.0	16.2
1,928,926	1,329,238	20.1	17.5	20.0	25.9	19.9
751,505	784,715	11.6	8.9	9.3	10.1	11.8
646,485	510,420	6.9	11.2	12.5	8.7	7.6
<u>\$ 6,489,715</u>	<u>\$ 5,390,130</u>	<u>84.1 %</u>	<u>84.2 %</u>	<u>89.0 %</u>	<u>87.2 %</u>	<u>80.7 %</u>
<u>\$ 952,757</u>	<u>\$ 1,287,266</u>	<u>15.9 %</u>	<u>15.8 %</u>	<u>11.0 %</u>	<u>12.8 %</u>	<u>19.3 %</u>
\$	\$ 40,270					
	480,542					
<u>\$ - 0 -</u>	<u>\$ 520,812</u>					
\$ 952,757	\$ 1,808,078					
6,644,923	4,836,845					
<u>\$ 7,597,680</u>	<u>\$ 6,644,923</u>					

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2020	2019	2018
REVENUES			
Property Taxes	\$ 4,325,182	\$ 4,330,448	\$ 4,520,237
Penalty and Interest	85,982	79,639	55,697
Interest on Investments	47,535	81,426	45,292
Miscellaneous Revenues	470	30	30
TOTAL REVENUES	\$ 4,459,169	\$ 4,491,543	\$ 4,621,256
EXPENDITURES			
Tax Collection Expenditures	\$ 217,525	\$ 212,966	\$ 190,671
Debt Service Principal	2,775,000	2,415,000	2,365,000
Debt Service Interest and Fees	1,550,151	1,650,904	1,553,225
Bond Issuance Costs		345,958	
Payment to Refunded Bond Escrow Agent		141,000	
TOTAL EXPENDITURES	\$ 4,542,676	\$ 4,765,828	\$ 4,108,896
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (83,507)	\$ (274,285)	\$ 512,360
OTHER FINANCING SOURCES (USES)			
Long-Term Debt Issued	\$	\$ 9,850,000	\$
Bond Premium		460,696	
Payment to Refunded Bond Escrow Agent		(9,968,380)	
TOTAL OTHER FINANCING SOURCES (USES)	\$ - 0 -	\$ 342,316	\$ - 0 -
NET CHANGE IN FUND BALANCE	\$ (83,507)	\$ 68,031	\$ 512,360
BEGINNING FUND BALANCE	5,742,186	5,674,155	5,161,795
ENDING FUND BALANCE	\$ 5,658,679	\$ 5,742,186	\$ 5,674,155
TOTAL ACTIVE RETAIL WATER CONNECTIONS	6,359	5,995	5,960
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	6,307	5,950	5,915

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2017	2016	2020	2019	2018	2017	2016
\$ 3,890,737	\$ 3,412,886	97.0 %	96.4 %	97.8 %	97.7 %	97.8 %
77,789	66,081	1.9	1.8	1.2	2.0	1.9
11,883	10,046	1.1	1.8	1.0	0.3	0.3
50	90					
<u>\$ 3,980,459</u>	<u>\$ 3,489,103</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 212,082	\$ 190,893	4.9 %	4.7 %	4.1 %	5.3 %	5.5 %
2,055,000	1,730,000	62.2	53.8	51.2	51.6	49.6
1,445,963	1,276,101	34.8	36.8	33.6	36.3	36.6
			7.7			
			3.1			
<u>\$ 3,713,045</u>	<u>\$ 3,196,994</u>	<u>101.9 %</u>	<u>106.1 %</u>	<u>88.9 %</u>	<u>93.2 %</u>	<u>91.7 %</u>
<u>\$ 267,414</u>	<u>\$ 292,109</u>	<u>(1.9) %</u>	<u>(6.1) %</u>	<u>11.1 %</u>	<u>6.8 %</u>	<u>8.3 %</u>
\$	\$ 90,891					
<u>\$ - 0 -</u>	<u>\$ 90,891</u>					
\$ 267,414	\$ 383,000					
<u>4,894,381</u>	<u>4,511,381</u>					
<u>\$ 5,161,795</u>	<u>\$ 4,894,381</u>					
<u>5,940</u>	<u>5,874</u>					
<u>5,895</u>	<u>5,846</u>					

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
JUNE 30, 2020

District Mailing Address - Timber Lane Utility District
c/o Smith, Murdaugh, Little & Bonham LLP
2727 Allen Parkway, Suite 1100
Houston, TX 77019

District Telephone Number - (713) 652-6500

Board Members	Term of Office (Elected or <u>Appointed</u>)	Fees of Office for the year ended <u>June 30, 2020</u>	Expense Reimbursements for the year ended <u>June 30, 2020</u>	<u>Title</u>
Daniel M. Meacham	05/20 05/24 (Elected)	\$ 6,600	\$ 2,954	President
Robert Schenck	05/18 05/22 (Elected)	\$ 7,200	\$ 11,637	Vice President
James F. Messer	05/18 05/22 (Elected)	\$ 7,200	\$ 2,443	Secretary
A. F. (Bud) Gessel	05/20 05/24 (Elected)	\$ 6,450	\$ 15,436	Assistant Secretary
Eric Langstaff	05/18 05/22 (Elected)	\$ 7,200	\$ 3,302	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: July 11, 2019.

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

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
JUNE 30, 2020

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended June 30, 2020</u>	<u>Title</u>
Smith, Murdaugh, Little & Bonham LLP	08/27/03	\$ 144,672 \$ 80,789 \$ 23,183	General Counsel/ Bond Counsel/ Delinquent Tax Attorney
McCall Gibson Swedlund Barfoot PLLC	06/10/14	\$ 18,500 \$ 8,050	Audit Bond/AUP Related
Van De Wiele & Vogler, Inc.	11/24/98	\$ 692,302	Engineer
Myrtle Cruz, Inc.	08/06/08	\$ 63,853	Bookkeeper
Masterson Advisors LLC	05/10/18	\$ 49,387	Financial Advisor
Bill Russell	11/14/13	\$ -0-	Investment Officer
Hays Utility South Corporation	07/22/90	\$ 1,023,903	Operator
Tammy Carby	04/10/97	\$ 130,450	Tax Collector
A. F. (Bud) Gessel	04/01/17	\$ 42,204	Parks General Manager

See accompanying independent auditor's report.