

POINT AQUARIUS MUNICIPAL UTILITY DISTRICT  
MONTGOMERY COUNTY, TEXAS  
ANNUAL AUDIT REPORT  
SEPTEMBER 30, 2021

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January 25, 2022

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Point Aquarius Municipal  
Utility District  
Montgomery County, Texas

I have audited the accompanying financial statements of the governmental activities and each fund of Point Aquarius Municipal Utility District, as of and for the year ended September 30, 2021, which collectively comprise the District's basic financial statements, as listed in the table of contents, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

### **Opinions**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each fund of Point Aquarius Municipal Utility District as of September 30, 2021, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT (Continued)**Other Matters**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on Pages 3 to 8 and Schedule of Revenues, Expenditures and Changes in Fund Balance, Budget and Actual, General Fund, on Page 21 be presented to supplement the basic financial statements. Such information, although not 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on Pages 22 to 38 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. Except for the portion marked "unaudited," the information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The supplementary information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on it. The accompanying supplementary information includes financial data excerpted from prior year financial statements which were audited by my firm.

A handwritten signature in black ink, appearing to read "M. A. J.", is located in the lower right quadrant of the page.

## Management's Discussion and Analysis

### Using this Annual Report

Within this section of the Point Aquarius Municipal Utility District (the "District") annual report, the District's Board of Directors provides narrative discussion and analysis of the financial activities of the District for the fiscal year ended September 30, 2021.

The annual report consists of a series of financial statements plus additional supplemental information to the financial statements as required by its state oversight agency, the Texas Commission on Environmental Quality. In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities which engage in a single governmental program. In the District's case, the single governmental program is provision of water and sewer services. The financial statements of special-purpose governments combine two types of financial statements into one statement. These two types of financial statements are the government-wide financial statements and the fund financial statements. The fund financial statements are presented on the left side of the statements, a column for adjustments is to the right of the fund financial statements, and the government-wide financial statements are presented to the right side of the adjustments column. The following sections describe the measurement focus of the two types of statements and the significant differences in the information they provide.

#### *Government-Wide Financial Statements*

The focus of government-wide financial statements is on the overall financial position and activities of the District. The District's government-wide financial statements include the statement of net position and statement of activities, which are prepared using accounting principles that are similar to commercial enterprises. The purpose of the statement of net position is to attempt to report all of the assets and liabilities owned by the District. The District reports all of its assets when it acquires or begins to maintain the assets and reports all of its liabilities when they are incurred.

The difference between the District's total assets and total liabilities is labeled as *net position* and this difference is similar to the total owners' equity presented by a commercial enterprise.

The purpose of the statement of activities is to present the revenues and expenses of the District. Again, the items presented on the statement of activities are measured in a manner similar to the approach used by a commercial enterprise in that revenues are recognized when earned or established criteria are satisfied and expenses are reported when incurred by the District. Thus, revenues are reported even when they may not be collected for several months or years after the end of the accounting period and expenses are recorded even though they may not have used cash during the current period.

Although the statement of activities looks different from a commercial enterprise's income statement, the financial statement is different only in format, not substance. Whereas the bottom line in a commercial enterprise is its net income, the District reports an amount described as *change in net position*, essentially the same thing.

#### *Fund Financial Statements*

Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the District rather than the District as a whole. Except for the General Fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties or governmental statutes or regulations.

Governmental fund financial statements consist of a balance sheet and statement of revenues, expenditures and change in fund balances and are prepared on an accounting basis that is significantly different from that used to prepare the government-wide financial statements.

In general, these financial statements have a short-term emphasis and, for the most part, measure and account for cash and other assets that can easily be converted into cash. For example, amounts reported on the balance sheet include items such as cash and receivables collectible within a very short period of time, but do not include capital assets such as land and water and sewer systems. Fund liabilities include amounts that are to be paid within a very short period after the end of the fiscal year. The difference between a fund's total assets and total liabilities is labeled the fund balance, and generally indicates the amount that can be used to finance the next fiscal year's activities. Likewise, the operating statement for governmental funds reports only those revenues and expenditures that were collected in cash or paid with cash, respectively, during the current period or very shortly after the end of the fiscal year.

Because the focus of the government-wide and fund financial statements are different, there are significant differences between the totals presented in these financial statements. For this reason, there is an analysis in Note 3 of the notes to the financial statements that reconciles the total fund balances to the amount of net position presented in the governmental activities column on the statement of net position. Also, there is an analysis in Note 3 of the notes to the financial statements that reconciles the total change in fund balances for all governmental funds to the change in net position as reported in the governmental activities column in the statement of activities.

### **Financial Analysis of the District as a Whole**

Financial Analysis of the District as a Whole begins with an understanding of how financial resources flow through the District's funds. Resources in the Capital Projects Fund are derived principally from proceeds of the sale of bonds, and expenditures from this fund are subject to the Rules of the Texas Commission on Environmental Quality. Resources in the Debt Service Fund are derived principally from the collection of property taxes and are used for the payment of tax collection costs and bond principal and interest. Resources in the General Fund are derived principally from property taxes and billings for water and sewer services and are used to operate and maintain the system and to pay costs of administration of the District.

Management has financial objectives for each of the District's funds. The financial objective for the Capital Projects Fund is to spend the funds as necessary in accordance with the Rules of the Texas Commission on Environmental Quality. The financial objective for the Debt Service Fund is to levy the taxes necessary to pay the fiscal year debt service requirements plus the cost of levying and collecting taxes, leaving the appropriate fund balance as recommended by the District's financial advisor. The financial objective for the General Fund is to keep the fund's expenditures as low as possible while ensuring that revenues are adequate to cover expenditures and maintaining the fund balance that Management believes is prudent. Management believes that these financial objectives were met during the fiscal year.

Management believes that the required method of accounting for certain elements of the government-wide financial statements makes the government-wide financial statements as a whole not useful for financial analysis. In the government-wide financial statements, capital assets and depreciation expense have been required to be recorded at historical cost. Management's policy is to maintain the District's capital assets in a condition greater than or equal to the condition required by regulatory authorities, and management does not believe that depreciation expense is relevant to the management of the District. In the government-wide financial statements, certain non-cash costs of long-term debt are capitalized and amortized over the life of the related debt. Management believes that this required method of accounting is not useful for financial analysis of the District and prefers to consider the required cash flows of the debt as reported in the fund statements and the notes to the financial statements. In the government-wide financial statements, property tax revenues are required to be recorded in the fiscal year for which the taxes are levied, regardless of the year of collection. Management believes that the cash basis method of accounting for property taxes in the funds provides more useful financial information.

The following required summaries of the District's overall financial position and operations for the past two years are based on the information included in the government-wide financial statements. For the reasons described in the preceding paragraph, a separate analysis of the summaries is not presented.

