

Timber Lane Utility District

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

Date: September 20, 2023
(Proposed 2023 tax rate)

(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: Mark Ivy, Marlon Ivy & Associates, Inc., P. O. Box 9, Spring, Texas 77373, (281) 651-1618

d. Name, mailing address and telephone number of person representing District's tax assessor-collector: Monica Pena, Utility Tax Service, LLC, 11500 Northwest Freeway, #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>2023 Budget Revenues</u> | <u>2024 Budget Revenues</u> | <u>\$ Amt of Change</u> | <u>% Change</u> |
|-----------------------------|-----------------------------|-------------------------|-----------------|
| \$10,882,500 | \$11,275,000.00 | \$392,500.00 | 3.61% |

(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:
2022: \$0.33
2021: \$0.34
2020: \$0.38
- (10) The tax rate for debt service adopted by the taxing unit for the current and preceding two years: 2022: \$0.51
2021: \$0.55
2020: \$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:
2023: \$0.31
- (13) Tax rate for debt service proposed by the taxing unit for the current year:
2023: \$0.51
- (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 is attached.
- (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 Utility District

Notice of Public Hearing on Tax Rate

The **Timber Lane Utility District** will hold a public hearing on a proposed tax rate for the tax year 2023 on **October 12, 2023 at 6:00 p.m.** at 1904 NapleCHASE Crest Dr, Spring, Texas 77373. Your individual taxes may increase at a greater or lesser rate, or even decrease, depending on the tax rate that is adopted and on the change in the taxable value of your property in relation to the change in taxable value of all other property. The change in the taxable value of your property in relation to the change in the taxable value of all other property determines the distribution of the tax burden among all property owners.

FOR the proposal: Daniel M. Meacham, Robert B. Schenck, James F. Messer, A.F. Gessel
& Eric Langstaff

AGAINST the proposal: None

PRESENT and not voting: None

ABSENT: None

The following table compares taxes on an average residence homestead in this taxing unit last year to taxes proposed on the average residence homestead this year.

| | 2022 Last Year | 2023 This Year |
|---|--------------------------|--------------------------|
| Total tax rate (per \$100 of value) | \$0.84/\$100 Adopted | \$0.82/\$100 Proposed |
| Difference in rates per \$100 of value | | -\$0.02/\$100 |
| Percentage increase/decrease in rates (+/-) | | -2.38% |
| Average appraised residence homestead value | \$ 176,295 | \$ 200,741 |
| General homestead exemptions available (excluding 65 years of age or older or disabled person's exemptions) | \$ - | \$ - |
| Average residence homestead taxable value | \$ 176,295 | \$ 200,741 |
| Tax on average residence homestead | \$ 1,480.87 | \$ 1,646.08 |
| Annual increase/decrease in taxes if proposed tax rate is adopted (+/-) and percentage of increase (+/-) | | \$ 165.21 11.16% |

NOTICE OF TAXPAYERS' RIGHT TO ELECTION TO REDUCE TAX RATE

If the district adopts a combined debt service, operation and maintenance, and contract tax rate that would result in the taxes on the average residence homestead increasing by more than eight percent, the qualified voters of the district by petition may require that an election be held to determine whether to reduce the operation and maintenance tax rate to the voter-approval tax rate under Section 49.23603, Water Code.

Timber Lane Utility District proposes to use the tax increase for the purpose of essential water, sewer, drainage services and related operational, maintenance and administrative services.

Visit [Texas.gov/PropertyTaxes](https://www.texas.gov/PropertyTaxes) to find a link to your local property tax database on which you can easily access information regarding your property taxes, including information about proposed tax rates and scheduled public hearings of each entity that taxes your property.

The 86th Texas Legislature modified the manner in which the voter-approval tax rate is calculated to limit the rate of growth of property taxes in the state.

Utility Tax Service, LLC
(713) 688-3855

TIMBER LANE U.D.
Proposed Budget for Fiscal Year Ending June 30th, 2024
May 11, 2023

| | 2023 | | | 2024 |
|--|------------------------|----------------------|--------------------------|------------------------|
| Revenue : | Proposed Budget | Actual YTD | Projected yearend | Proposed Budget |
| Water Revenue | 1,600,000.00 | 1,516,433.91 | 1,819,720.69 | 1,600,000.00 |
| Sewer Revenue | 1,700,000.00 | 1,376,493.35 | 1,651,792.02 | 1,700,000.00 |
| Penalties/ Other water revenues | 200,000.00 | 170,175.63 | 204,210.76 | 200,000.00 |
| Tap Fees | 200,000.00 | 10,800.00 | 12,960.00 | 200,000.00 |
| Sewer Inspection Fees | 50,000.00 | 7,228.40 | 8,674.08 | 50,000.00 |
| N.H.C.R.W.A. fees | 2,900,000.00 | 2,490,566.63 | 2,988,679.96 | 2,900,000.00 |
| Interest earned | 7,500.00 | 368,230.99 | 441,877.19 | 400,000.00 |
| Maintenance Tax Revenues | 4,000,000.00 | 4,497,435.89 | 4,497,435.89 | 4,000,000.00 |
| Sales Tax Revenue (C.O.H.) | 175,000.00 | 150,650.32 | 180,780.38 | 175,000.00 |
| Miscellaneous Revenue | 50,000.00 | 225,812.56 | 270,975.07 | 50,000.00 |
| | 10,882,500.00 | 10,813,827.68 | 12,077,106.04 | 11,275,000.00 |
| Expenses : | Annual Budget | Actual YTD | Budget YTD | Annual Budget |
| Sludge Hauling | 225,000.00 | 194,106.59 | 232,927.91 | 232,000.00 |
| Director Fees | 36,000.00 | 34,100.00 | 40,920.00 | 36,000.00 |
| Payroll Taxes | 15,000.00 | 14,734.60 | 17,681.52 | 15,000.00 |
| Legal Fees | 175,000.00 | 88,349.00 | 106,018.80 | 175,000.00 |
| Electronic Records Management | 0.00 | 0.00 | 0.00 | 0.00 |
| Auditing Fees | 25,000.00 | 20,300.00 | 24,360.00 | 25,000.00 |
| Engineering Fees | 175,000.00 | 346,126.60 | 415,351.92 | 175,000.00 |
| Engineering Fees (Park) | 75,000.00 | 90,034.87 | 108,041.84 | 75,000.00 |
| Engineering Fees (WWTP Permit) | 25,000.00 | 14,218.59 | 17,062.31 | 25,000.00 |
| Laboratory Expense | 180,000.00 | 135,526.19 | 162,631.43 | 180,000.00 |
| Permit Fees | 50,000.00 | 31,734.56 | 38,081.47 | 50,000.00 |
| N.H.C.R.W.A assessment | 2,900,000.00 | 2,793,490.10 | 3,352,188.12 | 2,900,000.00 |
| Operators Fees | 375,000.00 | 348,527.55 | 418,233.06 | 418,000.00 |
| Bookkeeping Fees | 60,000.00 | 51,287.50 | 61,545.00 | 72,600.00 |
| Repairs & Maintenance | 1,250,000.00 | 1,844,779.23 | 2,213,735.08 | 1,750,000.00 |
| R/M Detention Ponds (Champions) | 510,000.00 | 530,896.13 | 637,075.36 | 510,000.00 |
| Park Maint/ Operations (incl bldg maint) | 475,000.00 | 388,944.80 | 466,733.76 | 475,000.00 |
| Membership Fee/ Travel Expenses | 35,000.00 | 10,028.54 | 12,034.25 | 35,000.00 |
| Office Expenses | 125,000.00 | 151,726.60 | 182,071.92 | 180,000.00 |
| Chemicals | 30,000.00 | 33,505.88 | 40,207.06 | 40,000.00 |
| Utilities (all) | 410,000.00 | 421,411.89 | 505,694.27 | 410,000.00 |
| Insurance/Bonds | 125,000.00 | 106,392.00 | 127,670.40 | 125,000.00 |
| Recon/Discon /Serv Agreements | 40,000.00 | 29,446.00 | 35,335.20 | 40,000.00 |
| Tap Connection Expense | 100,000.00 | 5,400.00 | 6,480.00 | 100,000.00 |
| Sewer Inspection Expense | 25,000.00 | 14,190.00 | 17,028.00 | 25,000.00 |
| Costs for G.I.S. | 9,600.00 | 8,930.00 | 10,716.00 | 9,600.00 |
| Law Enforcement Services | 1,200,000.00 | 915,565.00 | 1,098,678.00 | 1,200,000.00 |
| Land Purchase | 0.00 | 0.00 | 0.00 | 0.00 |
| Park Projects | 2,100,000.00 | 191,298.00 | 229,557.60 | 2,100,000.00 |
| District Projects | 300,000.00 | 308,822.76 | 370,587.31 | 300,000.00 |
| Sink Hole | 0.00 | 0.00 | 0.00 | 0.00 |
| Publication & Legal Notice/Election | 2,500.00 | 0.00 | 0.00 | 2,500.00 |
| Water Conservation Ed | 5,000.00 | 2,508.00 | 3,009.60 | 5,000.00 |
| General Manager Parks | 42,250.00 | 34,856.00 | 41,827.20 | 42,250.00 |
| Miscellaneous Expenses | 50,000.00 | 64,337.16 | 77,204.59 | 50,000.00 |
| | 11,150,350.00 | 9,225,574.14 | 11,070,688.97 | 11,777,950.00 |

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, 2022

TIMBER LANE UTILITY DISTRICT

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

JUNE 30, 2022

TABLE OF CONTENTS

| | <u>PAGE</u> |
|--|-------------|
| INDEPENDENT AUDITOR'S REPORT | 1-3 |
| MANAGEMENT'S DISCUSSION AND ANALYSIS | 4-8 |
| BASIC FINANCIAL STATEMENTS | |
| STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET | 9-12 |
| RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION | 13 |
| STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES | 14-15 |
| RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES | 16 |
| NOTES TO THE FINANCIAL STATEMENTS | 17-30 |
| REQUIRED SUPPLEMENTARY INFORMATION | |
| SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND | 32 |
| SUPPLEMENTARY INFORMATION REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE | |
| NOTES REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE (Included in the notes to the financial statements) | |
| SERVICES AND RATES | 34-36 |
| GENERAL FUND EXPENDITURES | 37-38 |
| INVESTMENTS | 39 |
| TAXES LEVIED AND RECEIVABLE | 40-41 |
| LONG-TERM DEBT SERVICE REQUIREMENTS | 42-56 |
| CHANGES IN LONG-TERM BOND DEBT | 57-59 |
| COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES - GENERAL FUND AND DEBT SERVICE FUND - FIVE YEARS | 60-63 |
| BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS | 64-65 |

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Timber Lane Utility District
Harris County, Texas

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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, 2022, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and 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 is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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.

