

Timber Lane Utility District

Information Required by Section 26.18, Texas Tax Code and
Section 2051.202, Texas Government Code

Date: July 13, 2022

(2022 directors/FYE 2023 budget/new operator)

(1) Name and term of office of each member of the governing body:

<u>Name</u>	<u>Term of Office</u>
Daniel M. Meacham	May 2020 – May 2024
Robert B. Schenck	May 2022 – May 2026
James F. Messer	May 2022 – May 2026
A.F. (Bud) Gessel	May 2020 – May 2024
Eric Langstaff	May 2022 – May 2026

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

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

(3) a. Official contact information for each member of the governing body:
Same as Item (2) above.

b. Name of General Manager or Executive Director: Not applicable.

c. Name, mailing address and telephone number of person representing District's utility operator:

Mike Potter	@ 08-01-2022
H2O Innovations	Mark Ivy
P. O. Box 1209	Marlon Ivy & Associates, Inc.
Spring, Texas 77373	P. O. Box 9
(281) 353-9756	Spring, Texas 77373
	(281) 651-1618

d. Name, mailing address and telephone number of person representing District's tax assessor-collector:

Tammy Carby
Utility Tax Service, LLC
11500 Northwest Freeway, Suite 150
Houston, Texas 77092
(713) 688-3855

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

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

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

<u>2022 Budget Revenues</u>	<u>2023 Budget Revenues</u>	<u>\$ Amt of Change</u>	<u>% Change</u>
\$9,730,000	\$10,882,500	\$1,152,500	11.8448098%

(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 current and preceding two years: 2021: \$0.34
2020: \$0.38
2019: \$0.38

(10) The tax rate for debt service adopted by the taxing unit for the current and preceding two years: 2021: \$0.55
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 audit.

(16) Rate of District's sales and use tax, if any: Not applicable.

(17) Notice of tax rate hearing required under Chapter 26, Tax Code or Section 49.236, Water Code: Notice of Tax Rate Hearing will be posted on the website when available.

(18) District's meeting schedule and location:
Monthly on the 2nd Tuesday at 6:00 p.m. at 1904 NapleCHASE Crest, Spring, Texas.

(19) Residents of the District have the right to request the designation of a meeting location within the District under Section 49.062(g), Water Code. A description of this process can be found at <https://www.tceq.texas.gov/assets/public/permitting/watersupply/districts/Form-20863.pdf>

(20) Notices of meetings and approved minutes from September 1, 2021 through the present. Please see the meetings/meeting documents area within this website for this information.

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 U.D.
Adopted Budget for Fiscal Year Ending June 30th, 2023

2023

Revenue :	Adopted Budget
Water Revenue	1,600,000.00
Sewer Revenue	1,700,000.00
Penalties/ Other water revenues	200,000.00
Tap Fees	200,000.00
Sewer Inspection Fees	50,000.00
N.H.C.R.W.A. fees	2,900,000.00
Interest earned	7,500.00
Maintenance Tax Revenues	4,000,000.00
Sales Tax Revenue (C.O.H.)	175,000.00
Miscellaneous Revenue	50,000.00
	10,882,500.00

Expenses :	Annual Budget
Sludge Hauling	225,000.00
Director Fees	36,000.00
Payroll Taxes	15,000.00
Legal Fees	175,000.00
Electronic Records Management	0.00
Auditing Fees	25,000.00
Engineering Fees	175,000.00
Engineering Fees (Park)	75,000.00
Engineering Fees (WWTP Permit)	25,000.00
Laboratory Expense	180,000.00
Permit Fees	50,000.00
N.H.C.R.W.A assessment	2,900,000.00
Operators Fees	375,000.00
Bookkeeping Fees	60,000.00
Repairs & Maintenance	1,250,000.00
R/M Detention Ponds (Champions)	510,000.00
Park Maint/ Operations (incl bldg maint)	475,000.00
Membership Fee/ Travel Expenses	35,000.00
Office Expenses	125,000.00
Chemicals	30,000.00
Utilities (all)	410,000.00
Insurance/Bonds	125,000.00
Recon/Discon /Serv Agreements	40,000.00
Tap Connection Expense	100,000.00
Sewer Inspection Expense	25,000.00
Costs for G.I.S.	9,600.00
Law Enforcement Services	1,200,000.00
Land Purchase	0.00
Park Projects	2,100,000.00
District Projects	300,000.00
Sink Hole	0.00
Publication & Legal Notice/Election	2,500.00
Water Conservation Ed	5,000.00
General Manager Parks	42,250.00
Miscellaneous Expenses	50,000.00
	11,150,350.00

TIMBER LANE UTILITY DISTRICT

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

JUNE 30, 2021

TIMBER LANE UTILITY DISTRICT

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

JUNE 30, 2021

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E-Mail: mgsb@mgsbpllc.com

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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Board of Directors
Timber Lane Utility District

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, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis 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 14, 2021

**TIMBER LANE UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

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, 2021. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District's annual report includes two financial statements combining the government-wide financial statements and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the District's overall status. Financial reporting at this level uses a perspective 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, 2021**

FUND FINANCIAL STATEMENTS (Continued)

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

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The adjustments columns, the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities 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 \$25,536,417 as of June 30, 2021.

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, 2021**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2021	2020	Change Positive (Negative)
Current and Other Assets	\$ 26,455,168	\$ 24,753,423	\$ 1,701,745
Capital Assets (Net of Accumulated Depreciation)	<u>73,115,394</u>	<u>63,223,425</u>	<u>9,891,969</u>
Total Assets	<u>\$ 99,570,562</u>	<u>\$ 87,976,848</u>	<u>\$ 11,593,714</u>
Deferred Outflows of Resources	<u>\$ 477,067</u>	<u>\$ 511,505</u>	<u>\$ (34,438)</u>
Due to Developer	\$ 7,816,035	\$ 7,456,851	\$ (359,184)
Long-Term Liabilities	63,951,299	54,109,371	(9,841,928)
Other Liabilities	<u>2,743,878</u>	<u>3,050,928</u>	<u>307,050</u>
Total Liabilities	<u>\$ 74,511,212</u>	<u>\$ 64,617,150</u>	<u>\$ (9,894,062)</u>
Net Position:			
Net Investment in Capital Assets	\$ 7,686,972	\$ 7,311,998	\$ 374,974
Restricted	5,252,617	5,229,849	22,768
Unrestricted	<u>12,596,828</u>	<u>11,329,356</u>	<u>1,267,472</u>
Total Net Position	<u>\$ 25,536,417</u>	<u>\$ 23,871,203</u>	<u>\$ 1,665,214</u>

The following table provides a summary of the District's operations for the years ending June 30, 2021, and June 30, 2020.