Summary of Net Position

	<u>2021</u>	<u>2020</u>	<u>Change</u>
Current and other assets	\$ 3,371,860	\$ 3,954,283	\$ (582,423)
Capital assets	10,075,113	9,895,419	179,694
Total assets	<u>13,446,973</u>	<u>13,849,702</u>	<u>(402,729)</u>
Long-term liabilities	8,905,265	9,357,897	(452,632)
Other liabilities	<u>611,826</u>	<u>615,135</u>	<u>(3,309)</u>
Total liabilities	<u>9,517,091</u>	<u>9,973,032</u>	<u>(455,941)</u>
Net position:			
Invested in capital assets, net of related debt	905,674	262,285	643,389
Restricted	55,654	47,350	8,304
Unrestricted	<u>2,968,554</u>	<u>3,567,035</u>	<u>(598,481)</u>
Total net position	<u>\$ 3,929,882</u>	<u>\$ 3,876,670</u>	<u>\$ 53,212</u>

Summary of Changes in Net Position

	<u>2021</u>	<u>2020</u>	<u>Change</u>
Revenues:			
Property taxes, including related penalty and interest	\$ 1,158,682	\$ 1,181,291	\$ (22,609)
Charges for services	671,956	664,326	7,630
Other revenues	<u>2,857</u>	<u>38,635</u>	<u>(35,778)</u>
Total revenues	<u>1,833,495</u>	<u>1,884,252</u>	<u>(50,757)</u>
Expenses:			
Service operations	1,300,416	1,110,737	189,679
Debt service	<u>479,867</u>	<u>361,079</u>	<u>118,788</u>
Total expenses	<u>1,780,283</u>	<u>1,471,816</u>	<u>308,467</u>
Change in net position	53,212	412,436	(359,224)
Net position, beginning of year	<u>3,876,670</u>	<u>3,464,234</u>	<u>412,436</u>
Net position, end of year	<u>\$ 3,929,882</u>	<u>\$ 3,876,670</u>	<u>\$ 53,212</u>

**Financial Analysis of the District's Funds**

The District's combined fund balances as of the end of the fiscal year ended September 30, 2021, were \$2,989,623, a decrease of \$573,289 from the prior year.

The General Fund balance decreased by \$583,253, due to the transfer of \$663,203 to the Debt Service Fund.

The Debt Service Fund balance increased by \$9,964, in accordance with the District's financial plan.

*General Fund Budgetary Highlights*

The Board of Directors did not amend the budget during the fiscal year. The District's budget is primarily a planning tool. Accordingly, actual results varied from the budgeted amounts. The comparison to actual to budgeted amounts is presented on Page 21 of this report. The budgetary fund balance as of September 30, 2021, was expected to be \$3,518,978 and the actual end of year fund balance was \$2,927,819.

**Capital Asset and Debt Administration**

*Capital Assets*

Capital assets held by the District at the end of the current and previous fiscal years are summarized as follows:

	<u>Capital Assets (Net of Accumulated Depreciation)</u>		
	<u>2021</u>	<u>2020</u>	<u>Change</u>
Land	\$ 174,058	\$ 174,058	\$ 0
Buildings and improvements	37,481	39,356	(1,875)
Construction in progress	63,219	71,845	(8,626)
Water facilities	3,496,921	3,537,901	(40,980)
Sewer facilities	6,036,321	5,792,436	243,885
Drainage facilities	267,113	279,823	(12,710)
Totals	<u>\$ 10,075,113</u>	<u>\$ 9,895,419</u>	<u>\$ 179,694</u>

Changes to capital assets during the fiscal year ended September 30, 2021, are summarized as follows:

Additions:

Water system improvements	\$ 248,936
Sewer system improvements	<u>462,642</u>
Total additions to capital assets	711,578

Decreases:

Depreciation	<u>(531,884)</u>
Net change to capital assets	<u>\$ 179,694</u>

*Debt*

Changes in the bonded debt position of the District during the fiscal year ended September 30, 2021, are summarized as follows:

Bonded debt payable, beginning of year	\$ 10,010,000
Sale of refunding bonds	9,120,000
Bonds Refunded	(9,410,000)
Bonds paid	<u>(295,000)</u>
Bonded debt payable, end of year	<u>\$ 9,425,000</u>

At September 30, 2021, the District had \$4,200,000 of bonds authorized but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage system within the District.

The District has an underlying rating of A- by Standard & Poor's. The Series 2014 and Series 2021 bonds are insured by Build America Mutual Assurance Company. The insured rating of the Series 2014 and Series 2021 bonds is AA by Standard & Poor's. There were no changes in the ratings of the District's bonds during the fiscal year ended September 30, 2021.



On January 14, 2021, the District issued \$9,120,000 Series 2021 unlimited tax refunding bonds to refund \$2,800,000 of outstanding Series 2013 bonds and \$6,610,000 of outstanding Series 2014 bonds. The net proceeds of \$9,555,309 (after payment of \$294,888 in underwriting fees and other issuance costs) were used to call and retire the Series 2013 refunded bonds on January 14, 2021 and to call and retire the Series 2014 bonds on March 1, 2021.

## **RELEVANT FACTORS AND WATER SUPPLY ISSUES**

### *Property Tax Base*

The District's tax base increased approximately \$10,575,000, or about 5%, for the 2020 tax year due to the addition of new houses to the tax base and the increase in average valuations on existing property.

### *Relationship to the City of Conroe*

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Conroe, the District must conform to a City of Conroe ordinance consenting to the creation of the District. In addition, the District may be annexed by the City of Conroe. If the District is annexed, the City will assume the District's assets and obligations (including the bonded indebtedness) and dissolve the District within ninety (90) days.

The District is authorized to enter into a strategic partnership agreement with the City of Conroe to provide the terms and conditions under which services would be provided and funded by the parties and under which the District would continue to exist for an extended period if the land within the District would be annexed for purposes by the City. The terms of any such agreement would be determined by the City and the District.

The District is not aware of any plans regarding annexation or a strategic partnership with the City of Conroe.

### *Water Supply Issues*

The District is within the boundaries of the Lone Star Groundwater Conservation District ("LSGCD"). The LSGCD was created by the Legislature of the State of Texas in Acts 2001, 77<sup>th</sup> Legislature, Regular Session. The LSGCD is a political subdivision of the State of Texas, governed by an elected seven member board of directors. The purpose of the LSGCD is to provide for the conservation, preservation, protection, recharging, and prevention of waste of groundwater, and of groundwater reservoirs or their subdivisions, and the control of subsidence caused by the withdrawal of water from those groundwater reservoirs or their subdivisions, consistent with the objectives of Section 59, Article XVI, Texas Constitution. Rule 8.1 of the rules of the LSGCD authorizes the board of directors of the LSGCD to establish by resolution a regulatory water use fee to accomplish the purposes of the LSGCD. In accordance with this rule, as of September 30, 2021, the LSGCD had established a regulatory water use fee of \$0.085 per 1,000 gallons of water pumped from each regulated well.