Board of Directors
Timber Lane Utility District

Supplementary 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 an assurance, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

November 10, 2022

**TIMBER LANE UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

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, 2022. 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, 2022**

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 \$28,366,595 as of June 30, 2022.

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, 2022**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

| | Summary of Changes in the Statement of Net Position | | |
|---|---|----------------------|----------------------------------|
| | 2022 | 2021 | Change Positive (Negative) |
| Current and Other Assets | \$ 40,005,370 | \$ 26,455,168 | \$ 13,550,202 |
| Capital Assets (Net of Accumulated Depreciation) | <u>80,494,911</u> | <u>73,115,394</u> | <u>7,379,517</u> |
| Total Assets | <u>\$ 120,500,281</u> | <u>\$ 99,570,562</u> | <u>\$ 20,929,719</u> |
| Deferred Outflows of Resources | <u>\$ 403,390</u> | <u>\$ 477,067</u> | <u>\$ (73,677)</u> |
| Due to Developer | \$ 14,475,049 | \$ 7,816,035 | \$ (6,659,014) |
| Bonds Payable | 74,802,400 | 63,951,299 | (10,851,101) |
| Other Liabilities | <u>3,259,627</u> | <u>2,743,878</u> | <u>(515,749)</u> |
| Total Liabilities | <u>\$ 92,537,076</u> | <u>\$ 74,511,212</u> | <u>\$ (18,025,864)</u> |
| Net Position: | | | |
| Net Investment in Capital Assets | \$ 8,040,804 | \$ 7,686,972 | \$ 353,832 |
| Restricted | 5,965,527 | 5,252,617 | 712,910 |
| Unrestricted | <u>14,360,264</u> | <u>12,596,828</u> | <u>1,763,436</u> |
| Total Net Position | <u>\$ 28,366,595</u> | <u>\$ 25,536,417</u> | <u>\$ 2,830,178</u> |

The following table provides a summary of the District's operations for the years ending June 30, 2022, and June 30, 2021.

| | Summary of Changes in the Statement of Activities | | |
|---------------------------------|---|----------------------|----------------------------------|
| | 2022 | 2021 | Change Positive (Negative) |
| Revenues: | | | |
| Property Taxes | \$ 9,633,516 | \$ 8,098,707 | \$ 1,534,809 |
| Charges for Services | 7,416,517 | 6,981,165 | 435,352 |
| Other Revenues | <u>381,736</u> | <u>380,553</u> | <u>1,183</u> |
| Total Revenues | <u>\$ 17,431,769</u> | <u>\$ 15,460,425</u> | <u>\$ 1,971,344</u> |
| Expenses for Services | <u>14,601,591</u> | <u>13,795,211</u> | <u>(806,380)</u> |
| Change in Net Position | \$ 2,830,178 | \$ 1,665,214 | \$ 1,164,964 |
| Net Position, Beginning of Year | <u>25,536,417</u> | <u>23,871,203</u> | <u>1,665,214</u> |
| Net Position, End of Year | <u>\$ 28,366,595</u> | <u>\$ 25,536,417</u> | <u>\$ 2,830,178</u> |

**TIMBER LANE UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of June 30, 2022, were \$36,923,739, an increase of \$13,069,117 from the prior year.

The General Fund fund balance increased by \$1,715,107, primarily due to tax and service revenues exceeding operating expenditures and capital costs.

The Debt Service Fund fund balance increased by \$795,903, primarily due to the structure of the District's outstanding debt requirements.

The Capital Projects Fund fund balance increased by \$10,558,107, primarily due to unspent proceeds from the Series 2021A bonds.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors did not amend the budget during the current fiscal year. Actual revenues were \$1,544,565 higher than budgeted revenues. Actual expenditures were \$166,292 less than budgeted expenditures. This resulted in a positive budget variance of \$1,710,857. See the budget to actual comparison on page 32 for further information.

CAPITAL ASSETS

Capital assets as of June 30, 2022, total \$80,494,911 (net of accumulated depreciation) and include land, as well as the water, wastewater, drainage and recreational facilities.

| Capital Assets At Year-End, Net of Accumulated Depreciation | | | |
|---|---------------|---------------|----------------------------------|
| | 2022 | 2021 | Change Positive (Negative) |
| Capital Assets Not Being Depreciated: | | | |
| Land and Land Improvements | \$ 6,589,932 | \$ 3,603,809 | \$ 2,986,123 |
| Construction in Progress | 3,231,141 | 2,088,873 | 1,142,268 |
| Capital Assets, Net of Accumulated Depreciation: | | | |
| Water System | 18,109,081 | 17,403,466 | 705,615 |
| Wastewater System | 24,748,031 | 24,070,232 | 677,799 |
| Drainage System | 21,989,416 | 20,051,555 | 1,937,861 |
| Parks and Buildings | 5,827,310 | 5,897,459 | (70,149) |
| Total Net Capital Assets | \$ 80,494,911 | \$ 73,115,394 | \$ 7,379,517 |

**TIMBER LANE UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

LONG-TERM DEBT ACTIVITY

As of June 30, 2022, the District had total bond debt payable of \$74,370,000. The changes in the debt position of the District during the fiscal year ended June 30, 2022, are summarized as follows:

| | |
|----------------------------------|----------------------|
| Bond Debt Payable, July 1, 2021 | \$ 63,465,000 |
| Add: Bond Sale - Series 2021A | 14,100,000 |
| Less: Bond Principal Paid | <u>3,195,000</u> |
| Bond Debt Payable, June 30, 2022 | <u>\$ 74,370,000</u> |

The District's bonds carry an underlying rating of "A2" from Moody's. The Series 2010, Series 2015 Refunding, 2020A Refunding, Series 2021 and Series 2021A bonds carry an insured rating of "AA" from Standard and Poor's by virtue of bond insurance issued by Assured Guaranty Municipal. 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, 2022.

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, 2022

| | General Fund | Debt Service Fund |
|--|----------------------|----------------------|
| ASSETS | | |
| Cash | \$ 404,813 | \$ 495,723 |
| Investments | 13,317,948 | 6,303,589 |
| Receivables: | | |
| Property Taxes | 214,154 | 339,099 |
| Penalty and Interest on Delinquent Taxes | | |
| Service Accounts | 1,272,199 | |
| Accrued Interest | | 374 |
| Other | 900 | |
| Due from Other Funds | 920,824 | |
| Prepaid Costs | 131,570 | |
| Due from Other Governmental Units | 83,309 | |
| Land | | |
| Construction in Progress | | |
| Capital Assets (Net of Accumulated Depreciation) | | |
| | \$ 16,345,717 | \$ 7,138,785 |
| TOTAL ASSETS | | |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred Charges on Refunding Bonds | \$ -0- | \$ -0- |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | \$ 16,345,717 | \$ 7,138,785 |

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> |
|----------------------------------|----------------------|----------------------|--------------------------------------|
| \$ 45,539 | \$ 946,075 | \$ | \$ 946,075 |
| 17,232,086 | 36,853,623 | | 36,853,623 |
| | 553,253 | | 553,253 |
| | | 143,453 | 143,453 |
| | 1,272,199 | | 1,272,199 |
| | 374 | | 374 |
| | 900 | | 900 |
| | 920,824 | (920,824) | |
| | 131,570 | 20,614 | 152,184 |
| | 83,309 | | 83,309 |
| | | 6,589,932 | 6,589,932 |
| | | 3,231,141 | 3,231,141 |
| | | 70,673,838 | 70,673,838 |
| <u>\$ 17,277,625</u> | <u>\$ 40,762,127</u> | <u>\$ 79,738,154</u> | <u>\$ 120,500,281</u> |
| <u>\$ -0-</u> | <u>\$ -0-</u> | <u>\$ 403,390</u> | <u>\$ 403,390</u> |
| <u>\$ 17,277,625</u> | <u>\$ 40,762,127</u> | <u>\$ 80,141,544</u> | <u>\$ 120,903,671</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, 2022

| | General Fund | Debt Service Fund |
|---|----------------------|----------------------|
| LIABILITIES | | |
| Accounts Payable | \$ 913,437 | \$ |
| Accrued Interest Payable | | |
| Due to Developer | | |
| Due to Other Funds | | 410,438 |
| Due to Taxpayers | | 10,957 |
| Security Deposits | 1,092,630 | |
| Long-Term Liabilities: | | |
| Bonds Payable, Due Within One Year | | |
| Bonds Payable, Due After One Year | | |
| TOTAL LIABILITIES | \$ 2,006,067 | \$ 421,395 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Property Taxes | \$ 214,154 | \$ 339,099 |
| FUND BALANCES | | |
| Nonspendable: | | |
| Prepaid Costs | \$ 131,570 | \$ |
| Restricted for Authorized Construction | | |
| Restricted for Debt Service | | 6,378,291 |
| Assigned to 2023 Budget Deficit | 267,850 | |
| Unassigned | 13,726,076 | |
| TOTAL FUND BALANCES | \$ 14,125,496 | \$ 6,378,291 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | \$ 16,345,717 | \$ 7,138,785 |
| NET POSITION | | |
| Net Investment in Capital Assets | | |
| Restricted for Debt Service | | |
| Unrestricted | | |
| TOTAL NET POSITION | | |