	Summary of Changes in the Statement of Activities		
	2021	2020	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 8,098,707	\$ 7,570,345	\$ 528,362
Charges for Services	6,981,165	5,724,794	1,256,371
Other Revenues	<u>380,553</u>	<u>1,266,338</u>	<u>(885,785)</u>
Total Revenues	<u>\$ 15,460,425</u>	<u>\$ 14,561,477</u>	<u>\$ 898,948</u>
Expenses for Services	<u>13,795,211</u>	<u>11,365,536</u>	<u>(2,429,675)</u>
Change in Net Position	\$ 1,665,214	\$ 3,195,941	\$ (1,530,727)
Net Position, Beginning of Year	<u>23,871,203</u>	<u>20,675,262</u>	<u>3,195,941</u>
Net Position, End of Year	<u>\$ 25,536,417</u>	<u>\$ 23,871,203</u>	<u>\$ 1,665,214</u>

**TIMBER LANE UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of June 30, 2021, were \$23,854,622, a increase of \$1,858,705 from the prior year.

The General Fund fund balance increased by \$1,216,441, primarily due to tax and service revenues exceeding operating expenditures and capital costs.

The Debt Service Fund fund balance decreased by \$76,291, primarily due to the structure of the District's outstanding debt requirements.

The Capital Projects Fund fund balance increased by \$718,555, primarily due to unspent proceeds from the Series 2021 bonds.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors did not amend the budget during the current fiscal year. Actual revenues were \$1,651,241 higher than budgeted, primarily due to higher than expected revenues across most categories. Actual expenditures were \$923,550 more than budgeted, primarily due to higher than expected costs across most categories with the exception of professional fees and capital outlay.

CAPITAL ASSETS

Capital assets as of June 30, 2021, total \$73,115,394 (net of accumulated depreciation) and include land, as well as the water, wastewater, drainage and recreational facilities. Significant capital asset activity completed during the current fiscal year included water, wastewater and drainage facilities to serve Breckenridge West, Sections 1, 2, 3, 4, 5, 6, 7, 8, 9, and 10 and Highland Glen, Section 5; Breckenridge West Detention, Phases 1 and 2; Breckenridge West Lift Station; Breckenridge West Force Main; Phase 1 Hike and Bike Trail in Cypress Creek Park; Timber Lane Community Center; and Generator additions for various locations.

Capital Assets At Year-End, Net of Accumulated Depreciation

	2021	2020	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 3,603,809	\$ 3,603,809	\$
Construction in Progress	2,088,873	7,723,747	(5,634,874)
Capital Assets, Net of Accumulated Depreciation:			
Water System	17,403,466	13,929,188	3,474,278
Wastewater System	24,070,232	19,923,973	4,146,259
Drainage System	20,051,555	14,684,621	5,366,934
Parks and Buildings	5,897,459	3,358,087	2,539,372
Total Net Capital Assets	<u>\$ 73,115,394</u>	<u>\$ 63,223,425</u>	<u>\$ 9,891,969</u>

**TIMBER LANE UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

LONG-TERM DEBT ACTIVITY

As of June 30, 2021, the District had total bond debt payable of \$63,465,000. The changes in the debt position of the District during the fiscal year ended June 30, 2021, are summarized as follows:

Bond Debt Payable, July 1, 2020	\$ 53,730,000
Add: Bond Sales	16,060,000
Less: Bond Principal Paid and Refunded	<u>6,325,000</u>
Bond Debt Payable, June 30, 2021	<u>\$ 63,465,000</u>

The District's bonds carry an underlying rating of "A2" from Moody's. The Series 2013 Refunding, 2015 Refunding, 2020A Refunding and 2021 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 Municipal Corp. The Series 2014, 2014A, 2014B Refunding, 2015A, 2018, 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, 2021.

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, 2021

	General Fund	Debt Service Fund
ASSETS		
Cash	\$ 12,048,247	\$ 4,952,192
Investments	269,463	1,073,707
Receivables:		
Property Taxes	162,442	246,548
Penalty and Interest on Delinquent Taxes		
Service Accounts	964,638	
Accrued Interest		279
Other	600	
Due from Other Funds	897,706	
Prepaid Costs	125,722	
Due from Other Governmental Units	66,217	
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	\$ 14,535,035	\$ 6,272,726
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Refunding Bonds	\$ -0-	\$ -0-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 14,535,035	\$ 6,272,726

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>
\$ 6,402,098	\$ 23,402,537	\$	\$ 23,402,537
	1,343,170		1,343,170
	408,990		408,990
		119,018	119,018
	964,638		964,638
	279		279
	600		600
	897,706	(897,706)	
	125,722	23,997	149,719
	66,217		66,217
		3,603,809	3,603,809
		2,088,873	2,088,873
		67,422,712	67,422,712
<u>\$ 6,402,098</u>	<u>\$ 27,209,859</u>	<u>\$ 72,360,703</u>	<u>\$ 99,570,562</u>
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 477,067</u>	<u>\$ 477,067</u>
<u>\$ 6,402,098</u>	<u>\$ 27,209,859</u>	<u>\$ 72,837,770</u>	<u>\$ 100,047,629</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, 2021

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	\$ 990,694	\$
Accrued Interest Payable		
Due to Developer		
Due to Other Funds		435,045
Security Deposits	971,510	
Accrued Interest at Time of Sale		8,745
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	\$ 1,962,204	\$ 443,790
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	\$ 162,442	\$ 246,548
FUND BALANCES		
Nonspendable:		
Prepaid Costs	\$ 125,722	\$
Restricted for Authorized Construction		
Restricted for Debt Service		5,582,388
Unassigned	12,284,667	
TOTAL FUND BALANCES	\$ 12,410,389	\$ 5,582,388
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 14,535,035	\$ 6,272,726
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>
\$ 77,592	\$ 1,068,286	\$	\$ 1,068,286
		704,082	704,082
		7,816,035	7,816,035
462,661	897,706	(897,706)	
	971,510		971,510
	8,745	(8,745)	
		3,195,000	3,195,000
		60,756,299	60,756,299
<u>\$ 540,253</u>	<u>\$ 2,946,247</u>	<u>\$ 71,564,965</u>	<u>\$ 74,511,212</u>
<u>\$ -0-</u>	<u>\$ 408,990</u>	<u>\$ (408,990)</u>	<u>\$ -0-</u>
\$	\$ 125,722	\$ (125,722)	\$
5,861,845	5,861,845	(5,861,845)	
	5,582,388	(5,582,388)	
	12,284,667	(12,284,667)	
<u>\$ 5,861,845</u>	<u>\$ 23,854,622</u>	<u>\$ (23,854,622)</u>	<u>\$ -0-</u>
<u>\$ 6,402,098</u>	<u>\$ 27,209,859</u>		
		\$ 7,686,972	\$ 7,686,972
		5,252,617	5,252,617
		12,596,828	12,596,828
		<u>\$ 25,536,417</u>	<u>\$ 25,536,417</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, 2021

Total Fund Balances - Governmental Funds \$ 23,854,622

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. 23,997

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. 477,067

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. 73,115,394

Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2020 and prior tax levies became part of recognized revenue in the governmental activities of the District. 528,008

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	\$ (7,816,035)	
Accrued Interest Payable	(695,337)	
Bonds Payable	<u>(63,951,299)</u>	<u>(72,462,671)</u>