The San Jacinto River Authority (SJRA) is a conservation and reclamation district, body politic and corporate and a governmental agency of the State of Texas created and operating under the provisions of a series of acts compiled as Vernon's Annotated Texas Civil Statutes, Article 8280-121, enacted pursuant to the provisions of Section 59 of Article XVI of the Texas Constitution, whose area comprises all of the territory within the watershed of the San Jacinto River and its tributaries, except that portion of the watershed lying within the boundaries of Harris County. Such area consists of all of Montgomery County and parts of Waller, Grimes, Walker, San Jacinto, Liberty, and Fort Bend counties.

The LSGCD established a regulatory target in its District Regulatory Plan (DRP) Phase I to reduce groundwater withdrawals from the aquifer in Montgomery County to 64,000 acre-feet per year by January 2015. The LSGCD District Regulatory Plan (DRP) Phase II (A) required large volume groundwater users (LVGU) to submit a Water Resource Assessment Plan (WRAP), which included identification of new water supply sources to meet projected water demands by March of 2009. SJRA prepared and submitted a joint plan on behalf of 201 large volume groundwater users to reduce groundwater withdrawal and encourage the conjunctive use of surface water with ground water supplies to meet the LSGCD regulations. In November 2009, the LSGCD adopted final regulations that require certain groundwater users to prepare and submit a Groundwater Reduction Plan by April 1, 2010, outlining how the user intends to meet a 2016 deadline for conversion to surface water supplies. The SJRA responded to this regulatory requirement with the development of a long-term countywide approach that will provide a compliance solution for all users in the county who choose to join. Any large volume groundwater user in the county may join the SJRA's Joint Groundwater Reduction Plan (GRP) by executing a GRP Contract and paying the required monthly GRP Pumpage Fee. The District has executed a GRP Contract with the SJRA. At September 30, 2021, the GRP Pumpage Fee was \$2.88 per thousand gallons of groundwater pumped by the participating entity. It is anticipated that this fee will increase each year as costs are incurred for design and construction of the necessary infrastructure to deliver surface water.

The District cannot predict the amount or level of fees and charges which may be due the Authorities for future years, but anticipates that it will pass such fees through to its customers.

POINT AQUARIUS MUNICIPAL UTILITY DISTRICT  
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET  
SEPTEMBER 30, 2021

	General	Debt Service	Capital Projects	Total	Adjustments (Note 3)	Statement of Net Position
<b>ASSETS</b>						
Cash, including interest-bearing accounts, Note 7	\$ 67,970	\$ 22,962	\$	\$ 90,932	\$	\$ 90,932
Temporary investments, at cost, Note 7	2,898,996	86,721		2,985,717		2,985,717
Receivables:						
Property taxes	17,114	11,421		28,535		28,535
Service accounts	36,906			36,906		36,906
Standby charges, Note 9	47,243			47,243		47,243
Less allowance for uncollectible standby charges				0	(23,622)	(23,622)
Advance for utility relocation	206,149			206,149		206,149
Maintenance taxes collected not yet transferred from other fund	47,879			47,879	(47,879)	0
Capital assets, net of accumulated depreciation, Note 4:						
Capital assets not being depreciated				0	237,277	237,277
Depreciable capital assets				0	9,837,836	9,837,836
<b>Total assets</b>	<b><u>\$3,322,257</u></b>	<b><u>\$ 121,104</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 3,443,361</u></b>	<b><u>10,003,612</u></b>	<b><u>13,446,973</u></b>
<b>LIABILITIES</b>						
Accounts payable	\$ 152,632	\$	\$	\$ 152,632		152,632
Accrued interest payable				0	17,571	17,571
Customer and builder deposits	169,060			169,060		169,060
Developer deposit	8,389			8,389		8,389
Maintenance taxes collected not yet transferred to other fund		47,879		47,879	(47,879)	0
Long-term liabilities, Note 5:						
Due within one year				0	264,174	264,174
Due in more than one year				0	8,905,265	8,905,265
<b>Total liabilities</b>	<b><u>330,081</u></b>	<b><u>47,879</u></b>	<b><u>0</u></b>	<b><u>377,960</u></b>	<b><u>9,139,131</u></b>	<b><u>9,517,091</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Property tax revenues	17,114	11,421		28,535	(28,535)	0
Standby charges	47,243			47,243	(47,243)	0
<b>Total deferred inflows of resources</b>	<b><u>64,357</u></b>	<b><u>11,421</u></b>	<b><u>0</u></b>	<b><u>75,778</u></b>	<b><u>(75,778)</u></b>	<b><u>0</u></b>
<b>FUND BALANCES / NET POSITION</b>						
Fund balances:						
Assigned to:						
Debt service		61,804		61,804	(61,804)	0
Unassigned	2,927,819			2,927,819	(2,927,819)	0
<b>Total fund balances</b>	<b><u>2,927,819</u></b>	<b><u>61,804</u></b>	<b><u>0</u></b>	<b><u>2,989,623</u></b>	<b><u>(2,989,623)</u></b>	<b><u>0</u></b>
<b>Total liabilities, deferred inflows, and fund balances</b>	<b><u>\$3,322,257</u></b>	<b><u>\$ 121,104</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 3,443,361</u></b>		
Net position:						
Invested in capital assets, net of related debt					905,674	905,674
Restricted for debt service					55,654	55,654
Unrestricted					2,968,554	2,968,554
<b>Total net position</b>					<b><u>\$ 3,929,882</u></b>	<b><u>\$ 3,929,882</u></b>