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

| Capital Projects Fund | Total | Adjustments | Statement of Net Position |
|--------------------------|----------------------|------------------------|------------------------------|
| \$ 347,287 | \$ 1,260,724 | \$ | \$ 1,260,724 |
| | | 895,316 | 895,316 |
| | | 14,475,049 | 14,475,049 |
| 510,386 | 920,824 | (920,824) | |
| | 10,957 | | 10,957 |
| | 1,092,630 | | 1,092,630 |
| | | 3,045,000 | 3,045,000 |
| | | <u>71,757,400</u> | <u>71,757,400</u> |
| <u>\$ 857,673</u> | <u>\$ 3,285,135</u> | <u>\$ 89,251,941</u> | <u>\$ 92,537,076</u> |
| <u>\$ -0-</u> | <u>\$ 553,253</u> | <u>\$ (553,253)</u> | <u>\$ -0-</u> |
| \$ 16,419,952 | \$ 131,570 | \$ (131,570) | \$ |
| | 16,419,952 | (16,419,952) | |
| | 6,378,291 | (6,378,291) | |
| | 267,850 | (267,850) | |
| | <u>13,726,076</u> | <u>(13,726,076)</u> | |
| <u>\$ 16,419,952</u> | <u>\$ 36,923,739</u> | <u>\$ (36,923,739)</u> | <u>\$ -0-</u> |
| <u>\$ 17,277,625</u> | <u>\$ 40,762,127</u> | | |
| | | \$ 8,040,804 | \$ 8,040,804 |
| | | 5,965,527 | 5,965,527 |
| | | <u>14,360,264</u> | <u>14,360,264</u> |
| | | <u>\$ 28,366,595</u> | <u>\$ 28,366,595</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, 2022

Total Fund Balances - Governmental Funds \$ 36,923,739

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. 20,614

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. 403,390

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. 80,494,911

Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2021 and prior tax levies became part of recognized revenue in the governmental activities of the District. 696,706

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 | \$ (14,475,049) | |
| Accrued Interest Payable | (895,316) | |
| Bonds Payable | <u>(74,802,400)</u> | <u>(90,172,765)</u> |

Total Net Position - Governmental Activities \$ 28,366,595

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, 2022

| | General Fund | Debt Service Fund |
|---|----------------------|----------------------|
| REVENUES | | |
| Property Taxes | \$ 3,627,731 | \$ 5,861,522 |
| Water Service | 1,631,777 | |
| Wastewater Service | 1,612,238 | |
| Sales Tax Revenues | 177,035 | |
| Regional Water Authority Fees | 2,899,861 | |
| Penalty and Interest | 206,696 | 61,391 |
| Tap Connection and Inspection Fees | 803,084 | |
| Investment Revenues | 24,787 | 11,579 |
| Miscellaneous Revenues | 301,356 | 11,085 |
| TOTAL REVENUES | \$ 11,284,565 | \$ 5,945,577 |
| EXPENDITURES/EXPENSES | | |
| Service Operations: | | |
| Professional Fees | \$ 508,611 | \$ 7,003 |
| Contracted Services | 1,631,818 | 218,111 |
| Utilities | 420,976 | |
| Regional Water Authority Assessment | 2,852,727 | |
| Repairs and Maintenance | 2,408,436 | |
| Depreciation | | |
| Other | 1,304,462 | 22,201 |
| Capital Outlay | 442,428 | |
| Developer Interest | | |
| Debt Service: | | |
| Bond Principal | | 3,195,000 |
| Bond Interest | | 1,707,359 |
| Bond Issuance Costs | | |
| TOTAL EXPENDITURES/EXPENSES | \$ 9,569,458 | \$ 5,149,674 |
| EXCESS (DEFICIENCY) OF REVENUES OVER | | |
| EXPENDITURES/EXPENSES | \$ 1,715,107 | \$ 795,903 |
| OTHER FINANCING SOURCES (USES) | | |
| Long-Term Debt Issued | \$ -0- | \$ -0- |
| NET CHANGE IN FUND BALANCES | \$ 1,715,107 | \$ 795,903 |
| CHANGE IN NET POSITION | | |
| FUND BALANCES/NET POSITION - JULY 1, 2021 | 12,410,389 | 5,582,388 |
| FUND BALANCES/NET POSITION - JUNE 30, 2022 | \$ 14,125,496 | \$ 6,378,291 |

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

| Capital Projects Fund | Total | Adjustments | Statement of Activities |
|--------------------------|-----------------------|------------------------|----------------------------|
| \$ | \$ 9,489,253 | \$ 144,263 | \$ 9,633,516 |
| | 1,631,777 | | 1,631,777 |
| | 1,612,238 | | 1,612,238 |
| | 177,035 | | 177,035 |
| | 2,899,861 | | 2,899,861 |
| | 268,087 | 24,435 | 292,522 |
| | 803,084 | | 803,084 |
| 32,929 | 69,295 | | 69,295 |
| | 312,441 | | 312,441 |
| <u>\$ 32,929</u> | <u>\$ 17,263,071</u> | <u>\$ 168,698</u> | <u>\$ 17,431,769</u> |
| | | | |
| \$ | \$ 515,614 | \$ | \$ 515,614 |
| | 1,849,929 | | 1,849,929 |
| | 420,976 | | 420,976 |
| | 2,852,727 | | 2,852,727 |
| | 2,408,436 | | 2,408,436 |
| | | 2,418,255 | 2,418,255 |
| 754 | 1,327,417 | | 1,327,417 |
| 2,696,331 | 3,138,759 | (3,138,759) | |
| 1,329 | 1,329 | | 1,329 |
| | 3,195,000 | (3,195,000) | |
| | 1,707,359 | 223,141 | 1,930,500 |
| 876,408 | 876,408 | | 876,408 |
| <u>\$ 3,574,822</u> | <u>\$ 18,293,954</u> | <u>\$ (3,692,363)</u> | <u>\$ 14,601,591</u> |
| | | | |
| <u>\$ (3,541,893)</u> | <u>\$ (1,030,883)</u> | <u>\$ 3,861,061</u> | <u>\$ 2,830,178</u> |
| | | | |
| <u>\$ 14,100,000</u> | <u>\$ 14,100,000</u> | <u>\$ (14,100,000)</u> | <u>\$</u> |
| | | | |
| \$ 10,558,107 | \$ 13,069,117 | \$ (13,069,117) | \$ |
| | | 2,830,178 | 2,830,178 |
| 5,861,845 | 23,854,622 | 1,681,795 | 25,536,417 |
| <u>\$ 16,419,952</u> | <u>\$ 36,923,739</u> | <u>\$ (8,557,144)</u> | <u>\$ 28,366,595</u> |

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

TIMBER LANE UTILITY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

| | |
|---|---------------------|
| Net Change in Fund Balances - Governmental Funds | \$ 13,069,117 |
| 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. | 144,263 |
| 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. | 24,435 |
| 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. | (2,418,255) |
| 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. | 3,138,759 |
| 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. | 3,195,000 |
| 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. | (223,141) |
| Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in the Statement of Net Position. | <u>(14,100,000)</u> |
| Change in Net Position - Governmental Activities | <u>\$ 2,830,178</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, 2022

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, 2022

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, 2022

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, 2022

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.

TIMBER LANE UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the Balance Sheet, and the reported fund balances provide an indication of available spendable or appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources. Fund balances in governmental funds are classified using the following hierarchy:

Nonspendable: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted: amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally.

Committed: amounts that can be spent only for purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. This action must be made no later than the end of the fiscal year. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. The District does not have any committed fund balances.

Assigned: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances. The District has assigned \$267,850 of the General Fund fund balance for a projected budget deficit for the year ending June 30, 2023.

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, 2022

NOTE 3. LONG-TERM DEBT

| | <u>Series 2010</u> | <u>Series 2014</u> | <u>Series 2014A</u> |
|---|-----------------------------------|-------------------------------------|-------------------------|
| Amounts Outstanding – June 30, 2022 | \$ 360,000 | \$ 1,625,000 | \$ 1,000,000 |
| Interest Rates | 4.00% | 4.00% - 4.25% | 3.00% - 3.75% |
| Maturity Dates – Serially Beginning/Ending | August 1, 2022/2024 | August 1, 2022/2036 | August 1, 2022/2030 |
| Interest Payment Dates | August 1/ February 1 | August 1/ February 1 | August 1/ February 1 |
| Callable Dates | August 1, 2018* | August 1, 2021* | August 1, 2021* |
| | <u>Refunding Series 2014B</u> | <u>Refunding Series 2015</u> | <u>Series 2015A</u> |
| Amounts Outstanding – June 30, 2022 | \$ 3,620,000 | \$ 8,130,000 | \$ 4,900,00 |
| Interest Rates | 3.00% | 3.00% - 3.25% | 2.00% - 3.75% |
| Maturity Dates – Serially Beginning/Ending | August 1, 2022/2027 | August 1, 2022/2034 | August 1, 2022/2040 |
| Interest Payment Dates | August 1/ February 1 | August 1/ February 1 | August 1/ February 1 |
| Callable Dates | August 1, 2023* | August 1, 2022* | August 1, 2023* |
| | <u>Series 2016</u> | <u>Recreational Series 2018</u> | <u>Series 2018A</u> |
| Amounts Outstanding – June 30, 2022 | \$ 5,000,000 | \$ 2,800,000 | \$ 5,925,000 |
| Interest Rates | 3.00% - 3.625% | 3.00% - 3.50% | 3.00% - 3.50% |
| Maturity Dates – Serially Beginning/Ending | August 1, 2022/2040 | August 1, 2022/2040 | August 1, 2022/2040 |
| Interest Payment Dates | August 1/ February 1 | August 1/ February 1 | August 1/ February 1 |
| Callable Dates | August 1, 2023* | August 1, 2024* | August 1, 2024* |