Total Net Position - Governmental Activities \$ 25,536,417

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, 2021

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	\$ 3,403,505	\$ 4,570,304
Water Service	1,520,372	
Wastewater Service	1,524,474	
Sales Tax Revenues	157,803	
Regional Water Authority Fees	2,485,194	
Penalty and Interest	182,379	72,511
Tap Connection and Inspection Fees	1,013,896	
Investment Revenues	12,040	4,935
Grant and FEMA Revenues	203,217	
Miscellaneous Revenues	138,361	12,926
TOTAL REVENUES	\$ 10,641,241	\$ 4,660,676
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 323,616	\$ 11,062
Contracted Services	1,430,943	233,288
Utilities	371,954	
Regional Water Authority Assessment	2,608,594	
Repairs and Maintenance	2,312,570	
Depreciation		
Other	1,338,620	16,572
Capital Outlay	1,038,503	
Developer Interest		
Debt Service:		
Bond Principal		2,855,000
Bond Interest		1,599,686
Bond Issuance Costs		148,199
Payment to Refunded Bond Escrow Agent		30,000
TOTAL EXPENDITURES/EXPENSES	\$ 9,424,800	\$ 4,893,807
EXCESS (DEFICIENCY) OF REVENUES OVER		
EXPENDITURES/EXPENSES	\$ 1,216,441	\$ (233,131)
OTHER FINANCING SOURCES (USES)		
Long-Term Debt Issued	\$	\$
Refunding Bonds		3,560,000
Payment to Refunded Bond Escrow Agent		(3,477,592)
Bond Premium		74,432
TOTAL OTHER FINANCING SOURCES (USES)	\$ -0-	\$ 156,840
NET CHANGE IN FUND BALANCES	\$ 1,216,441	\$ (76,291)
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - JULY 1, 2020	11,193,948	5,658,679
FUND BALANCES/NET POSITION - JUNE 30, 2021	\$ 12,410,389	\$ 5,582,388

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 7,973,809	\$ 124,898	\$ 8,098,707
	1,520,372		1,520,372
	1,524,474		1,524,474
	157,803		157,803
	2,485,194		2,485,194
	254,890	24,536	279,426
	1,013,896		1,013,896
4,646	21,621		21,621
4,428	207,645		207,645
	151,287		151,287
\$ 9,074	\$ 15,310,991	\$ 149,434	\$ 15,460,425
\$	\$ 334,678	\$	\$ 334,678
	1,664,231		1,664,231
	371,954		371,954
	2,608,594		2,608,594
	2,312,570		2,312,570
		2,173,582	2,173,582
16,380	1,371,572		1,371,572
10,667,864	11,706,367	(11,706,367)	
201,106	201,106		201,106
	2,855,000	(2,855,000)	
	1,599,686	23,289	1,622,975
985,750	1,133,949		1,133,949
	30,000	(30,000)	
\$ 11,871,100	\$ 26,189,707	\$ (12,394,496)	\$ 13,795,211
\$ (11,862,026)	\$ (10,878,716)	\$ 12,543,930	\$ 1,665,214
\$ 12,500,000	\$ 12,500,000	\$ (12,500,000)	\$
	3,560,000	(3,560,000)	
	(3,477,592)	3,477,592	
80,581	155,013	(155,013)	
\$ 12,580,581	\$ 12,737,421	\$ (12,737,421)	\$ -0-
\$ 718,555	\$ 1,858,705	\$ (1,858,705)	\$
		1,665,214	1,665,214
5,143,290	21,995,917	1,875,286	23,871,203
\$ 5,861,845	\$ 23,854,622	\$ 1,681,795	\$ 25,536,417

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, 2021

Net Change in Fund Balances - Governmental Funds	\$ 1,858,705
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.	124,898
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.	24,536
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.	(2,173,582)
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.	11,706,367
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.	(155,013)
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.	2,855,000
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.	(23,289)
Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in the Statement of Net Position.	(16,060,000)
Governmental funds report the payment to the refunded bond escrow agent as an other financing use and an expense. However, the refunding of outstanding bonds decreases long-term liabilities in the Statement of Net Position.	<u>3,507,592</u>
Change in Net Position - Governmental Activities	<u><u>\$ 1,665,214</u></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, 2021

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, 2021

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, 2021

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, 2021

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

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 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:

TIMBER LANE UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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, 2021

NOTE 3. LONG-TERM DEBT

	<u>Series 2010</u>	<u>Refunding Series 2013</u>	<u>Series 2014</u>	<u>Series 2014A</u>
Amounts Outstanding – June 30, 2021	\$ 465,000	\$ 475,000	\$ 1,650,000	\$ 1,100,000
Interest Rates	4.00%	3.00%	4.00% - 4.25%	3.00% - 3.75%
Maturity Dates – Serially Beginning/Ending	August 1, 2021/2024	August 1, 2021	August 1, 2021/2036	August 1, 2021/2030
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, 2021*	August 1, 2021*
	<u>Refunding Series 2014B</u>	<u>Refunding Series 2015</u>	<u>Series 2015A</u>	<u>Series 2016</u>
Amounts Outstanding – June 30, 2021	\$ 4,100,000	\$ 8,205,000	\$ 5,100,000	\$ 5,250,000
Interest Rates	3.00%	2.00% - 3.25%	2.00% - 3.75%	2.50% - 3.625%
Maturity Dates – Serially Beginning/Ending	August 1, 2021/2027	August 1, 2021/2034	August 1, 2021/2040	August 1, 2021/2040
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, 2022*	August 1, 2023*	August 1, 2023*
	<u>Recreational Series 2018</u>	<u>Series 2018A</u>	<u>Refunding Series 2019</u>	
Amounts Outstanding – June 30, 2021	\$ 2,900,000	\$ 6,150,000	\$ 9,810,000	
Interest Rates	3.00% - 3.50%	3.00% - 3.50%	3.00% - 4.00%	
Maturity Dates – Serially Beginning/Ending	August 1, 2021/2040	August 1, 2021/2040	August 1, 2021/2028	
Interest Payment Dates	August 1/ February 1	August 1/ February 1	August 1/ February 1	
Callable Dates	August 1, 2024*	August 1, 2024*	August 1, 2025*	

TIMBER LANE UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3. LONG-TERM DEBT (Continued)

	Series 2020	Refunding Series 2020A	Series 2021
Amounts Outstanding – June 30, 2021	\$ 2,200,000	\$ 3,560,000	\$ 12,500,000
Interest Rates	2.00% - 3.00%	2.00% - 3.00%	1.00% - 3.50%
Maturity Dates – Serially Beginning/Ending	August 1, 2021/2040	February 1, 2022/2030	August 1, 2023/2043
Interest Payment Dates	August 1/ February 1	August 1/ February 1	August 1/ February 1
Callable Dates	August 1, 2025*	February 1, 2025*	August 1, 2026*