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

POINT AQUARIUS MUNICIPAL UTILITY DISTRICT

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments (Note 3)	Statement of Activities
<b>REVENUES</b>						
Property taxes	\$ 872,044	\$ 304,997	\$	\$ 1,177,041	\$ (27,952)	\$ 1,149,089
Water service	238,171			238,171		238,171
Sewer service	320,518			320,518		320,518
Surface water fees, Note 10	22,466			22,466		22,466
Standby charges, Note 9	15,270			15,270	976	16,246
Penalty and interest	24,463	9,593		34,056		34,056
Tap connection and inspection fees	38,775			38,775		38,775
Interest on deposits and investments	2,782	75		2,857		2,857
Accrued interest on bonds received at date of sale		7,284		7,284	(7,284)	0
Other revenues	11,317			11,317		11,317
<b>Total revenues</b>	<b>1,545,806</b>	<b>321,949</b>	<b>0</b>	<b>1,867,755</b>	<b>(34,260)</b>	<b>1,833,495</b>
<b>EXPENDITURES / EXPENSES</b>						
Service operations:						
Professional fees	121,049	4,488		125,537		125,537
Contracted services	90,500	9,060		99,560		99,560
Utilities	102,592			102,592		102,592
Surface water pumpage fees, Note 10	16,449			16,449		16,449
Repairs, maintenance and other operating expenditures	341,753			341,753		341,753
Administrative expenditures	58,435	706		59,141		59,141
Depreciation				0	531,884	531,884
Capital outlay / non-capital outlay	735,078			735,078	(711,578)	23,500
Debt service:						
Principal retirement		295,000		295,000	(295,000)	0
Bond issuance expenditures				0	294,888	294,888
Interest and fees		147,804		147,804	37,175	184,979
<b>Total expenditures / expenses</b>	<b>1,465,856</b>	<b>457,058</b>	<b>0</b>	<b>1,922,914</b>	<b>(142,631)</b>	<b>1,780,283</b>
Excess (deficiency) of revenues over expenditures	79,950	(135,109)	0	(55,159)	108,371	53,212
<b>OTHER FINANCING SOURCES (USES)</b>						
Bonds issued, Note 5		9,120,000		9,120,000	(9,120,000)	0
Bond issuance premium, Note 5		212,067		212,067	(212,067)	0
Refunding bond issuance expenditures, Note 5		(294,888)		(294,888)	294,888	0
Payment to refunding escrow agent, Note 5		(9,555,309)		(9,555,309)	9,555,309	0
Transfer to (from) other fund	(663,203)	663,203		0	0	0
<b>Total other financing sources (uses)</b>	<b>(663,203)</b>	<b>145,073</b>	<b>0</b>	<b>(518,130)</b>	<b>518,130</b>	<b>0</b>
Net change in fund balances / net position	(583,253)	9,964	0	(573,289)	626,501	53,212
Beginning of year	3,511,072	51,840	0	3,562,912	313,758	3,876,670
End of year	<u>\$ 2,927,819</u>	<u>\$ 61,804</u>	<u>\$ 0</u>	<u>\$ 2,989,623</u>	<u>\$ 940,259</u>	<u>\$ 3,929,882</u>

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

POINT AQUARIUS MUNICIPAL UTILITY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 1: REPORTING ENTITY

Point Aquarius Municipal Utility District (the "District") was created by an order of the Texas Water Rights Commission (now the Texas Commission on Environmental Quality), effective September 28, 1971, and operates in accordance with Texas Water Code Chapters 49 and 54. The District is a political subdivision of the State of Texas, governed by an elected five member Board of Directors. The Board of Directors held its first meeting on October 14, 1971, and the first bonds were sold on February 9, 1972. The District is subject to the continuing supervision of the Texas Commission on Environmental Quality.

The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply of water; the collection, transportation and treatment of wastewater; and the control and diversion of storm water. The District may provide garbage disposal and collection services and other services (see page 23). In addition, the District is empowered, if approved by the electorate, the Texas Commission on Environmental Quality and other governmental entities having jurisdiction, to establish, operate and maintain a fire department, either independently or jointly with certain other districts.

In evaluating how to define the District for financial reporting purposes, the Board of Directors of the District has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, there were no other entities which were included as a component unit in the District's financial statements.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

The District's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board (the "GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board issued through November 30, 1989 (when applicable), that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the District are discussed below.

#### Basic Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and governmental fund financial statements (reporting the District's funds). Because the District is a single-program government as defined by the GASB, the District has combined the government-wide statements and the fund financial statements using a columnar format that reconciles individual line items of fund financial data to government-wide data in a separate column on the face of the financial statements. An additional reconciliation between the fund and the government-wide financial data is presented in Note 3.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. The effect of interfund activity has been removed from these statements. The District's net position is reported in three parts – invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The government-wide statement of activities reports the components of the changes in net position during the reporting period.

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for in a separate set of self-balancing accounts that comprises its assets, liabilities, fund balances, revenues and expenditures and changes in fund balances. The District's fund balances are either not spendable, restricted, committed, assigned or unassigned. Nonspendable fund balances are reported as nonspendable, restricted, committed, assigned or unassigned. Nonspendable fund balances are either not in spendable form or are contractually required to remain intact. Restricted fund balances include amounts that can only be used for the specific purposes stipulated by constitutional provisions, external resource providers or enabling legislation. Committed fund balances include amounts that can only be used for the specific purposes determined by formal action of the District's Board of Directors. Assigned fund balances are intended for a specific purpose but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. The transactions of the District are accounted for in the following funds:

General Fund -- To account for all revenues and expenditures not required to be accounted for in other funds.

Debt Service Fund -- To account for the accumulation of financial resources for, and the payment of, bond principal and interest, paid principally from property taxes levied by the District.

Capital Projects Fund -- To account for financial resources designated to construct or acquire capital assets. Such resources are derived principally from proceeds of the sale of bonds.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### Basis of Accounting

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting which recognizes all long-term assets and receivables as well as long-term debt and obligations. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Ad valorem property taxes are recognized as revenues in the fiscal year for which they have been levied and related penalties and interest are recognized in the fiscal year in which they are imposed. An allowance for uncollectibles is estimated for delinquent property taxes and reported separately in the financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred except for principal and interest on bonds payable which are recorded only when payment is due.

### Interfund Activity

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is reported as interfund receivables or payables, as appropriate, as are all other outstanding balances between funds. Operating transfers between funds represent legally authorized transfers from the fund receiving resources to the fund through which the resources are to be expended.

### Receivables

Service accounts receivable as reported are considered collectible. The District uses the direct write off method for uncollectible service accounts. Unbilled water and sewer revenues are not material and are not recorded at year end. The District considers service accounts revenues to be available if they are to be collected within 60 days after the end of the fiscal year.

In the fund financial statements, ad valorem taxes and penalties and interest are reported as revenues in the fiscal year in which they become available to finance expenditures of the fiscal year for which they have been levied. Property taxes which have been levied and are not yet collected (or have been collected in advance of the fiscal year for which they have been levied) are recorded as deferred inflow of resources. Property taxes collected after the end of the fiscal year are not included in revenues.

### Capital Assets

Capital assets, which include property, plant, equipment, and immovable public domain or "infrastructure" assets are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 (including installation costs, if any, and associated professional fees) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed by the District. Donated capital assets are recorded at historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset or increase the value of an asset are capitalized. Costs incurred for repairs and maintenance are expensed as incurred.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Depreciation on capital assets is computed using the straight-line method over the following estimated useful lives:

Buildings and improvements	40 years
Plant and equipment	10-45 years
Underground lines	45 years

Long-term Liabilities

Long-term debt and other long-term obligations are reported in the government-wide financial statements. Bond premiums and discounts, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable premium or discount. If bonds are refunded and the carrying amount of the new debt is different than the net carrying amount of the old debt, the difference is netted against the new debt and amortized using the effective interest method over the shorter of the remaining life of the refunded debt or the life of the new debt issued.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures of the fund from which they are paid.