TIMBER LANE UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3. LONG-TERM DEBT (Continued)

| | <u>Refunding Series 2019</u> | <u>Series 2020</u> | <u>Refunding Series 2020A</u> |
|---|----------------------------------|-------------------------|-----------------------------------|
| Amounts Outstanding – June 30, 2022 | \$ 8,945,000 | \$ 2,100,000 | \$ 3,365,000 |
| Interest Rates | 3.00% - 4.00% | 2.00% - 3.00% | 2.00% - 3.00% |
| Maturity Dates – Serially Beginning/Ending | August 1, 2022/2028 | August 1, 2022/2040 | February 1, 2023/2030 |
| Interest Payment Dates | August 1/ February 1 | August 1/ February 1 | August 1/ February 1 |
| Callable Dates | August 1, 2025* | August 1, 2025* | February 1, 2025* |
| | <u>Series 2021</u> | <u>Series 2021A</u> | |
| Amounts Outstanding – June 30, 2022 | \$ 12,500,000 | \$ 14,100,000 | |
| Interest Rates | 1.00% - 3.50% | 2.00% - 4.00% | |
| Maturity Dates – Serially Beginning/Ending | August 1, 2023/2043 | August 1, 2023/2045 | |
| Interest Payment Dates | August 1/ February 1 | August 1/ February 1 | |
| Callable Dates | August 1, 2026* | August 1, 2027* | |

* 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 Series 2021A term bonds maturing on August 1, 2043 and August 1, 2045 are subject to mandatory redemption beginning August 1, 2042 and August 1, 2044, respectively.

TIMBER LANE UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3. LONG-TERM DEBT (Continued)

The following is a summary of transactions regarding bonds payable for the year ended June 30, 2022:

| | July 1, 2021 | Additions | Retirements | June 30, 2022 |
|-----------------------|----------------------|----------------------|----------------------------|----------------------|
| Bonds Payable | \$ 63,465,000 | \$ 14,100,000 | \$ 3,195,000 | \$ 74,370,000 |
| Unamortized Discounts | (64,729) | | (10,628) | (54,101) |
| Unamortized Premiums | 551,028 | | 64,527 | 486,501 |
| Bonds Payable, Net | <u>\$ 63,951,299</u> | <u>\$ 14,100,000</u> | <u>\$ 3,248,899</u> | <u>\$ 74,802,400</u> |
| | | | Amount Due Within One Year | \$ 3,045,000 |
| | | | Amount Due After One Year | <u>71,757,400</u> |
| | | | Bonds Payable, Net | <u>\$ 74,802,400</u> |

As of June 30, 2022, the District had authorized but unissued bonds in the amount of \$49,400,000 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, 2022, the debt service requirements on the outstanding bonds were as follows:

| Fiscal Year | Principal | Interest | Total |
|-------------|----------------------|----------------------|----------------------|
| 2023 | \$ 3,045,000 | \$ 2,059,867 | \$ 5,104,867 |
| 2024 | 4,020,000 | 1,900,599 | 5,920,599 |
| 2025 | 4,250,000 | 1,767,900 | 6,017,900 |
| 2026 | 4,190,000 | 1,625,474 | 5,815,474 |
| 2027 | 4,260,000 | 1,483,200 | 5,743,200 |
| 2028-2032 | 21,730,000 | 5,602,103 | 27,332,103 |
| 2033-2037 | 16,810,000 | 3,103,563 | 19,913,563 |
| 2038-2042 | 12,225,000 | 1,153,518 | 13,378,518 |
| 2043-2046 | 3,840,000 | 151,075 | 3,991,075 |
| | <u>\$ 74,370,000</u> | <u>\$ 18,847,299</u> | <u>\$ 93,217,299</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, 2022, the District levied an ad valorem debt service tax rate of \$0.55 per \$100 of assessed valuation, which resulted in a tax levy of \$5,975,101 on the adjusted taxable valuation of \$1,086,381,762 for the 2021 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.

TIMBER LANE UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3. LONG-TERM DEBT (Continued)

All property values and exempt status, if any, are determined by the appraisal district. Assessed values are determined as of January 1 of each year, at which time a tax lien attaches to the related property. Taxes are levied around October/November, are due upon receipt and are delinquent the following February 1. Penalty and interest attach thereafter.

NOTE 4. SIGNIFICANT BOND 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.

TIMBER LANE UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

At fiscal year-end, the carrying amount of the District’s deposits was \$1,390,850 and the bank balance was \$1,464,521. 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, 2022, as listed below:

| | Cash | Certificates of Deposit | Total |
|-----------------------|------------|----------------------------|--------------|
| GENERAL FUND | \$ 404,813 | \$ | \$ 404,813 |
| DEBT SERVICE FUND | 495,723 | 444,775 | 940,498 |
| CAPITAL PROJECTS FUND | 45,539 | | 45,539 |
| TOTAL DEPOSITS | \$ 946,075 | \$ 444,775 | \$ 1,390,850 |

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

TIMBER LANE UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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 | \$ 9,811,966 | \$ 9,811,966 |
| TexSTAR | 3,505,982 | 3,505,982 |
| <u>DEBT SERVICE FUND</u> | | |
| TexPool | 282,318 | 282,318 |
| TexSTAR | 5,576,496 | 5,576,496 |
| Certificates of Deposit | 444,775 | 444,775 |
| <u>CAPITAL PROJECTS FUND</u> | | |
| TexPool | 17,232,086 | 17,232,086 |
| TOTAL INVESTMENTS | <u><u>\$ 36,853,623</u></u> | <u><u>\$ 36,853,623</u></u> |

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2022, 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.

TIMBER LANE UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 is as follows:

| | July 1, 2021 | Increases | Decreases | June 30, 2022 |
|--|----------------------|----------------------|---------------------|-----------------------|
| Capital Assets Not Being Depreciated | | | | |
| Land and Land Improvements | \$ 3,603,809 | \$ 2,986,123 | \$ | \$ 6,589,932 |
| Construction in Progress | 2,088,873 | 9,797,772 | 8,655,504 | 3,231,141 |
| Total Capital Assets Not Being Depreciated | <u>\$ 5,692,682</u> | <u>\$ 12,783,895</u> | <u>\$ 8,655,504</u> | <u>\$ 9,821,073</u> |
| Capital Assets Subject to Depreciation | | | | |
| Water System | \$ 27,203,783 | \$ 1,367,012 | \$ | \$ 28,570,795 |
| Wastewater System | 37,192,107 | 1,454,732 | | 38,646,839 |
| Drainage System | 27,658,913 | 2,583,371 | | 30,242,284 |
| Parks and Buildings | 7,163,640 | 264,266 | | 7,427,906 |
| Total Capital Assets Subject to Depreciation | <u>\$ 99,218,443</u> | <u>\$ 5,669,381</u> | <u>\$ - 0 -</u> | <u>\$ 104,887,824</u> |
| Accumulated Depreciation | | | | |
| Water System | \$ 9,800,317 | \$ 661,397 | \$ | \$ 10,461,714 |
| Wastewater System | 13,121,875 | 776,933 | | 13,898,808 |
| Drainage System | 7,607,358 | 645,510 | | 8,252,868 |
| Parks and Buildings | 1,266,181 | 334,415 | | 1,600,596 |
| Total Accumulated Depreciation | <u>\$ 31,795,731</u> | <u>\$ 2,418,255</u> | <u>\$ - 0 -</u> | <u>\$ 34,213,986</u> |
| Total Depreciable Capital Assets, Net of Accumulated Depreciation | <u>\$ 67,422,712</u> | <u>\$ 3,251,126</u> | <u>\$ - 0 -</u> | <u>\$ 70,673,838</u> |
| Total Capital Assets, Net of Accumulated Depreciation | <u>\$ 73,115,394</u> | <u>\$ 16,035,021</u> | <u>\$ 8,655,504</u> | <u>\$ 80,494,911</u> |

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, 2022, the District levied an ad valorem maintenance tax rate of \$0.34 per \$100 of assessed valuation, which resulted in a tax levy of \$3,693,698 on the adjusted taxable valuation of \$1,086,381,762 for the 2021 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.

TIMBER LANE UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022 were \$2,852,727.

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 \$177,035 of sales tax revenue from the City of Houston, of which \$62,884 was recorded as a receivable at year end.

NOTE 11. INTERFUND PAYABLES AND RECEIVABLES

As of June 30, 2022, the District recorded interfund payables of \$371,687 in the Debt Service Fund for maintenance tax collections due to the General Fund and \$38,751 for issuance and arbitrage costs paid by the General Fund and \$510,386 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 prior fiscal 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.

TIMBER LANE UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

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 \$14,475,049 for completed projects paid for by Developers related to construction and engineering of utilities within the District.

| | |
|--------------------------------------|----------------------|
| Due to Developers, beginning of year | \$ 7,816,035 |
| Additions | 6,766,449 |
| Reimbursements | <u>(107,435)</u> |
| Due to Developers, end of year | <u>\$ 14,475,049</u> |

NOTE 14. USE OF SURPLUS FUNDS

On January 13, 2022, in accordance with Commission rules, the District approved the use of surplus Capital Projects Fund monies in the amount of \$246,561 for the water plant no. 3 rehabilitation project. This project was completed in the current year.