* 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 2014 term bonds maturing August 1, 2030, 2032, 2034 and 2036 are subject to mandatory redemption beginning August 1, 2025, 2031, 2033 and 2035, respectively. The Series 2014A term bonds maturing August 1, 2024, 2026, 2028 and 2030 are subject to mandatory redemption beginning August 1, 2022, 2025, 2027 and 2029, respectively. The Series 2015 term bonds maturing August 1, 2025 and 2027 are subject to mandatory redemption beginning August 1, 2023 and 2026, respectively. The Series 2015A term bonds maturing August 1, 2030, 2032, 2034, 2037 and 2040 are subject to mandatory redemption beginning August 1, 2028, 2031, 2033, 2035 and 2038, respectively. The Series 2016 term bonds maturing August 1, 2025, 2027, 2029, 2034 and 2040 are subject to mandatory redemption beginning August 1, 2024, 2026, 2028, 2033 and 2039, respectively. The Series 2018 term bonds maturing August 1, 2036 and 2040 are subject to mandatory redemption beginning August 1, 2035 and 2037, respectively. The Series 2018A term bonds maturing August 1, 2040 are subject to mandatory redemption beginning August 1, 2036. The Series 2020A term bonds maturing on February 1, 2028 are subject to mandatory redemption beginning February 1, 2026. The Series 2021 term bonds maturing on August 1, 2043 are subject to mandatory redemption beginning August 1, 2042.

The following is a summary of transactions regarding bonds payable for the year ended June 30, 2021:

	July 1, 2020	Additions	Retirements	June 30, 2021
Bonds Payable	\$ 53,730,000	\$ 16,060,000	\$ 6,325,000	\$ 63,465,000
Unamortized Discounts	(75,357)		(10,628)	(64,729)
Unamortized Premiums	454,728	155,013	58,713	551,028
Bonds Payable, Net	<u>\$ 54,109,371</u>	<u>\$ 16,215,013</u>	<u>\$ 6,373,085</u>	<u>\$ 63,951,299</u>
		Amount Due Within One Year		\$ 3,195,000
		Amount Due After One Year		<u>60,756,299</u>
		Bonds Payable, Net		<u>\$ 63,951,299</u>

TIMBER LANE UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3. LONG-TERM DEBT (Continued)

As of June 30, 2021, the District had authorized but unissued bonds in the amount of \$63,500,000 for water, sanitary sewer and drainage bonds, \$5,000,000 for recreational facilities bonds and \$20,410,390 for refunding bonds.

As of June 30, 2021, the debt service requirements on the outstanding bonds were as follows:

Fiscal Year	Principal	Interest	Total
2022	\$ 3,195,000	\$ 1,707,358	\$ 4,902,358
2023	3,045,000	1,641,669	4,686,669
2024	3,405,000	1,541,168	4,946,168
2025	3,635,000	1,433,069	5,068,069
2026	3,575,000	1,315,243	4,890,243
2027-2031	18,990,000	4,935,153	23,925,153
2032-2036	14,770,000	2,661,465	17,431,465
2037-2041	10,750,000	930,970	11,680,970
2042-2044	2,100,000	54,688	2,154,688
	<u>\$ 63,465,000</u>	<u>\$ 16,220,783</u>	<u>\$ 79,685,783</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, 2021, 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 \$4,654,068 on the adjusted taxable valuation of \$912,562,387 for the 2020 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, 2021

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 \$23,621,737 and the bank balance was \$23,629,808. 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, 2021, as listed below:

	Cash	Certificates of Deposit	Total
GENERAL FUND	\$ 12,048,247	\$	\$ 12,048,247
DEBT SERVICE FUND	4,952,192	219,200	5,171,392
CAPITAL PROJECTS FUND	6,402,098		6,402,098
TOTAL DEPOSITS	<u>\$ 23,402,537</u>	<u>\$ 219,200</u>	<u>\$ 23,621,737</u>

TIMBER LANE UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

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	\$ 266,761	\$ 266,761
TexSTAR	2,702	2,702
<u>DEBT SERVICE FUND</u>		
TexPool	567,704	567,704
TexSTAR	286,803	286,803
Certificates of Deposit	219,200	219,200
TOTAL INVESTMENTS	\$ 1,343,170	\$ 1,343,170

TIMBER LANE UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2021, 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, 2021 is as follows:

	July 1, 2020	Increases	Decreases	June 30, 2021
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 3,603,809		\$	\$ 3,603,809
Construction in Progress	<u>7,723,747</u>	<u>12,065,551</u>	<u>17,700,425</u>	<u>2,088,873</u>
Total Capital Assets Not Being Depreciated	<u>\$ 11,327,556</u>	<u>\$ 12,065,551</u>	<u>\$ 17,700,425</u>	<u>\$ 5,692,682</u>
Capital Assets Subject to Depreciation				
Water System	\$ 23,074,344	\$ 4,129,439	\$	\$ 27,203,783
Wastewater System	32,284,772	4,907,335		37,192,107
Drainage System	21,701,447	5,957,466		27,658,913
Parks and Buildings	<u>4,457,455</u>	<u>2,706,185</u>		<u>7,163,640</u>
Total Capital Assets Subject to Depreciation	<u>\$ 81,518,018</u>	<u>\$ 17,700,425</u>	<u>\$ - 0 -</u>	<u>\$ 99,218,443</u>
Accumulated Depreciation				
Water System	\$ 9,145,156	\$ 655,161	\$	\$ 9,800,317
Wastewater System	12,360,799	761,076		13,121,875
Drainage System	7,016,826	590,532		7,607,358
Parks and Buildings	<u>1,099,368</u>	<u>166,813</u>		<u>1,266,181</u>
Total Accumulated Depreciation	<u>\$ 29,622,149</u>	<u>\$ 2,173,582</u>	<u>\$ - 0 -</u>	<u>\$ 31,795,731</u>
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 51,895,869</u>	<u>\$ 15,526,843</u>	<u>\$ - 0 -</u>	<u>\$ 67,422,712</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 63,223,425</u>	<u>\$ 27,592,394</u>	<u>\$ 17,700,425</u>	<u>\$ 73,115,394</u>

TIMBER LANE UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2021, the District levied an ad valorem maintenance tax rate of \$0.38 per \$100 of assessed valuation, which resulted in a tax levy of \$3,467,737 on the adjusted taxable valuation of \$912,562,387 for the 2020 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 \$4.60 per 1,000 gallons. The District's well pumpage fees payable to the Authority for the year ended June 30, 2021 were \$2,608,594.

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 \$157,803 of sales tax revenue from the City of Houston, of which \$41,190 was recorded as a receivable at year end.

TIMBER LANE UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 11. INTERFUND PAYABLES AND RECEIVABLES

As of June 30, 2021, the District recorded interfund payables of \$403,633 in the Debt Service Fund for maintenance tax collections due to the General Fund and \$31,412 for issuance costs paid by the General Fund and \$462,661 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 \$203,217 from the TPWD for construction of the Timber Lane UD Community Center.

NOTE 13. UNREIMBURSED COSTS

The District has entered into development financing agreements with Developers within the District. These Developers have made expenditures on behalf of the District for various projects for which the District has not sold bonds. As of the balance sheet date, the District has recorded \$7,816,035 for completed projects paid for by Developers related to construction and engineering of utilities within the District.