**NOTE 3: RECONCILIATION OF FUND TO GOVERNMENT-WIDE FINANCIAL STATEMENTS**

Reconciliation of year end fund balances to net position:

Total fund balances, end of year		\$ 2,989,623	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:			
Total capital assets, net			10,075,113
Some long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:			
Bonds payable	\$ (9,425,000)		
Deferred charge on refunding (to be amortized as interest expense)	478,797		
Issuance premiums, net of discounts (to be amortized as interest expense)	<u>(223,236)</u>	(9,169,439)	
Some receivables that do not provide current financial resources are not reported as receivables in the funds:			
Allowance for uncollectible standby fees receivable	(23,622)		
Uncollected standby fees	47,243		
Uncollected property taxes	<u>28,535</u>	52,156	
Some liabilities that do not require the use of current financial resources are not reported as liabilities in the funds:			
Accrued interest			<u>(17,571)</u>
Net position, end of year			<u>\$ 3,929,882</u>



NOTES TO THE FINANCIAL STATEMENTS (Continued)

Reconciliation of net change in fund balances to change in net position:

Total net change in fund balances		\$ (573,289)
<p>The funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:</p>		
Capital outlay	\$ 711,578	
Depreciation	<u>(531,884)</u>	179,694
<p>The issuance of long-term debt (bonds payable) provides current financial resources to the funds, while the repayment of the principal of long-term debt consumes the current financial resources of the funds. Neither transaction, however, has any effect on net position. The effect of these differences in the treatment of long-term debt:</p>		
Bonds issued	(9,120,000)	
Principal reduction	295,000	
Payment to escrow agent for refunding	<u>9,555,309</u>	730,309
<p>The funds report the effect of bond premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of these items:</p>		
Refunding charges	(55,887)	
Issuance premiums, net of discounts	<u>(210,727)</u>	(266,614)
<p>Some revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenues in the funds:</p>		
Allowance for uncollectible standby fees receivable	(976)	
Uncollected standby fees	1,952	
Uncollected property taxes	<u>(27,952)</u>	(26,976)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds:</p>		
Accrued interest		<u>10,088</u>
Change in net position		<u>\$ 53,212</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 4: CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 174,058	\$	\$	\$ 174,058
Construction in progress	<u>71,845</u>	<u>622,339</u>	<u>630,965</u>	<u>63,219</u>
Total capital assets not being depreciated	<u>245,903</u>	<u>622,339</u>	<u>630,965</u>	<u>237,277</u>
Depreciable capital assets:				
Buildings and improvements	74,980			74,980
Water system	7,137,772	219,882		7,357,654
Sewer system	10,229,365	500,322		10,729,687
Drainage system	<u>893,347</u>			<u>893,347</u>
Total depreciable capital assets	<u>18,335,464</u>	<u>720,204</u>	<u>0</u>	<u>19,055,668</u>
Less accumulated depreciation for:				
Buildings and improvements	(35,624)	(1,875)		(37,499)
Water system	(3,599,871)	(260,862)		(3,860,733)
Sewer system	(4,436,929)	(256,437)		(4,693,366)
Drainage system	<u>(613,524)</u>	<u>(12,710)</u>		<u>(626,234)</u>
Total accumulated depreciation	<u>(8,685,948)</u>	<u>(531,884)</u>	<u>0</u>	<u>(9,217,832)</u>
Total depreciable capital assets, net	<u>9,649,516</u>	<u>188,320</u>	<u>0</u>	<u>9,837,836</u>
Total capital assets, net	<u>\$ 9,895,419</u>	<u>\$ 810,659</u>	<u>\$ 630,965</u>	<u>\$ 10,075,113</u>
Changes to capital assets:				
Capital outlay		\$ 711,578	\$	
Assets transferred to depreciable assets		630,965	630,965	
Less depreciation expense for the fiscal year		<u>(531,884)</u>		
Net increases / decreases to capital assets		<u>\$ 810,659</u>	<u>\$ 630,965</u>	

NOTE 5: LONG-TERM LIABILITIES AND CONTINGENT LIABILITIES

Long-term liability activity for the fiscal year ended September 30, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Bonds payable	\$ 10,010,000	\$ 9,120,000	\$ 9,705,000	\$ 9,425,000	\$ 325,000
Issuance (discount), net of premium	(162,111)	212,067	(173,280)	223,236	11,736
Deferred amounts on refunding	<u>(214,755)</u>	<u>(493,225)</u>	<u>(229,183)</u>	<u>(478,797)</u>	<u>(72,562)</u>
Total bonds payable	<u>9,633,134</u>	<u>8,838,842</u>	<u>9,302,537</u>	<u>9,169,439</u>	<u>264,174</u>
Total long-term liabilities	<u>\$ 9,633,134</u>	<u>\$ 8,838,842</u>	<u>\$ 9,302,537</u>	<u>\$ 9,169,439</u>	<u>\$ 264,174</u>

Developer Construction Commitments and Liabilities

At September 30, 2021, there were no developer construction commitments or liabilities.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

Fiscal Year	Principal	Interest	Total
2022	\$ 325,000	\$ 205,975	\$ 530,975
2023	450,000	194,350	644,350
2024	465,000	180,625	645,625
2025	490,000	166,300	656,300
2026	505,000	151,375	656,375
2027 - 2031	2,825,000	581,750	3,406,750
2032 - 2036	3,345,000	273,950	3,618,950
2037 - 2039	<u>1,020,000</u>	<u>18,800</u>	<u>1,038,800</u>
	<u>\$ 9,425,000</u>	<u>\$ 1,773,125</u>	<u>\$ 11,198,125</u>

Bonds voted	\$ 21,000,000.00
Bonds approved for sale and sold	16,800,000.00
Bonds voted and not issued	4,200,000.00
Refunding bonds voted	22,500,000.00
Refunding bonds approved for sale and sold	527,154.60
Refunding bonds voted and not issued	21,972,845.40

The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount.

The bond issues payable at September 30, 2021, were as follows:

	<u>Refunding Series 2014</u>	<u>Refunding Series 2021**</u>
Amounts outstanding, September 30, 2021	\$305,000	\$9,120,000
Interest rates	3.00%	2.00% to 3.00%
Maturity dates, serially beginning/ending	March 1, 2022	March 1, 2022/2039
Interest payment dates	March 1	March 1/September 1
Callable dates	March 1, 2021*	March 1, 2025*

\*Or any date thereafter, in whole or in part, callable at par plus unpaid accrued interest to the date fixed for redemption.

\*\*On January 14, 2021, the District issued \$9,120,000 Series 2021 unlimited tax refunding bonds to refund \$2,800,000 of outstanding Series 2013 bonds and \$6,610,000 of outstanding Series 2014 bonds. The net proceeds of \$9,555,309 (after payment of \$294,888 in underwriting fees and other issuance costs) were used to call and retire the Series 2013 refunded bonds on January 14, 2021 and to call and retire the Series 2014 bonds on March 1, 2021.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 6: PROPERTY TAXES

The Montgomery Central Appraisal District has the responsibility for appraising property for all taxing units within the county as of January 1 of each year, subject to review and change by the county Appraisal Review Board. The appraisal roll, as approved by the Appraisal Review Board, must be used by the District in establishing its tax roll and tax rate. The District's taxes are usually levied in the fall, are due when billed and become delinquent after January 31 of the following year or 30 days after the date billed, whichever is later.