NOTE 15. BOND SALE

On December 16, 2021, the District issued \$14,100,000 of Unlimited Tax Bonds, Series 2021A. Proceeds from the bonds are being used for construction and engineering costs for Water Plant No. 5 and the Wastewater Treatment Plant Expansion to 2.62 mgd. Additional proceeds were used to pay issuance costs of the bonds.

NOTE 16. SUBSEQUENT EVENT - BOND SALE

On July 14, 2022, subsequent to year end, the District issued \$15,750,000 of Unlimited Tax Bonds, Series 2022. Proceeds from the bonds were used to reimburse a Developer for construction and engineering costs for water, wastewater and drainage facilities to serve Breckenridge West, Sections 3, 5, 6, 7, 8, 9, 10, and 11; Breckenridge West Outfall Channel and Breckenridge West, Phase 1 clearing and grubbing; and land acquisition. Additional proceeds were used to pay issuance costs of the bonds.

TIMBER LANE UTILITY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2022

TIMBER LANE UTILITY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

| | Original and Final Budget | Actual | Variance Positive (Negative) |
|-------------------------------------|------------------------------|----------------------|------------------------------------|
| REVENUES | | | |
| Property Taxes | \$ 3,500,000 | \$ 3,627,731 | \$ 127,731 |
| Water Service | 1,400,000 | 1,631,777 | 231,777 |
| Wastewater Service | 1,450,000 | 1,612,238 | 162,238 |
| Sales Tax Revenues | 175,000 | 177,035 | 2,035 |
| Regional Water Authority Fee | 2,700,000 | 2,899,861 | 199,861 |
| Penalty and Interest | 200,000 | 206,696 | 6,696 |
| Tap Connection and Inspection Fees | 250,000 | 803,084 | 553,084 |
| Investment Revenues | 15,000 | 24,787 | 9,787 |
| Miscellaneous Revenues | 50,000 | 301,356 | 251,356 |
| TOTAL REVENUES | \$ 9,740,000 | \$ 11,284,565 | \$ 1,544,565 |
| EXPENDITURES | | | |
| Service Operations: | | | |
| Professional Fees | \$ 370,000 | \$ 508,611 | \$ (138,611) |
| Contracted Services | 1,413,250 | 1,631,818 | (218,568) |
| Utilities | 325,000 | 420,976 | (95,976) |
| Regional Water Authority Assessment | 2,700,000 | 2,852,727 | (152,727) |
| Repairs and Maintenance | 1,850,000 | 2,408,436 | (558,436) |
| Other | 1,040,500 | 1,304,462 | (263,962) |
| Capital Outlay | 2,037,000 | 442,428 | 1,594,572 |
| TOTAL EXPENDITURES | \$ 9,735,750 | \$ 9,569,458 | \$ 166,292 |
| NET CHANGE IN FUND BALANCE | \$ 4,250 | \$ 1,715,107 | \$ 1,710,857 |
| FUND BALANCE - JULY 1, 2021 | 12,410,389 | 12,410,389 | _____ |
| FUND BALANCE - JUNE 30, 2022 | \$ 12,414,639 | \$ 14,125,496 | \$ 1,710,857 |

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, 2022

TIMBER LANE UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED JUNE 30, 2022

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, 2022**

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" | 7,487 | 7,378 | x 1.0 | 7,378 |
| 1" | 59 | 52 | x 2.5 | 130 |
| 1½" | 26 | 22 | x 5.0 | 110 |
| 2" | 35 | 33 | x 8.0 | 264 |
| 3" | 1 | 1 | x 15.0 | 15 |
| 4" | 4 | 4 | x 25.0 | 100 |
| 6" | 4 | 4 | x 50.0 | 200 |
| 8" | 4 | 4 | x 80.0 | 320 |
| 10" | | | x 115.0 | |
| Total Water Connections | <u>7,620</u> | <u>7,498</u> | | <u>8,517</u> |
| Total Wastewater Connections | <u>7,586</u> | <u>7,464</u> | x 1.0 | <u>7,464</u> |

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

Gallons pumped into system: 655,278,000 Water Accountability Ratio: 81.1%
(Gallons billed/Gallons pumped)

Gallons billed to customers: 531,148,000

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2022

| | |
|-----------------------------------|---------------------|
| PROFESSIONAL FEES: | |
| Auditing | \$ 21,050 |
| Engineering | 369,287 |
| Legal | <u>118,274</u> |
| TOTAL PROFESSIONAL FEES | <u>\$ 508,611</u> |
| CONTRACTED SERVICES: | |
| Bookkeeping | \$ 52,125 |
| Operations and Billing | 392,200 |
| Security | 1,146,489 |
| Parks General Manager | <u>41,004</u> |
| TOTAL CONTRACTED SERVICES | <u>\$ 1,631,818</u> |
| UTILITIES | <u>\$ 420,976</u> |
| REPAIRS AND MAINTENANCE | <u>\$ 2,408,436</u> |
| ADMINISTRATIVE EXPENDITURES: | |
| Director Fees | \$ 33,750 |
| Dues | 700 |
| Election Costs | 15,694 |
| Insurance | 101,392 |
| Office Supplies and Postage | 126,885 |
| Payroll Taxes | 12,251 |
| Travel and Meetings | <u>19,496</u> |
| TOTAL ADMINISTRATIVE EXPENDITURES | <u>\$ 310,168</u> |

See accompanying independent auditor's report.

**TIMBER LANE UTILITY DISTRICT
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2022**

| | | | |
|--|----------|-----------|-------------------------|
| CAPITAL OUTLAY | | \$ | <u>442,428</u> |
| TAP CONNECTIONS | | \$ | <u>338,452</u> |
| OTHER EXPENDITURES: | | | |
| Chemicals | | \$ | 27,394 |
| Laboratory Fees | | | 164,868 |
| Permit Fees | | | 31,735 |
| Reconnection Fees | | | 45,501 |
| Inspection Fees | | | 86,564 |
| Regional Water Authority Assessment | | | 2,852,727 |
| Regulatory Assessment | | | 16,136 |
| Sludge Hauling | | | 246,529 |
| Other | | | <u>37,115</u> |
| TOTAL OTHER EXPENDITURES | | \$ | <u>3,508,569</u> |
| | | | |
| TOTAL EXPENDITURES | | \$ | <u><u>9,569,458</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, 2022**

| <u>Funds</u> | <u>Identification or Certificate Number</u> | <u>Interest Rate</u> | <u>Maturity Date</u> | <u>Balance at End of Year</u> | <u>Accrued Interest Receivable at End of Year</u> |
|------------------------------|---|--------------------------|--------------------------|-----------------------------------|---|
| <u>GENERAL FUND</u> | | | | | |
| TexPool | XXXX0002 | Varies | Daily | \$ 9,811,966 | \$ |
| TexSTAR | XXXX2220 | Varies | Daily | <u>3,505,982</u> | <u> </u> |
| TOTAL GENERAL FUND | | | | <u>\$ 13,317,948</u> | <u>\$ - 0 -</u> |
| <u>DEBT SERVICE FUND</u> | | | | | |
| TexPool | XXXX0003 | Varies | Daily | \$ 282,318 | \$ |
| TexSTAR | XXXX3330 | Varies | Daily | 5,576,496 | |
| Certificate of Deposit | XXXX7961 | 0.20% | 07/19/22 | 110,505 | 99 |
| Certificate of Deposit | XXXX1717 | 0.30% | 09/02/22 | 109,270 | 108 |
| Certificate of Deposit | XXXX6914 | 0.80% | 05/07/23 | <u>225,000</u> | <u>167</u> |
| TOTAL DEBT SERVICE FUND | | | | <u>\$ 6,303,589</u> | <u>\$ 374</u> |
| <u>CAPITAL PROJECTS FUND</u> | | | | | |
| TexPool | XXXX0005 | Varies | Daily | <u>\$ 17,232,086</u> | <u>\$ - 0 -</u> |
| TOTAL - ALL FUNDS | | | | <u>\$ 36,853,623</u> | <u>\$ 374</u> |

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2022

| | Maintenance Taxes | | Debt Service Taxes | |
|-----------------------------|-------------------|------------------|--------------------|-----------------------------------|
| TAXES RECEIVABLE - | | | | |
| JULY 1, 2021 | \$ | 162,442 | | \$ 246,548 |
| Adjustments to Beginning | | | | |
| Balance | | <u>(14,255)</u> | \$ 148,187 | <u>(21,028)</u> \$ 225,520 |
| Original 2021 Tax Levy | \$ | 2,889,828 | | \$ 4,674,722 |
| Adjustment to 2021 Tax Levy | | <u>803,870</u> | <u>3,693,698</u> | <u>1,300,379</u> <u>5,975,101</u> |
| TOTAL TO BE | | | | |
| ACCOUNTED FOR | | | \$ 3,841,885 | \$ 6,200,621 |
| TAX COLLECTIONS: | | | | |
| Prior Years | \$ | 38,446 | | \$ 55,325 |
| Current Year | | <u>3,589,285</u> | <u>3,627,731</u> | <u>5,806,197</u> <u>5,861,522</u> |
| TAXES RECEIVABLE - | | | | |
| JUNE 30, 2022 | | | <u>\$ 214,154</u> | <u>\$ 339,099</u> |
| TAXES RECEIVABLE BY | | | | |
| YEAR: | | | | |
| 2021 | | \$ 104,413 | | \$ 168,904 |
| 2020 | | 52,599 | | 70,593 |
| 2019 | | 21,861 | | 29,340 |
| 2018 | | 8,760 | | 13,818 |
| 2017 | | 7,187 | | 9,172 |
| 2016 and prior | | <u>19,334</u> | | <u>47,272</u> |
| TOTAL | | | <u>\$ 214,154</u> | <u>\$ 339,099</u> |