Due to Developers, beginning of year	\$ 7,456,851
Additions	5,914,139
Reimbursements	<u>(5,554,955)</u>
Due to Developers, end of year	<u>\$ 7,816,035</u>

NOTE 14. BOND SALES

On November 24, 2020, the District issued \$3,560,000 of Unlimited Tax Refunding Bonds, Series 2020A. The net proceeds of \$3,477,592 plus \$30,000 of available Debt Service Fund monies were used to call and refund \$3,470,000 of Series 2013 Refunding Bonds. The effect of the refunding obtains gross debt service savings of \$299,279 and net present value savings of \$233,790.

TIMBER LANE UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 14. BOND SALES (Continued)

On March 16, 2021, the District issued \$12,500,000 of Unlimited Tax Bonds, Series 2021. Proceeds from the bonds were used to reimburse Developers for construction and engineering costs for water, wastewater and drainage facilities to serve Breckenridge West, Sections 1, 2, and 4 and Highland Glen, Section 5; Detention Phase I and HCFCU Unit and Detention Phase II to serve Breckenridge West; Sewage Lift Station and Force Main to serve Breckenridge West; and to pay for the District's Water Plant No. 3 Rehabilitation. Additional proceeds were used to pay issuance costs of the bonds.

NOTE 15. ECONOMIC UNCERTAINTIES

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

NOTE 16. PENDING BOND SALE

Subsequent to the report date, the District anticipates closing on the sale of \$14,100,000 of Unlimited Tax Bonds, Series 2021A. Proceeds from the bonds will be used for construction and engineering costs for Water Plant no. 5 and the Wastewater Treatment Plant expansion to 2.62 mgd. Additional proceeds will be used to pay issuance costs of the bonds. Delivery of the bonds is expected on or about December 16, 2021.

TIMBER LANE UTILITY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2021

TIMBER LANE UTILITY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	\$ 3,200,000	\$ 3,403,505	\$ 203,505
Water Service	1,500,000	1,520,372	20,372
Wastewater Service	1,350,000	1,524,474	174,474
Sales Tax Revenues	145,000	157,803	12,803
Regional Water Authority Fee	2,200,000	2,485,194	285,194
Penalty and Interest	200,000	182,379	(17,621)
Tap Connection and Inspection Fees	195,000	1,013,896	818,896
Investment Revenues	150,000	12,040	(137,960)
Miscellaneous/Grant/FEMA Revenues	50,000	341,578	291,578
TOTAL REVENUES	\$ 8,990,000	\$ 10,641,241	\$ 1,651,241
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 370,000	\$ 323,616	\$ 46,384
Contracted Services	1,403,250	1,430,943	(27,693)
Utilities	325,000	371,954	(46,954)
Regional Water Authority Assessment	2,200,000	2,608,594	(408,594)
Repairs and Maintenance	1,800,000	2,312,570	(512,570)
Other	1,003,000	1,338,620	(335,620)
Capital Outlay	1,400,000	1,038,503	361,497
TOTAL EXPENDITURES	\$ 8,501,250	\$ 9,424,800	\$ (923,550)
NET CHANGE IN FUND BALANCE	\$ 488,750	\$ 1,216,441	\$ 211,263
FUND BALANCE - JULY 1, 2020	11,193,948	11,193,948	
FUND BALANCE - JUNE 30, 2021	\$ 11,682,698	\$ 12,410,389	\$ 211,263

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, 2021

TIMBER LANE UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED JUNE 30, 2021

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				\$ 5.29	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: \$52.90

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED JUNE 30, 2021

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered			x 1.0	
≤¾"	7,059	6,929	x 1.0	6,929
1"	61	55	x 2.5	138
1½"	20	20	x 5.0	100
2"	31	29	x 8.0	232
3"	1	1	x 15.0	15
4"	4	4	x 25.0	100
6"	3	3	x 50.0	150
8"	3	3	x 80.0	240
10"			x 115.0	
Total Water Connections	<u>7,182</u>	<u>7,044</u>		<u>7,904</u>
Total Wastewater Connections	<u>7,128</u>	<u>6,990</u>	x 1.0	<u>6,990</u>

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

Gallons pumped into system: 548,181,000 Water Accountability Ratio: 91.3 %
(Gallons billed/Gallons pumped)

Gallons billed to customers: 500,527,000

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED JUNE 30, 2021

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, 2021

PROFESSIONAL FEES:	
Auditing	\$ 20,800
Engineering	210,243
Legal	<u>92,573</u>
TOTAL PROFESSIONAL FEES	<u>\$ 323,616</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 50,850
Operations and Billing	327,065
Security	1,012,024
Parks General Manager	<u>41,004</u>
TOTAL CONTRACTED SERVICES	<u>\$ 1,430,943</u>
UTILITIES	<u>\$ 371,954</u>
REPAIRS AND MAINTENANCE	<u>\$ 2,312,570</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 34,200
Dues	485
Election Costs	23,070
Insurance	104,526
Office Supplies and Postage	110,095
Payroll Taxes	21,157
Travel and Meetings	<u>14,811</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 308,344</u>

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2021

CAPITAL OUTLAY		\$ <u>1,038,503</u>		
TAP CONNECTIONS		\$ <u>479,128</u>		
OTHER EXPENDITURES:				
Chemicals		\$ 6,207		
Laboratory Fees		169,215		
Permit Fees		30,274		
Reconnection Fees		36,338		
Inspection Fees		72,464		
Regional Water Authority Assessment		2,608,594		
Regulatory Assessment		15,076		
Sludge Hauling		195,164		
Other		<u>26,410</u>		
TOTAL OTHER EXPENDITURES		\$ <u>3,159,742</u>		
TOTAL EXPENDITURES		\$ <u><u>9,424,800</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, 2021**

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	\$ 266,761	\$
TexSTAR	XXXX2220	Varies	Daily	2,702	\$
TOTAL GENERAL FUND				<u>\$ 269,463</u>	<u>\$ - 0 -</u>
<u>DEBT SERVICE FUND</u>					
TexPool	XXXX0003	Varies	Daily	\$ 567,704	\$
TexSTAR	XXXX3330	Varies	Daily	286,803	\$
Certificate of Deposit	XXXX7961	0.35%	07/20/21	110,203	171
Certificate of Deposit	XXXX1717	0.30%	09/01/21	108,997	108
TOTAL DEBT SERVICE FUND				<u>\$ 1,073,707</u>	<u>\$ 279</u>
TOTAL - ALL FUNDS				<u>\$ 1,343,170</u>	<u>\$ 279</u>