On January 1 of each year, a statutory tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed for the year on the property.

The Bond Orders require that the District 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.

At an election held May 2, 1987, the voters within the District authorized a maintenance tax not to exceed \$1.00 per \$100 valuation on all property within the District subject to taxation. This maintenance tax is being used by the General Fund to pay expenditures of operating the District.

On September 15, 2020, the District levied the following ad valorem taxes for the 2020 tax year on the adjusted taxable valuation of \$245,194,824:

	Rate	Amount
Debt service	\$ 0.1200	\$ 294,291
Maintenance	0.3500	858,348
	\$ 0.4700	\$ 1,152,639

A reconciliation of the tax levy to property tax revenues on the Statement of Activities is as follows:

2020 tax year total property tax levy	\$ 1,152,639
Appraisal district adjustments to prior year taxes	(3,550)
Statement of Activities property tax revenues	\$ 1,149,089

NOTE 7: DEPOSITS AND TEMPORARY INVESTMENTS

The District complied with the requirements of the Public Funds Investment Act during the current fiscal year including the preparation of quarterly investment reports required by the Act.

State statutes authorize the District to invest and reinvest in direct or indirect obligations of the United States, the State of Texas, any county, city, school district, or other political subdivision of the state, or in local government investment pools authorized under the Public Funds Investment Act. Funds of the District may be placed in certificates of deposit of state or national banks or savings and loan associations within the state provided that they are secured in the manner provided for the security of the funds under the laws of the State of Texas. In accordance with the District's investment policies, during the current year the District's funds were invested in interest bearing accounts at authorized financial institutions, an authorized private sector investment pool, and in TexPool, a local government investment pool sponsored by the State Comptroller. The private sector investment pool is rated AAAM by Standard & Poor's. TexPool is rated AAAM by Standard & Poor's.

In accordance with state statutes and the District's investment policies, the District requires that insurance or security be provided by depositories for all funds held by them. At the balance sheet date, the District's deposits were covered by federal insurance.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

At the balance sheet date the carrying value and market value of the investments in the authorized private sector investment pool was \$1,812,935.

At the balance sheet date the carrying value and market value of the investments in TexPool was \$1,172,782.

Deposits and temporary investments restricted by state statutes and the Bond Orders:

Debt Service Fund

For payment of debt principal and interest,  
paying agent fees and costs of assessing and  
collecting taxes:

Cash	\$	22,962
Temporary investments		<u>86,721</u>
	\$	<u><u>109,683</u></u>

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; personal injuries and natural disasters. Significant losses are covered by insurance as described below. There were no significant reductions in insurance coverage from the prior fiscal year. There have been no settlements which have exceeded the insurance coverage for each of the past three fiscal years.

At September 30, 2021, the District had physical damage coverage of \$10,797,108, mobile equipment coverage of \$43,000, boiler and machinery coverage of \$9,714,824, general liability coverage with a per occurrence limit of \$2,000,000 and \$4,000,000 general aggregate, automobile liability coverage of \$2,000,000 and statutory worker's compensation coverage with the Texas Municipal League Intergovernmental Risk Pool (the "Pool"). The Pool is a public entity risk pool currently operating as a common risk management and insurance program for various Texas public entities. The District pays annual premiums for its general insurance coverage. The Pool purchases reinsurance for protection against catastrophic losses that exceed the Pool's self-insurance retention. This reinsurance is purchased from companies rated A- or higher by A. M. Best Company. At this date, the District also had consultant's crime coverage of \$50,000 and a bookkeeper bond of \$450,000.

NOTE 9: STANDBY FEES

Deed restrictions for property within the District provide for standby fees of \$7.50 per lot per month on all developed but unimproved property within the District that has water, sewer and drainage facilities constructed and financed by the District. By letter dated April 10, 1991, the Texas Commission on Environmental Quality (the "Commission") has confirmed that these deed restrictions satisfy the intent of the Commission Rules regarding standby fees and that Commission approval is not required to allow the District to levy these standby fees. Standby fees imposed are secured by a first lien on the property, on parity with property taxes.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 10: GROUNDWATER CONSERVATION DISTRICT

The District is within the boundaries of the Lone Star Groundwater Conservation District ("LSGCD"). The LSGCD was created by the Legislature of the State of Texas in Acts 2001, 77<sup>th</sup> Legislature, Regular Session. The LSGCD is a political subdivision of the State of Texas, governed by an elected nine member board of directors. The purpose of the LSGCD is to provide for the conservation, preservation, protection, recharging, and prevention of waste of groundwater, and of groundwater reservoirs or their subdivisions, and the control of subsidence caused by the withdrawal of water from those groundwater reservoirs or their subdivisions, consistent with the objectives of Section 59, Article XVI, Texas Constitution. Rule 8.1 of the rules of the LSGCD authorizes the board of directors of the LSGCD to establish by resolution a regulatory water use fee to accomplish the purposes of the LSGCD. In accordance with this rule, as of September 30, 2021, the LSGCD had established a regulatory water use fee of \$0.085 per 1,000 gallons of water pumped from each regulated well.

The San Jacinto River Authority (SJRA) is a conservation and reclamation district, body politic and corporate and a governmental agency of the State of Texas created and operating under the provisions of a series of acts compiled as Vernon's Annotated Texas Civil Statutes, Article 8280-121, enacted pursuant to the provisions of Section 59 of Article XVI of the Texas Constitution, whose area comprises all of the territory within the watershed of the San Jacinto River and its tributaries, except that portion of the watershed lying within the boundaries of Harris County. Such area consists of all of Montgomery County and parts of Waller, Grimes, Walker, San Jacinto, Liberty, and Fort Bend counties.

The LSGCD established a regulatory target in its District Regulatory Plan (DRP) Phase I to reduce groundwater withdrawals from the aquifer in Montgomery County to 64,000 acre-feet per year by January 2015. The LSGCD District Regulatory Plan (DRP) Phase II (A) required large volume groundwater users (LVGU) to submit a Water Resource Assessment Plan (WRAP), which included identification of new water supply sources to meet projected water demands by March of 2009. SJRA prepared and submitted a joint plan on behalf of 201 large volume groundwater users to reduce groundwater withdrawal and encourage the conjunctive use of surface water with ground water supplies to meet the LSGCD regulations. In November 2009, the LSGCD adopted final regulations that require certain groundwater users to prepare and submit a Groundwater Reduction Plan by April 1, 2010, outlining how the user intends to meet a 2016 deadline for conversion to surface water supplies. The SJRA responded to this regulatory requirement with the development of a long-term countywide approach that will provide a compliance solution for all users in the county who choose to join. Any large volume groundwater user in the county may join the SJRA's Joint Groundwater Reduction Plan (GRP) by executing a GRP Contract and paying the required monthly GRP Pumpage Fee. The District has executed a GRP Contract with the SJRA. At September 30, 2021, the GRP Pumpage Fee was \$2.88 per thousand gallons of groundwater pumped by the participating entity. It is anticipated that this fee will increase each year as costs are incurred for design and construction of the necessary infrastructure to deliver surface water by the 2016 deadline.