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2022

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|--|-------------------------------|------------------------------|------------------------------|------------------------------|
| PROPERTY VALUATIONS: | | | | |
| Land | \$ 182,643,078 | \$ 162,771,190 | \$ 162,952,711 | \$ 161,570,329 |
| Improvements | 929,871,181 | 770,748,596 | 713,453,165 | 630,346,017 |
| Personal Property | 30,735,287 | 30,885,013 | 33,328,092 | 34,789,178 |
| Exemptions | <u>(56,867,784)</u> | <u>(51,842,412)</u> | <u>(55,071,521)</u> | <u>(56,667,913)</u> |
| TOTAL PROPERTY VALUATIONS | <u><u>\$1,086,381,762</u></u> | <u><u>\$ 912,562,387</u></u> | <u><u>\$ 854,662,447</u></u> | <u><u>\$ 770,037,611</u></u> |
| TAX RATES PER \$100 VALUATION: | | | | |
| Debt Service | \$ 0.55 | \$ 0.51 | \$ 0.51 | \$ 0.560 |
| Maintenance | <u>0.34</u> | <u>0.38</u> | <u>0.38</u> | <u>0.355</u> |
| TOTAL TAX RATES PER \$100 VALUATION | <u><u>\$ 0.89</u></u> | <u><u>\$ 0.89</u></u> | <u><u>\$ 0.890</u></u> | <u><u>\$ 0.915</u></u> |
| ADJUSTED TAX LEVY* | <u><u>\$ 9,668,799</u></u> | <u><u>\$ 8,121,805</u></u> | <u><u>\$ 7,606,496</u></u> | <u><u>\$ 7,045,843</u></u> |
| PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED | <u><u>97.17 %</u></u> | <u><u>98.48 %</u></u> | <u><u>99.33 %</u></u> | <u><u>99.68 %</u></u> |

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

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

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2022

| 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 | |
| 2023 | \$ 110,000 | \$ 12,200 | \$ | 122,200 |
| 2024 | 120,000 | 7,600 | | 127,600 |
| 2025 | 130,000 | 2,600 | | 132,600 |
| 2026 | | | | |
| 2027 | | | | |
| 2028 | | | | |
| 2029 | | | | |
| 2030 | | | | |
| 2031 | | | | |
| 2032 | | | | |
| 2033 | | | | |
| 2034 | | | | |
| 2035 | | | | |
| 2036 | | | | |
| 2037 | | | | |
| 2038 | | | | |
| 2039 | | | | |
| 2040 | | | | |
| 2041 | | | | |
| 2042 | | | | |
| 2043 | | | | |
| 2044 | | | | |
| 2045 | | | | |
| 2046 | | | | |
| | \$ 360,000 | \$ 22,400 | \$ | 382,400 |

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2022

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 |
|--|------------------------------|---|---------------------|
| 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 | | | |
| 2045 | | | |
| 2046 | | | |
| | <u>\$ 1,625,000</u> | <u>\$ 758,500</u> | <u>\$ 2,383,500</u> |

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2022

| 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 | |
| 2023 | \$ 100,000 | \$ 32,125 | \$ | 132,125 |
| 2024 | 100,000 | 29,125 | | 129,125 |
| 2025 | 100,000 | 26,125 | | 126,125 |
| 2026 | 100,000 | 23,000 | | 123,000 |
| 2027 | 100,000 | 19,750 | | 119,750 |
| 2028 | 125,000 | 15,938 | | 140,938 |
| 2029 | 125,000 | 11,562 | | 136,562 |
| 2030 | 125,000 | 7,031 | | 132,031 |
| 2031 | 125,000 | 2,344 | | 127,344 |
| 2032 | | | | |
| 2033 | | | | |
| 2034 | | | | |
| 2035 | | | | |
| 2036 | | | | |
| 2037 | | | | |
| 2038 | | | | |
| 2039 | | | | |
| 2040 | | | | |
| 2041 | | | | |
| 2042 | | | | |
| 2043 | | | | |
| 2044 | | | | |
| 2045 | | | | |
| 2046 | | | | |
| | \$ 1,000,000 | \$ 167,000 | \$ | 1,167,000 |

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2022

REFUNDING SERIES - 2014 B

| Due During Fiscal Years Ending June 30 | Principal Due August 1 | Interest Due August 1/ February 1 | Total |
|--|------------------------------|---|---------------------|
| 2023 | \$ 770,000 | \$ 97,050 | \$ 867,050 |
| 2024 | 775,000 | 73,875 | 848,875 |
| 2025 | 785,000 | 50,475 | 835,475 |
| 2026 | 440,000 | 32,100 | 472,100 |
| 2027 | 430,000 | 19,050 | 449,050 |
| 2028 | 420,000 | 6,300 | 426,300 |
| 2029 | | | |
| 2030 | | | |
| 2031 | | | |
| 2032 | | | |
| 2033 | | | |
| 2034 | | | |
| 2035 | | | |
| 2036 | | | |
| 2037 | | | |
| 2038 | | | |
| 2039 | | | |
| 2040 | | | |
| 2041 | | | |
| 2042 | | | |
| 2043 | | | |
| 2044 | | | |
| 2045 | | | |
| 2046 | | | |
| | <u>\$ 3,620,000</u> | <u>\$ 278,850</u> | <u>\$ 3,898,850</u> |

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2022

REFUNDING SERIES - 2015

| Due During Fiscal Years Ending June 30 | Principal Due August 1 | Interest Due August 1/ February 1 | Total |
|--|------------------------------|---|----------------------|
| 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 | | | |
| 2045 | | | |
| 2046 | | | |
| | <u>\$ 8,130,000</u> | <u>\$ 2,250,552</u> | <u>\$ 10,380,552</u> |

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2022

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 |
|--|------------------------------|---|---------------------|
| 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 | | | |
| 2045 | | | |
| 2046 | | | |
| | <u>\$ 4,900,000</u> | <u>\$ 1,847,795</u> | <u>\$ 6,747,795</u> |

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2022

| 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 | |
| 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 | | | | |
| 2045 | | | | |
| 2046 | | | | |
| | \$ 5,000,000 | \$ 1,579,424 | \$ | 6,579,424 |

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2022

SERIES - 2018 RECREATIONAL

| Due During Fiscal Years Ending June 30 | Principal Due August 1 | Interest Due August 1/ February 1 | Total |
|--|------------------------------|---|---------------------|
| 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 | | | |
| 2045 | | | |
| 2046 | | | |
| | <u>\$ 2,800,000</u> | <u>\$ 1,064,172</u> | <u>\$ 3,864,172</u> |

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2022

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 |
|--|------------------------------|---|---------------------|
| 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 | | | |
| 2045 | | | |
| 2046 | | | |
| | <u>\$ 5,925,000</u> | <u>\$ 2,160,549</u> | <u>\$ 8,085,549</u> |

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2022

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 |
|--|------------------------------|---|----------------------|
| 2023 | \$ 870,000 | \$ 270,250 | \$ 1,140,250 |
| 2024 | 905,000 | 243,625 | 1,148,625 |
| 2025 | 1,115,000 | 213,325 | 1,328,325 |
| 2026 | 1,495,000 | 166,700 | 1,661,700 |
| 2027 | 1,500,000 | 114,300 | 1,614,300 |
| 2028 | 1,540,000 | 68,700 | 1,608,700 |
| 2029 | 1,520,000 | 22,800 | 1,542,800 |
| 2030 | | | |
| 2031 | | | |
| 2032 | | | |
| 2033 | | | |
| 2034 | | | |
| 2035 | | | |
| 2036 | | | |
| 2037 | | | |
| 2038 | | | |
| 2039 | | | |
| 2040 | | | |
| 2041 | | | |
| 2042 | | | |
| 2043 | | | |
| 2044 | | | |
| 2045 | | | |
| 2046 | | | |
| | <u>\$ 8,945,000</u> | <u>\$ 1,099,700</u> | <u>\$ 10,044,700</u> |

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2022

| 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 | |
| 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 | | | | |
| 2045 | | | | |
| 2046 | | | | |
| | \$ 2,100,000 | \$ 490,094 | \$ | 2,590,094 |

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2022

REFUNDING SERIES - 2020 A

| Due During Fiscal Years Ending June 30 | Principal Due February 1 | Interest Due August 1/ February 1 | Total |
|--|--------------------------------|---|---------------------|
| 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 | | | |
| 2033 | | | |
| 2034 | | | |
| 2035 | | | |
| 2036 | | | |
| 2037 | | | |
| 2038 | | | |
| 2039 | | | |
| 2040 | | | |
| 2041 | | | |
| 2042 | | | |
| 2043 | | | |
| 2044 | | | |
| 2045 | | | |
| 2046 | | | |
| | <u>\$ 3,365,000</u> | <u>\$ 479,200</u> | <u>\$ 3,844,200</u> |

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2022

| 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 |
| 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 |
| 2045 | | | |
| 2046 | | | |
| | \$ 12,500,000 | \$ 2,315,189 | \$ 14,815,189 |

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2022

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

| Due During Fiscal Years Ending June 30 | Principal Due August 1 | Interest Due August 1/ February 1 | Total |
|--|------------------------------|---|----------------------|
| 2023 | \$ | \$ 418,198 | \$ 418,198 |
| 2024 | 615,000 | 359,431 | 974,431 |
| 2025 | 615,000 | 334,831 | 949,831 |
| 2026 | 615,000 | 310,231 | 925,231 |
| 2027 | 615,000 | 285,631 | 900,631 |
| 2028 | 615,000 | 261,031 | 876,031 |
| 2029 | 615,000 | 242,581 | 857,581 |
| 2030 | 615,000 | 230,281 | 845,281 |
| 2031 | 615,000 | 217,981 | 832,981 |
| 2032 | 615,000 | 205,681 | 820,681 |
| 2033 | 615,000 | 193,381 | 808,381 |
| 2034 | 615,000 | 181,081 | 796,081 |
| 2035 | 615,000 | 168,781 | 783,781 |
| 2036 | 615,000 | 156,097 | 771,097 |
| 2037 | 615,000 | 142,644 | 757,644 |
| 2038 | 610,000 | 128,863 | 738,863 |
| 2039 | 610,000 | 114,756 | 724,756 |
| 2040 | 610,000 | 100,269 | 710,269 |
| 2041 | 610,000 | 85,400 | 695,400 |
| 2042 | 610,000 | 70,150 | 680,150 |
| 2043 | 610,000 | 54,900 | 664,900 |
| 2044 | 610,000 | 39,650 | 649,650 |
| 2045 | 610,000 | 24,019 | 634,019 |
| 2046 | 610,000 | 8,006 | 618,006 |
| | <u>\$ 14,100,000</u> | <u>\$ 4,333,874</u> | <u>\$ 18,433,874</u> |