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2021

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
JULY 1, 2020	\$	108,028		\$ 176,064
Adjustments to Beginning				
Balance		<u>(9,818)</u>	\$ 98,210	<u>(13,280)</u> \$ 162,784
Original 2020 Tax Levy	\$	2,847,317		\$ 3,821,399
Adjustment to 2020 Tax Levy		<u>620,420</u>	<u>3,467,737</u>	<u>832,669</u> <u>4,654,068</u>
TOTAL TO BE				
ACCOUNTED FOR			\$ 3,565,947	\$ 4,816,852
TAX COLLECTIONS:				
Prior Years	\$	24,760		\$ 35,672
Current Year		<u>3,378,745</u>	<u>3,403,505</u>	<u>4,534,632</u> <u>4,570,304</u>
TAXES RECEIVABLE -				
JUNE 30, 2021			<u>\$ 162,442</u>	<u>\$ 246,548</u>
TAXES RECEIVABLE BY				
YEAR:				
2020			\$ 88,992	\$ 119,436
2019			29,039	38,974
2018			11,175	17,628
2017			8,868	16,488
2016			6,585	11,401
2015 and prior			<u>17,783</u>	<u>42,621</u>
TOTAL			<u>\$ 162,442</u>	<u>\$ 246,548</u>

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2021

	2020	2019	2018	2017
PROPERTY VALUATIONS:				
Land	\$ 162,771,190	\$ 162,952,711	\$ 161,570,329	\$ 157,193,392
Improvements	770,748,596	713,453,165	630,346,017	617,289,933
Personal Property	30,885,013	33,328,092	34,789,178	32,823,192
Exemptions	(51,842,412)	(55,071,521)	(56,667,913)	(48,649,891)
TOTAL PROPERTY VALUATIONS	\$ 912,562,387	\$ 854,662,447	\$ 770,037,611	\$ 758,656,626
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.51	\$ 0.51	\$ 0.560	\$ 0.595
Maintenance	0.38	0.38	0.355	0.320
TOTAL TAX RATES PER \$100 VALUATION	\$ 0.89	\$ 0.89	\$ 0.915	\$ 0.915
ADJUSTED TAX LEVY*	\$ 8,121,805	\$ 7,606,496	\$ 7,045,843	\$ 6,941,708
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	97.43 %	99.11 %	99.59 %	99.63 %

* 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, 2021

S E R I E S - 2 0 1 0			
Due During Fiscal Years Ending June 30	Principal Due August 1	Interest Due August 1/ February 1	Total
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			
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2044			
	\$ 465,000	\$ 38,900	\$ 503,900

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2021

REFUNDING SERIES - 2013

Due During Fiscal Years Ending June 30	Principal Due August 1	Interest Due August 1/ February 1	Total
2022	\$ 475,000	\$ 7,125	\$ 482,125
2023			
2024			
2025			
2026			
2027			
2028			
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2041			
2042			
2043			
2044			
	<u>\$ 475,000</u>	<u>\$ 7,125</u>	<u>\$ 482,125</u>

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2021

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
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			
2042			
2043			
2044			
	<u>\$ 1,650,000</u>	<u>\$ 826,125</u>	<u>\$ 2,476,125</u>

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2021

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
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			
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2042			
2043			
2044			
	\$ 1,100,000	\$ 202,125	\$ 1,302,125

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2021

REFUNDING SERIES - 2014B

Due During Fiscal Years Ending June 30	Principal Due August 1	Interest Due August 1/ February 1	Total
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			
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2033			
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2042			
2043			
2044			
	<u>\$ 4,100,000</u>	<u>\$ 394,650</u>	<u>\$ 4,494,650</u>

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2021

REFUNDING SERIES - 2015

Due During Fiscal Years Ending June 30	Principal Due August 1	Interest Due August 1/ February 1	Total
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			
2042			
2043			
2044			
	<u>\$ 8,205,000</u>	<u>\$ 2,499,995</u>	<u>\$ 10,704,995</u>

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2021

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
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
2042			
2043			
2044			
	<u>\$ 5,100,000</u>	<u>\$ 2,007,576</u>	<u>\$ 7,107,576</u>

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2021

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
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
2042			
2043			
2044			
	\$ 5,250,000	\$ 1,738,518	\$ 6,988,518

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2021

S E R I E S - 2 0 1 8 R E C R E A T I O N A L

Due During Fiscal Years Ending June 30	Principal Due August 1	Interest Due August 1/ February 1	Total
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
2042			
2043			
2044			
	<u>\$ 2,900,000</u>	<u>\$ 1,157,203</u>	<u>\$ 4,057,203</u>

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2021

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
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
2042			
2043			
2044			
	<u>\$ 6,150,000</u>	<u>\$ 2,357,768</u>	<u>\$ 8,507,768</u>

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2021

S E R I E S - 2 0 1 9 R E F U N D I N G

Due During Fiscal Years Ending June 30	Principal Due August 1	Interest Due August 1/ February 1	Total
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			
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2040			
2041			
2042			
2043			
2044			
	<u>\$ 9,810,000</u>	<u>\$ 1,395,975</u>	<u>\$ 11,205,975</u>

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2021

S E R I E S - 2 0 2 0			
Due During Fiscal Years Ending June 30	Principal Due August 1	Interest Due August 1/ February 1	Total
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
2042			
2043			
2044			
	\$ 2,200,000	\$ 541,594	\$ 2,741,594

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2021

REFUNDING SERIES - 2020 A

Due During Fiscal Years Ending June 30	Principal Due February 1	Interest Due August 1/ February 1	Total
2022	\$ 195,000	\$ 75,200	\$ 270,200
2023	195,000	69,350	264,350
2024	5,000	63,500	68,500
2025	5,000	63,350	68,350
2026	10,000	63,200	73,200
2027	10,000	63,000	73,000
2028	10,000	62,800	72,800
2029	1,560,000	62,600	1,622,600
2030	1,570,000	31,400	1,601,400
2031			
2032			
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2041			
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2043			
2044			
	<u>\$ 3,560,000</u>	<u>\$ 554,400</u>	<u>\$ 4,114,400</u>

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2021

S E R I E S - 2 0 2 1			
Due During Fiscal Years Ending June 30	Principal Due August 1	Interest Due August 1/ February 1	Total
2022	\$	\$ 183,640	\$ 183,640
2023		209,875	209,875
2024	500,000	201,125	701,125
2025	500,000	183,625	683,625
2026	500,000	166,125	666,125
2027	500,000	148,625	648,625
2028	500,000	137,375	637,375
2029	500,000	132,375	632,375
2030	500,000	127,375	627,375
2031	500,000	122,375	622,375
2032	600,000	116,875	716,875
2033	600,000	110,875	710,875
2034	600,000	104,500	704,500
2035	600,000	97,375	697,375
2036	600,000	89,875	689,875
2037	600,000	82,000	682,000
2038	700,000	73,063	773,063
2039	700,000	63,000	763,000
2040	700,000	52,500	752,500
2041	700,000	41,563	741,563
2042	700,000	30,188	730,188
2043	700,000	18,375	718,375
2044	700,000	6,125	706,125
	\$ 12,500,000	\$ 2,498,829	\$ 14,998,829