The District's combined well regulatory water use fees and GRP pumpage fees payable to the LSGCD and SJRA for the fiscal year ended September 30, 2021, were \$16,449. The District billed its customers \$22,466 during the fiscal year to pay for the fees charged by the LSGCD and SJRA.

The District cannot predict the amount or level of fees and charges which may be due the Authorities for future years, but anticipates that it will pass such fees through to its customers.

POINT AQUARIUS MUNICIPAL UTILITY DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE, BUDGET AND ACTUAL, GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		(Negative)
<b>REVENUES</b>				
Property taxes	\$ 810,000	\$ 810,000	\$ 872,044	\$ 62,044
Water service	240,000	240,000	238,171	(1,829)
Sewer service	310,000	310,000	320,518	10,518
Surface water fees	18,000	18,000	22,466	4,466
Standby charges	10,000	10,000	15,270	5,270
Penalty	14,500	14,500	24,463	9,963
Tap connection and inspection fees	15,000	15,000	38,775	23,775
Interest on deposits and investments	15,000	15,000	2,782	(12,218)
Other revenues	12,500	12,500	11,317	(1,183)
<b>TOTAL REVENUES</b>	<u>1,445,000</u>	<u>1,445,000</u>	<u>1,545,806</u>	<u>100,806</u>
<b>EXPENDITURES</b>				
Service operations:				
Professional fees	90,000	90,000	121,049	31,049
Contracted services	91,200	91,200	90,500	(700)
Utilities	73,000	73,000	102,592	29,592
Surface water pumpage fees	6,000	6,000	16,449	10,449
Repairs, maintenance and other operating expenditures	258,500	258,500	341,753	83,253
Administrative expenditures	78,394	78,394	58,435	(19,959)
Capital outlay	840,000	840,000	735,078	(104,922)
<b>TOTAL EXPENDITURES</b>	<u>1,437,094</u>	<u>1,437,094</u>	<u>1,465,856</u>	<u>28,762</u>
<b>EXCESS REVENUES (EXPENDITURES)</b>	7,906	7,906	79,950	72,044
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers (out)	0	0	(663,203)	(663,203)
<b>TOTAL OTHER FINANCIAL SOURCES (USES)</b>	0	0	(663,203)	(663,203)
<b>EXCESS SOURCES (USES)</b>	7,906	7,906	(583,253)	(591,159)
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>3,511,072</u>	<u>3,511,072</u>	<u>3,511,072</u>	<u>0</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 3,518,978</u>	<u>\$ 3,518,978</u>	<u>\$ 2,927,819</u>	<u>\$ (591,159)</u>

The District's Board of Directors adopts an annual nonappropriated budget. This budget may be amended throughout the fiscal year and is prepared on a basis consistent with generally accepted accounting principles.

See accompanying independent auditor's report.

POINT AQUARIUS MUNICIPAL UTILITY DISTRICT  
SCHEDULE OF TEXAS SUPPLEMENTARY INFORMATION  
REQUIRED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY  
SEPTEMBER 30, 2021

(Schedules included are checked or explanatory notes provided for omitted schedules.)

- [X] TSI-1. Services and Rates
- [X] TSI-2. General Fund Expenditures
- [X] TSI-3. Temporary Investments
- [X] TSI-4. Taxes Levied and Receivable
- [X] TSI-5. Long-Term Debt Service Requirements by Years
- [X] TSI-6. Changes in Long-Term Bonded Debt
- [X] TSI-7. Comparative Schedule of Revenues and Expenditures -  
General Fund and Debt Service Fund - Five Year
- [X] TSI-8. Board Members, Key Personnel and Consultants



POINT AQUARIUS MUNICIPAL UTILITY DISTRICT

SCHEDULE OF SERVICES AND RATES

SEPTEMBER 30, 2021

1. Services Provided by the District during the Fiscal Year:

- |  |   |  |
|--|---|--|
| <input checked="" type="checkbox"/> Retail Water   | <input type="checkbox"/> Wholesale Water      | <input checked="" type="checkbox"/> Drainage |
| <input checked="" type="checkbox"/> Retail Wastewater  | <input type="checkbox"/> Wholesale Wastewater | <input type="checkbox"/> Irrigation          |
| <input type="checkbox"/> Parks/Recreation  | <input type="checkbox"/> Fire Protection      | <input type="checkbox"/> Security            |
| <input type="checkbox"/> Solid Waste/Garbage   | <input type="checkbox"/> Flood Control        | <input type="checkbox"/> Roads               |
| <input checked="" type="checkbox"/> Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect) |   |  |
| <input type="checkbox"/> Other   |   |  |

2. Retail Service Providers

a. Retail Rates for a 5/8" meter (or equivalent):

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1000 Gallons Over Minimum</u>	<u>Usage Levels</u>
WATER:	\$12.00	5,000	N	\$1.00	5,001 to 10,000
				1.50	10,001 to 15,000
				2.00	15,001 to 20,000
				3.00	20,001 to 30,000
				4.00	30,001 to 40,000
				6.00	Over 40,000

WASTEWATER: \$25.00 Y

SURCHARGE: Variable (Surface water fee rate set monthly based upon groundwater pumpage)

District employs winter averaging for wastewater usage: Yes  No

Total charges per 10,000 gallons usage: Water: \$17.00 Wastewater: \$25.00 Surcharge: Variable

POINT AQUARIUS MUNICIPAL UTILITY DISTRICT

SCHEDULE OF SERVICES AND RATES (Continued)

SEPTEMBER 30, 2021

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	0	0	1.0	0
< or = 3/4"	1,020	1,007	1.0	1,007
1"	35	35	2.5	88
1-1/2"	1	1	5.0	5
2"	7	7	8.0	56
3"	0	0	15.0	0
4"	2	2	25.0	50
6"	0	0	50.0	0
8"	0	0	80.0	0
10"	0	0	115.0	0
Total Water	<u>1,065</u>	<u>1,052</u>		<u>1,206</u>
Total Wastewater	<u>1,047</u>	<u>1,034</u>	1.0	<u>1,034</u>

\*Single family equivalents

3. Total Water Consumption during the Fiscal Year (rounded to thousands):

Gallons pumped into system (unaudited): 113,613  
 Gallons billed to customers (unaudited): 107,852

Water Accountability Ratio  
 (Gallons billed/ gallons pumped): 95%

4. Standby Fees (authorized only under TWC Section 49.231):

Does the District have Debt Service standby fees? Yes  No

If yes, date of the most recent Commission Order: \_\_\_\_\_

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

If yes, date of the most recent Commission Order: See Note 9.