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2022

ANNUAL REQUIREMENTS
FOR ALL SERIES

| Due During Fiscal Years Ending June 30 | Total Principal Due | Total Interest Due | Total Principal and Interest Due |
|--|------------------------|-----------------------|--|
| 2023 | \$ 3,045,000 | \$ 2,059,867 | \$ 5,104,867 |
| 2024 | 4,020,000 | 1,900,599 | 5,920,599 |
| 2025 | 4,250,000 | 1,767,900 | 6,017,900 |
| 2026 | 4,190,000 | 1,625,474 | 5,815,474 |
| 2027 | 4,260,000 | 1,483,200 | 5,743,200 |
| 2028 | 4,340,000 | 1,352,212 | 5,692,212 |
| 2029 | 5,975,000 | 1,230,962 | 7,205,962 |
| 2030 | 4,500,000 | 1,105,581 | 5,605,581 |
| 2031 | 2,990,000 | 1,000,703 | 3,990,703 |
| 2032 | 3,925,000 | 912,645 | 4,837,645 |
| 2033 | 3,920,000 | 810,099 | 4,730,099 |
| 2034 | 3,995,000 | 704,550 | 4,699,550 |
| 2035 | 3,115,000 | 609,798 | 3,724,798 |
| 2036 | 2,890,000 | 529,394 | 3,419,394 |
| 2037 | 2,890,000 | 449,722 | 3,339,722 |
| 2038 | 2,735,000 | 373,848 | 3,108,848 |
| 2039 | 2,735,000 | 301,224 | 3,036,224 |
| 2040 | 2,735,000 | 226,676 | 2,961,676 |
| 2041 | 2,710,000 | 151,432 | 2,861,432 |
| 2042 | 1,310,000 | 100,338 | 1,410,338 |
| 2043 | 1,310,000 | 73,275 | 1,383,275 |
| 2044 | 1,310,000 | 45,775 | 1,355,775 |
| 2045 | 610,000 | 24,019 | 634,019 |
| 2046 | 610,000 | 8,006 | 618,006 |
| | <u>\$ 74,370,000</u> | <u>\$ 18,847,299</u> | <u>\$ 93,217,299</u> |

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED JUNE 30, 2022

| Description | Original Bonds Issued | Bonds Outstanding July 1, 2021 |
|--|-----------------------------|--------------------------------------|
| Timber Lane Utility District Unlimited Tax Park Bonds - Series 2010 | \$ 1,200,000 | \$ 465,000 |
| Timber Lane Utility District Unlimited Tax Refunding Bonds - Series 2013 | 9,310,000 | 475,000 |
| Timber Lane Utility District Unlimited Tax Bonds - Series 2014 | 1,800,000 | 1,650,000 |
| Timber Lane Utility District Unlimited Tax Bonds - Series 2014A | 1,700,000 | 1,100,000 |
| Timber Lane Utility District Unlimited Tax Refunding Bonds - Series 2014B | 6,205,000 | 4,100,000 |
| Timber Lane Utility District Unlimited Tax Refunding Bonds - Series 2015 | 8,965,000 | 8,205,000 |
| Timber Lane Utility District Unlimited Tax Bonds - Series 2015A | 6,100,000 | 5,100,000 |
| Timber Lane Utility District Unlimited Tax Bonds - Series 2016 | 6,250,000 | 5,250,000 |
| Timber Lane Utility District Unlimited Tax Recreational Bonds - Series 2018 | 3,100,000 | 2,900,000 |
| Timber Lane Utility District Unlimited Tax Bonds - Series 2018A | 6,600,000 | 6,150,000 |
| Timber Lane Utility District Unlimited Tax Refunding Bonds - Series 2019 | 9,850,000 | 9,810,000 |
| 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 | 3,560,000 |
| Timber Lane Utility District Unlimited Tax Bonds - Series 2021 | 12,500,000 | 12,500,000 |
| Timber Lane Utility District Unlimited Tax Bonds - Series 2021A | 14,100,000 | |
| TOTAL | <u>\$ 93,440,000</u> | <u>\$ 63,465,000</u> |

See accompanying independent auditor's report.

| Current Year Transactions | | | | Bonds Outstanding June 30, 2022 | Paying Agent |
|---------------------------|---------------------|---------------------|----------------------|--|--------------|
| Bonds Sold | Retirements | | | | |
| | Principal | Interest | | | |
| | \$ 105,000 | \$ 16,500 | \$ 360,000 | Wells Fargo Bank N.A. Houston, TX | |
| | 475,000 | 7,125 | -0- | Wells Fargo Bank N.A. Dallas, TX | |
| | 25,000 | 67,625 | 1,625,000 | Wells Fargo Bank N.A. Minneapolis, MN | |
| | 100,000 | 35,125 | 1,000,000 | Wells Fargo Bank N.A. Minneapolis, MN | |
| | 480,000 | 115,800 | 3,620,000 | Wells Fargo Bank N.A. Minneapolis, MN | |
| | 75,000 | 249,443 | 8,130,000 | Wells Fargo Bank N.A. Minneapolis, MN | |
| | 200,000 | 159,781 | 4,900,000 | Wells Fargo Bank N.A. Minneapolis, MN | |
| | 250,000 | 159,094 | 5,000,000 | Wells Fargo Bank N.A. Minneapolis, MN | |
| | 100,000 | 93,031 | 2,800,000 | Amegy Bank N.A. Houston, TX | |
| | 225,000 | 197,219 | 5,925,000 | Amegy Bank N.A. Houston, TX | |
| | 865,000 | 296,275 | 8,945,000 | Zions Bancorporation N.A. Houston, TX | |
| | 100,000 | 51,500 | 2,100,000 | Zions Bancorporation N.A. Houston, TX | |
| | 195,000 | 75,200 | 3,365,000 | Zions Bancorporation N.A. Houston, TX | |
| | | 183,641 | 12,500,000 | Zions Bancorporation N.A. Houston, TX | |
| | | | | Zions Bancorporation N.A. Houston, TX | |
| <u>14,100,000</u> | | | <u>14,100,000</u> | | |
| <u>\$ 14,100,000</u> | <u>\$ 3,195,000</u> | <u>\$ 1,707,359</u> | <u>\$ 74,370,000</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, 2022

| Bond Authority: | Tax Bonds | Refunding Bonds | Recreational Facilities Bonds |
|---|----------------|-----------------|----------------------------------|
| Amount Authorized by Voters | \$ 162,350,000 | \$ 35,000,000 | \$ 11,000,000 |
| Amount Issued | 112,950,000 | 14,589,610 | 6,000,000 |
| Remaining to be Issued | \$ 49,400,000 | \$ 20,410,390 | \$ 5,000,000 |
| Debt Service Fund cash and investments balances as of June 30, 2022: | | | \$ 6,799,312 |
| Average annual debt service payment (principal and interest) for remaining term of all debt: | | | \$ 3,884,054 |

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 | | |
|--|----------------------|----------------------|----------------------|
| | 2022 | 2021 | 2020 |
| REVENUES | | | |
| Property Taxes | \$ 3,627,731 | \$ 3,403,505 | \$ 3,215,975 |
| Water & Wastewater Service | 3,244,015 | 3,044,846 | 2,780,742 |
| Sales Tax Revenues | 177,035 | 157,803 | 141,520 |
| Regional Water Authority Fees | 2,899,861 | 2,485,194 | 2,002,816 |
| Penalty and Interest | 206,696 | 182,379 | 126,234 |
| Tap Connection and Inspection Fees | 803,084 | 1,013,896 | 576,469 |
| Investment Revenues | 24,787 | 12,040 | 134,765 |
| Miscellaneous/Grant/FEMA Revenues | 301,356 | 341,578 | 497,228 |
| TOTAL REVENUES | \$ 11,284,565 | \$ 10,641,241 | \$ 9,475,749 |
| EXPENDITURES | | | |
| Professional Fees | \$ 508,611 | \$ 323,616 | \$ 443,604 |
| Contracted Services | 1,631,818 | 1,430,943 | 1,352,980 |
| Utilities | 420,976 | 371,954 | 305,738 |
| Regional Water Authority Assessment | 2,852,727 | 2,608,594 | 2,211,917 |
| Repairs and Maintenance | 2,408,436 | 2,312,570 | 1,908,529 |
| Other | 1,304,462 | 1,338,620 | 1,096,860 |
| Capital Outlay | 442,428 | 1,038,503 | 649,465 |
| TOTAL EXPENDITURES | \$ 9,569,458 | \$ 9,424,800 | \$ 7,969,093 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | \$ 1,715,107 | \$ 1,216,441 | \$ 1,506,656 |
| OTHER FINANCING SOURCES (USES) | | | |
| Developer/Other Government Contributions | \$ -0- | \$ -0- | \$ -0- |
| NET CHANGE IN FUND BALANCE | \$ 1,715,107 | \$ 1,216,441 | \$ 1,506,656 |
| BEGINNING FUND BALANCE | 12,410,389 | 11,193,948 | 9,687,292 |
| ENDING FUND BALANCE | \$ 14,125,496 | \$ 12,410,389 | \$ 11,193,948 |