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2021

ANNUAL REQUIREMENTS
FOR ALL SERIES

Due During Fiscal Years Ending June 30	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2022	\$ 3,195,000	\$ 1,707,358	\$ 4,902,358
2023	3,045,000	1,641,669	4,686,669
2024	3,405,000	1,541,168	4,946,168
2025	3,635,000	1,433,069	5,068,069
2026	3,575,000	1,315,243	4,890,243
2027	3,645,000	1,197,569	4,842,569
2028	3,725,000	1,091,181	4,816,181
2029	5,360,000	988,381	6,348,381
2030	3,885,000	875,300	4,760,300
2031	2,375,000	782,722	3,157,722
2032	3,310,000	706,964	4,016,964
2033	3,305,000	616,718	3,921,718
2034	3,380,000	523,469	3,903,469
2035	2,500,000	441,017	2,941,017
2036	2,275,000	373,297	2,648,297
2037	2,275,000	307,078	2,582,078
2038	2,125,000	244,985	2,369,985
2039	2,125,000	186,468	2,311,468
2040	2,125,000	126,407	2,251,407
2041	2,100,000	66,032	2,166,032
2042	700,000	30,188	730,188
2043	700,000	18,375	718,375
2044	700,000	6,125	706,125
	<u>\$ 63,465,000</u>	<u>\$ 16,220,783</u>	<u>\$ 79,685,783</u>

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED JUNE 30, 2021

Description	Original Bonds Issued	Bonds Outstanding July 1, 2020
Timber Lane Utility District Unlimited Tax Park Bonds - Series 2010	\$ 1,200,000	\$ 565,000
Timber Lane Utility District Unlimited Tax Refunding Bonds - Series 2012	9,535,000	795,000
Timber Lane Utility District Unlimited Tax Refunding Bonds - Series 2013	9,310,000	4,405,000
Timber Lane Utility District Unlimited Tax Bonds - Series 2014	1,800,000	1,675,000
Timber Lane Utility District Unlimited Tax Bonds - Series 2014A	1,700,000	1,200,000
Timber Lane Utility District Unlimited Tax Refunding Bonds - Series 2014B	6,205,000	4,590,000
Timber Lane Utility District Unlimited Tax Refunding Bonds - Series 2015	8,965,000	8,275,000
Timber Lane Utility District Unlimited Tax Bonds - Series 2015A	6,100,000	5,300,000
Timber Lane Utility District Unlimited Tax Bonds - Series 2016	6,250,000	5,500,000
Timber Lane Utility District Unlimited Tax Recreational Bonds - Series 2018	3,100,000	3,000,000
Timber Lane Utility District Unlimited Tax Bonds - Series 2018A	6,600,000	6,375,000
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	2,200,000	2,200,000
Timber Lane Utility District Unlimited Tax Refunding Bonds - Series 2020A	3,560,000	
Timber Lane Utility District Unlimited Tax Bonds - Series 2021	12,500,000	
TOTAL	<u>\$ 88,875,000</u>	<u>\$ 53,730,000</u>

See accompanying independent auditor's report.

Current Year Transactions				Bonds Outstanding June 30, 2021	Paying Agent
Bonds Sold	Retirements				
	Principal	Interest			
	\$ 100,000	\$ 20,475	\$ 465,000	Wells Fargo Bank N.A. Houston, TX	
	795,000	11,925	-0-	Wells Fargo Bank N.A. Dallas, TX	
	3,930,000	77,538	475,000	Wells Fargo Bank N.A. Dallas, TX	
	25,000	68,625	1,650,000	Wells Fargo Bank N.A. Minneapolis, MN	
	100,000	38,125	1,100,000	Wells Fargo Bank N.A. Minneapolis, MN	
	490,000	127,900	4,100,000	Wells Fargo Bank N.A. Minneapolis, MN	
	70,000	250,894	8,205,000	Wells Fargo Bank N.A. Minneapolis, MN	
	200,000	163,781	5,100,000	Wells Fargo Bank N.A. Minneapolis, MN	
	250,000	165,344	5,250,000	Wells Fargo Bank N.A. Minneapolis, MN	
	100,000	96,031	2,900,000	Amegy Bank N.A. Houston, TX	
	225,000	203,969	6,150,000	Amegy Bank N.A. Houston, TX	
	40,000	309,850	9,810,000	Zions Bancorporation N.A. Houston, TX	
		51,233	2,200,000	Zions Bancorporation N.A. Houston, TX	
3,560,000		13,996	3,560,000	Zions Bancorporation N.A. Houston, TX	
<u>12,500,000</u>			<u>12,500,000</u>	Zions Bancorporation N.A. Houston, TX	
<u>\$ 16,060,000</u>	<u>\$ 6,325,000</u>	<u>\$ 1,599,686</u>	<u>\$ 63,465,000</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, 2021

Bond Authority:	Tax Bonds	Refunding Bonds	Recreational Facilities Bonds
Amount Authorized by Voters	\$ 162,350,000	\$ 35,000,000	\$ 11,000,000
Amount Issued	98,850,000	14,589,610	6,000,000
Remaining to be Issued	\$ 63,500,000	\$ 20,410,390	\$ 5,000,000
Debt Service Fund cash and investments balances as of June 30, 2021:			\$ 6,025,899
Average annual debt service payment (principal and interest) for remaining term of all debt:			\$ 3,464,599

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		
	2021	2020	2019
REVENUES			
Property Taxes	\$ 3,403,505	\$ 3,215,975	\$ 2,736,182
Water & Wastewater Service	3,044,846	2,780,742	2,700,165
Sales Tax Revenues	157,803	141,520	131,058
Regional Water Authority Fees	2,485,194	2,002,816	1,718,757
Penalty and Interest	182,379	126,234	193,719
Tap Connection and Inspection Fees	1,013,896	576,469	82,673
Investment Revenues	12,040	134,765	159,782
Miscellaneous/Grant/FEMA Revenues	341,578	497,228	258,167
TOTAL REVENUES	\$ 10,641,241	\$ 9,475,749	\$ 7,980,503
EXPENDITURES			
Professional Fees	\$ 323,616	\$ 443,604	\$ 250,942
Contracted Services	1,430,943	1,352,980	1,313,708
Utilities	371,954	305,738	322,119
Regional Water Authority Assessment	2,608,594	2,211,917	1,839,346
Repairs and Maintenance	2,312,570	1,908,529	1,395,551
Other	1,338,620	1,096,860	713,462
Capital Outlay	1,038,503	649,465	895,453
TOTAL EXPENDITURES	\$ 9,424,800	\$ 7,969,093	\$ 6,730,581
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 1,216,441	\$ 1,506,656	\$ 1,249,922
OTHER FINANCING SOURCES (USES)			
Developer/Other Government Contributions	\$ -0-	\$ -0-	\$ 48,173
NET CHANGE IN FUND BALANCE	\$ 1,216,441	\$ 1,506,656	\$ 1,298,095
BEGINNING FUND BALANCE	11,193,948	9,687,292	8,389,197
ENDING FUND BALANCE	\$ 12,410,389	\$ 11,193,948	\$ 9,687,292

See accompanying independent auditor's report.