See accompanying independent auditor's report.

| | | Percentage of Total Revenues | | | | |
|---------------------|---------------------|------------------------------|----------------|----------------|----------------|----------------|
| 2019 | 2018 | 2022 | 2021 | 2020 | 2019 | 2018 |
| \$ 2,736,182 | \$ 2,433,906 | 32.2 % | 32.0 % | 34.1 % | 34.5 % | 33.9 % |
| 2,700,165 | 2,695,398 | 28.7 | 28.6 | 29.3 | 33.8 | 37.5 |
| 131,058 | 142,491 | 1.6 | 1.5 | 1.5 | 1.6 | 2.0 |
| 1,718,757 | 1,480,887 | 25.7 | 23.4 | 21.1 | 21.5 | 20.6 |
| 193,719 | 151,615 | 1.8 | 1.7 | 1.3 | 2.4 | 2.1 |
| 82,673 | 104,056 | 7.1 | 9.5 | 6.1 | 1.0 | 1.4 |
| 159,782 | 65,347 | 0.2 | 0.1 | 1.4 | 2.0 | 0.9 |
| 258,167 | 117,260 | 2.7 | 3.2 | 5.2 | 3.2 | 1.6 |
| <u>\$ 7,980,503</u> | <u>\$ 7,190,960</u> | <u>100.0 %</u> | <u>100.0 %</u> | <u>100.0 %</u> | <u>100.0 %</u> | <u>100.0 %</u> |
| | | | | | | |
| \$ 250,942 | \$ 331,748 | 4.5 % | 3.0 % | 4.7 % | 3.1 % | 4.6 % |
| 1,313,708 | 1,244,014 | 14.5 | 13.4 | 14.3 | 16.5 | 17.3 |
| 322,119 | 329,770 | 3.7 | 3.5 | 3.2 | 4.0 | 4.6 |
| 1,839,346 | 1,484,951 | 25.3 | 24.5 | 23.3 | 23.0 | 20.7 |
| 1,395,551 | 1,438,509 | 21.3 | 21.7 | 20.1 | 17.5 | 20.0 |
| 713,462 | 671,404 | 11.6 | 12.6 | 11.6 | 8.9 | 9.3 |
| 895,453 | 899,047 | 3.9 | 9.8 | 6.9 | 11.2 | 12.5 |
| <u>\$ 6,730,581</u> | <u>\$ 6,399,443</u> | <u>84.8 %</u> | <u>88.5 %</u> | <u>84.1 %</u> | <u>84.2 %</u> | <u>89.0 %</u> |
| | | | | | | |
| \$ 1,249,922 | \$ 791,517 | 15.2 % | 11.5 % | 15.9 % | 15.8 % | 11.0 % |
| | | | | | | |
| \$ 48,173 | \$ -0- | | | | | |
| \$ 1,298,095 | \$ 791,517 | | | | | |
| 8,389,197 | 7,597,680 | | | | | |
| <u>\$ 9,687,292</u> | <u>\$ 8,389,197</u> | | | | | |

See accompanying independent auditor's report.

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

| | Amounts | | |
|--|---------------------|---------------------|---------------------|
| | 2022 | 2021 | 2020 |
| REVENUES | | | |
| Property Taxes | \$ 5,861,522 | \$ 4,570,304 | \$ 4,325,182 |
| Penalty and Interest | 61,391 | 72,511 | 85,982 |
| Interest on Investments | 11,579 | 4,935 | 47,535 |
| Miscellaneous Revenues | 11,085 | 12,926 | 470 |
| TOTAL REVENUES | \$ 5,945,577 | \$ 4,660,676 | \$ 4,459,169 |
| EXPENDITURES | | | |
| Tax Collection Expenditures | \$ 243,540 | \$ 253,777 | \$ 217,525 |
| Debt Service Principal | 3,195,000 | 2,855,000 | 2,775,000 |
| Debt Service Interest and Fees | 1,711,134 | 1,606,831 | 1,550,151 |
| Bond Issuance Costs | | 148,199 | |
| Payment to Refunded Bond Escrow Agent | | 30,000 | |
| TOTAL EXPENDITURES | \$ 5,149,674 | \$ 4,893,807 | \$ 4,542,676 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | \$ 795,903 | \$ (233,131) | \$ (83,507) |
| OTHER FINANCING SOURCES (USES) | | | |
| Refunding Bonds | \$ | \$ 3,560,000 | \$ |
| Bond Premium | | 74,432 | |
| Payment to Refunded Bond Escrow Agent | | (3,477,592) | |
| TOTAL OTHER FINANCING SOURCES (USES) | \$ - 0 - | \$ 156,840 | \$ - 0 - |
| NET CHANGE IN FUND BALANCE | \$ 795,903 | \$ (76,291) | \$ (83,507) |
| BEGINNING FUND BALANCE | 5,582,388 | 5,658,679 | 5,742,186 |
| ENDING FUND BALANCE | \$ 6,378,291 | \$ 5,582,388 | \$ 5,658,679 |
| TOTAL ACTIVE RETAIL WATER CONNECTIONS | 7,498 | 7,044 | 6,359 |
| TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS | 7,464 | 6,990 | 6,307 |

See accompanying independent auditor's report.

| | | Percentage of Total Revenues | | | | |
|---------------------|---------------------|------------------------------|----------------|----------------|----------------|----------------|
| 2019 | 2018 | 2022 | 2021 | 2020 | 2019 | 2018 |
| \$ 4,330,448 | \$ 4,520,237 | 98.6 % | 98.0 % | 97.0 % | 96.4 % | 97.8 % |
| 79,639 | 55,697 | 1.0 | 1.6 | 1.9 | 1.8 | 1.2 |
| 81,426 | 45,292 | 0.2 | 0.1 | 1.1 | 1.8 | 1.0 |
| 30 | 30 | 0.2 | 0.3 | | | |
| <u>\$ 4,491,543</u> | <u>\$ 4,621,256</u> | <u>100.0 %</u> | <u>100.0 %</u> | <u>100.0 %</u> | <u>100.0 %</u> | <u>100.0 %</u> |
| \$ 212,966 | \$ 190,671 | 4.1 % | 5.4 % | 4.9 % | 4.7 % | 4.1 % |
| 2,415,000 | 2,365,000 | 53.7 | 61.3 | 62.2 | 53.8 | 51.2 |
| 1,650,904 | 1,553,225 | 28.8 | 34.5 | 34.8 | 36.8 | 33.6 |
| 345,958 | | | 3.2 | | 7.7 | |
| 141,000 | | | 0.6 | | 3.1 | |
| <u>\$ 4,765,828</u> | <u>\$ 4,108,896</u> | <u>86.6 %</u> | <u>105.0 %</u> | <u>101.9 %</u> | <u>106.1 %</u> | <u>88.9 %</u> |
| \$ (274,285) | \$ 512,360 | 13.4 % | (5.0) % | (1.9) % | (6.1) % | 11.1 % |
| \$ 9,850,000 | \$ | | | | | |
| 460,696 | | | | | | |
| (9,968,380) | | | | | | |
| <u>\$ 342,316</u> | <u>\$ - 0 -</u> | | | | | |
| \$ 68,031 | \$ 512,360 | | | | | |
| 5,674,155 | 5,161,795 | | | | | |
| <u>\$ 5,742,186</u> | <u>\$ 5,674,155</u> | | | | | |
| <u>5,995</u> | <u>5,960</u> | | | | | |
| <u>5,950</u> | <u>5,915</u> | | | | | |

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
JUNE 30, 2022

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 June 30, 2022 | Expense Reimbursements for the year ended June 30, 2022 | Title |
|----------------------|--|--|---|------------------------|
| Daniel M. Meacham | 05/20 05/24 (Elected) | \$ 6,750 | \$ 4,331 | President |
| Robert Schenck | 05/22 05/26 (Elected) | \$ 6,450 | \$ 20,275 | Vice President |
| James F. Messer | 05/22 05/26 (Elected) | \$ 8,100 | \$ 3,572 | Secretary |
| A. F. (Bud) Gessel | 05/20 05/24 (Elected) | \$ 5,700 | \$ 47,459 | Assistant Secretary |
| Eric Langstaff | 05/22 05/26 (Elected) | \$ 7,050 | \$ 5,168 | 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: August 1, 2022

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 \$900 due to an accounting error. These fees will be reimbursed to the District during the fiscal year ending June 30, 2023.

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
JUNE 30, 2022

| Consultants: | <u>Date Hired</u> | <u>Fees for the year ended June 30, 2022</u> | <u>Title</u> |
|--------------------------------------|-------------------|--|---|
| Smith, Murdaugh, Little & Bonham LLP | 08/27/03 | \$ 130,997 \$ 444,955 \$ 32,984 | General Counsel/ Bond Counsel/ Delinquent Tax Attorney |
| McCall Gibson Swedlund Barfoot PLLC | 06/10/14 | \$ 21,050 \$ 4,400 | Audit Bond/AUP Related |
| Vogler & Spencer Engineering, Inc. | 11/24/98 | \$ 764,754 \$ 142,225 | Engineer Bond Related |
| Myrtle Cruz, Inc. | 08/06/08 | \$ 63,121 | Bookkeeper |
| Masterson Advisors LLC | 05/10/18 | \$ 187,999 | Financial Advisor |
| Bill Russell | 11/14/13 | \$ -0- | Investment Officer |
| H2O Innovation | 07/22/90 | \$ 1,398,036 | Operator |
| Utility Tax Service, LLC | 04/10/97 | \$ 158,434 | Tax Collector |
| A. F. (Bud) Gessel | 04/01/17 | \$ 41,004 | Parks General Manager |

See accompanying independent auditor's report.