		Percentage of Total Revenues						
2018	2017	2021	2020	2019	2018	2017		
\$ 2,433,906	\$ 2,240,896	32.0 %	34.1 %	34.5 %	33.9 %	30.2 %		
2,695,398	2,675,390	28.6	29.3	33.8	37.5	35.9		
142,491	144,399	1.5	1.5	1.6	2.0	1.9		
1,480,887	1,309,670	23.4	21.1	21.5	20.6	17.6		
151,615	173,243	1.7	1.3	2.4	2.1	2.3		
104,056	680,430	9.5	6.1	1.0	1.4	9.1		
65,347	13,199	0.1	1.4	2.0	0.9	0.2		
117,260	205,245	3.2	5.2	3.2	1.6	2.8		
<u>\$ 7,190,960</u>	<u>\$ 7,442,472</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>		
\$ 331,748	\$ 355,695	3.0 %	4.7 %	3.1 %	4.6 %	4.8 %		
1,244,014	1,159,782	13.4	14.3	16.5	17.3	15.6		
329,770	308,209	3.5	3.2	4.0	4.6	4.1		
1,484,951	1,339,113	24.5	23.3	23.0	20.7	18.0		
1,438,509	1,928,926	21.7	20.1	17.5	20.0	25.9		
671,404	751,505	12.6	11.6	8.9	9.3	10.1		
899,047	646,485	9.8	6.9	11.2	12.5	8.7		
<u>\$ 6,399,443</u>	<u>\$ 6,489,715</u>	<u>88.5 %</u>	<u>84.1 %</u>	<u>84.2 %</u>	<u>89.0 %</u>	<u>87.2 %</u>		
<u>\$ 791,517</u>	<u>\$ 952,757</u>	<u>11.5 %</u>	<u>15.9 %</u>	<u>15.8 %</u>	<u>11.0 %</u>	<u>12.8 %</u>		
<u>\$ -0-</u>	<u>\$ -0-</u>							
\$ 791,517	\$ 952,757							
<u>7,597,680</u>	<u>6,644,923</u>							
<u>\$ 8,389,197</u>	<u>\$ 7,597,680</u>							

See accompanying independent auditor's report.

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

	Amounts		
	2021	2020	2019
REVENUES			
Property Taxes	\$ 4,570,304	\$ 4,325,182	\$ 4,330,448
Penalty and Interest	72,511	85,982	79,639
Interest on Investments	4,935	47,535	81,426
Miscellaneous Revenues	12,926	470	30
TOTAL REVENUES	\$ 4,660,676	\$ 4,459,169	\$ 4,491,543
EXPENDITURES			
Tax Collection Expenditures	\$ 253,777	\$ 217,525	\$ 212,966
Debt Service Principal	2,855,000	2,775,000	2,415,000
Debt Service Interest and Fees	1,606,831	1,550,151	1,650,904
Bond Issuance Costs	148,199		345,958
Payment to Refunded Bond Escrow Agent	30,000		141,000
TOTAL EXPENDITURES	\$ 4,893,807	\$ 4,542,676	\$ 4,765,828
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (233,131)	\$ (83,507)	\$ (274,285)
OTHER FINANCING SOURCES (USES)			
Refunding Bonds	\$ 3,560,000	\$	\$ 9,850,000
Bond Premium	74,432		460,696
Payment to Refunded Bond Escrow Agent	(3,477,592)		(9,968,380)
TOTAL OTHER FINANCING SOURCES (USES)	\$ 156,840	\$ - 0 -	\$ 342,316
NET CHANGE IN FUND BALANCE	\$ (76,291)	\$ (83,507)	\$ 68,031
BEGINNING FUND BALANCE	5,658,679	5,742,186	5,674,155
ENDING FUND BALANCE	\$ 5,582,388	\$ 5,658,679	\$ 5,742,186
TOTAL ACTIVE RETAIL WATER CONNECTIONS	7,044	6,359	5,995
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	6,990	6,307	5,950

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2018	2017	2021	2020	2019	2018	2017
\$ 4,520,237	\$ 3,890,737	98.0 %	97.0 %	96.4 %	97.8 %	97.7 %
55,697	77,789	1.6	1.9	1.8	1.2	2.0
45,292	11,883	0.1	1.1	1.8	1.0	0.3
30	50	0.3				
<u>\$ 4,621,256</u>	<u>\$ 3,980,459</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 190,671	\$ 212,082	5.4 %	4.9 %	4.7 %	4.1 %	5.3 %
2,365,000	2,055,000	61.3	62.2	53.8	51.2	51.6
1,553,225	1,445,963	34.5	34.8	36.8	33.6	36.3
		3.2		7.7		
		0.6		3.1		
<u>\$ 4,108,896</u>	<u>\$ 3,713,045</u>	<u>105.0 %</u>	<u>101.9 %</u>	<u>106.1 %</u>	<u>88.9 %</u>	<u>93.2 %</u>
<u>\$ 512,360</u>	<u>\$ 267,414</u>	<u>(5.0) %</u>	<u>(1.9) %</u>	<u>(6.1) %</u>	<u>11.1 %</u>	<u>6.8 %</u>
\$	\$					
<u>\$ - 0 -</u>	<u>\$ - 0 -</u>					
\$ 512,360	\$ 267,414					
<u>5,161,795</u>	<u>4,894,381</u>					
<u>\$ 5,674,155</u>	<u>\$ 5,161,795</u>					
<u>5,960</u>	<u>5,940</u>					
<u>5,915</u>	<u>5,895</u>					

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
JUNE 30, 2021

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 Appointed)	Fees of Office for the year ended <u>June 30, 2021</u>	Expense Reimbursements for the year ended <u>June 30, 2021</u>	<u>Title</u>
Daniel M. Meacham	05/20 05/24 (Elected)	\$ 5,850	\$ 362	President
Robert Schenck	05/18 05/22 (Elected)	\$ 7,200	\$ 7,909	Vice President
James F. Messer	05/18 05/22 (Elected)	\$ 7,800	\$ 6	Secretary
A. F. (Bud) Gessel	05/20 05/24 (Elected)	\$ 6,750	\$ 33,890	Assistant Secretary
Eric Langstaff	05/18 05/22 (Elected)	\$ 7,200	\$ 210	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: March 17, 2021

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. During the current fiscal year, a director was inadvertently overpaid fees in the amount of \$600 due to an accounting error. These fees will be reimbursed to the District during the fiscal year ending June 30, 2022.

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
JUNE 30, 2021

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended June 30, 2021</u>	<u>Title</u>
Smith, Murdaugh, Little & Bonham LLP	08/27/03	\$ 100,965 \$ 437,828 \$ 11,062	General Counsel/ Bond Counsel/ Delinquent Tax Attorney
McCall Gibson Swedlund Barfoot PLLC	06/10/14	\$ 19,300 \$ 18,000	Audit Bond/AUP Related
Van De Wiele & Vogler, Inc.	11/24/98	\$ 508,703	Engineer
Myrtle Cruz, Inc.	08/06/08	\$ 67,264	Bookkeeper
Masterson Advisors LLC	05/10/18	\$ 209,651	Financial Advisor
Bill Russell	11/14/13	\$ -0-	Investment Officer
H2O Innovation	07/22/90	\$ 1,508,345	Operator
Utility Tax Service, LLC	04/10/97	\$ 138,969	Tax Collector
A. F. (Bud) Gessel	04/01/17	\$ 41,004	Parks General Manager

See accompanying independent auditor's report.