POINT AQUARIUS MUNICIPAL UTILITY DISTRICTEXPENDITURESFOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals (Memorandum Only)</u>
<b>CURRENT</b>				
Professional fees:				
Auditing	\$ 9,950	\$	\$	\$ 9,950
Legal	42,386	3,988		46,374
Financial advisor		500		500
Engineering	68,713			68,713
	<u>121,049</u>	<u>4,488</u>	<u>0</u>	<u>125,537</u>
Contracted services:				
Bookkeeping	14,900			14,900
Operation and billing	75,600			75,600
Tax collector		372		372
Central appraisal district		8,688		8,688
	<u>90,500</u>	<u>9,060</u>	<u>0</u>	<u>99,560</u>
Utilities	<u>102,592</u>	<u>0</u>	<u>0</u>	<u>102,592</u>
Surface water pumpage fees	<u>16,449</u>	<u>0</u>	<u>0</u>	<u>16,449</u>
Repairs, maintenance and other operating expenditures:				
Repairs and maintenance	268,794			268,794
Sludge hauling	9,100			9,100
Chemicals	34,874			34,874
Laboratory costs	13,171			13,171
Reconnection costs	6,168			6,168
Sewer inspection costs	3,300			3,300
TCEQ assessment	2,861			2,861
Other	3,485			3,485
	<u>341,753</u>	<u>0</u>	<u>0</u>	<u>341,753</u>
Administrative expenditures:				
Director's fees	10,350			10,350
Office supplies and postage	6,814			6,814
Insurance	25,455			25,455
Permit fees	6,644			6,644
Other	9,172	706		9,878
	<u>58,435</u>	<u>706</u>	<u>0</u>	<u>59,141</u>

See accompanying independent auditor's report.

POINT AQUARIUS MUNICIPAL UTILITY DISTRICTEXPENDITURES (Continued)FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals (Memorandum Only)</u>
<b>CAPITAL OUTLAY</b>				
Authorized expenditures	\$ 711,578	\$	\$	\$ 711,578
Tap connection costs	23,500			23,500
	<u>735,078</u>	<u>0</u>	<u>0</u>	<u>735,078</u>
<b>DEBT SERVICE</b>				
Principal retirement	<u>0</u>	<u>295,000</u>	<u>0</u>	<u>295,000</u>
Interest and fees:				
Interest		147,304		147,304
Paying agent fees		500		500
	<u>0</u>	<u>147,804</u>	<u>0</u>	<u>147,804</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 1,465,856</u>	<u>\$ 457,058</u>	<u>\$ 0</u>	<u>\$ 1,922,914</u>

See accompanying independent auditor's report.

POINT AQUARIUS MUNICIPAL UTILITY DISTRICT

ANALYSIS OF CHANGES IN DEPOSITS AND TEMPORARY INVESTMENTS  
ALL GOVERNMENTAL FUND TYPES

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals (Memorandum Only)</u>
<b>SOURCES OF DEPOSITS AND TEMPORARY INVESTMENTS</b>				
Cash receipts from revenues excluding maintenance taxes	\$ 677,269	\$ 321,949	\$	\$ 999,218
Maintenance tax receipts		872,044		872,044
Proceeds from sale of bonds		9,332,067		9,332,067
Transfer from other fund		663,203		663,203
Increase in customer deposits	5,075			5,075
Transfer of maintenance taxes	<u>832,827</u>			<u>832,827</u>
<b>TOTAL DEPOSITS AND TEMPORARY INVESTMENTS PROVIDED</b>	<u>1,515,171</u>	<u>11,189,263</u>	<u>0</u>	<u>12,704,434</u>
<b>APPLICATIONS OF DEPOSITS AND TEMPORARY INVESTMENTS</b>				
Cash disbursements for:				
Current expenditures	674,791	11,685		686,476
Capital outlay	735,078			735,078
Debt service		442,804		442,804
Payment to refunding escrow agent		9,555,309		9,555,309
Refunding bond issuance expenditures		294,888		294,888
Advance for utility relocation	206,149			206,149
Disbursements from developer deposits	43,837			43,837
Maintenance tax transfers		832,827		832,827
Transfer to other fund	<u>663,203</u>			<u>663,203</u>
<b>TOTAL DEPOSITS AND TEMPORARY INVESTMENTS APPLIED</b>	<u>2,323,058</u>	<u>11,137,513</u>	<u>0</u>	<u>13,460,571</u>
<b>INCREASE (DECREASE) IN DEPOSITS AND TEMPORARY INVESTMENTS</b>	<b>(807,887)</b>	<b>51,750</b>	<b>0</b>	<b>(756,137)</b>
<b>DEPOSITS AND TEMPORARY INVESTMENTS BALANCES, BEGINNING OF YEAR</b>	<u>3,774,853</u>	<u>57,933</u>	<u>0</u>	<u>3,832,786</u>
<b>DEPOSITS AND TEMPORARY INVESTMENTS BALANCES, END OF YEAR</b>	<u>\$ 2,966,966</u>	<u>\$ 109,683</u>	<u>\$ 0</u>	<u>\$ 3,076,649</u>

See accompanying independent auditor's report.

POINT AQUARIUS MUNICIPAL UTILITY DISTRICT  
SCHEDULE OF TEMPORARY INVESTMENTS  
SEPTEMBER 30, 2021

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Year End Balance</u>	<u>Accrued Interest Receivable</u>
GENERAL FUND				
Texas CLASS				
No. TX-01-0763-0001	Market	On demand	\$ 1,812,935	\$ 0
TexPool				
No. 2565500003	Market	On demand	\$ 1,034,442	\$ 0
No. 2565500006	Market	On demand	<u>51,619</u>	<u>0</u>
			<u>\$ 1,086,061</u>	<u>\$ 0</u>
DEBT SERVICE FUND				
TexPool				
No. 2565500001	Market	On demand	\$ 19,486	\$ 0
No. 2565500002	Market	On demand	<u>67,235</u>	<u>0</u>
			<u>\$ 86,721</u>	<u>\$ 0</u>
Total – All Funds			<u>\$ 2,985,717</u>	<u>\$ 0</u>

See accompanying independent auditor's report.

POINT AQUARIUS MUNICIPAL UTILITY DISTRICT  
TAXES LEVIED AND RECEIVABLE  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Maintenance Taxes</u>	<u>Debt Service Taxes</u>
RECEIVABLE, BEGINNING OF YEAR	\$ 33,318	\$ 23,169
Additions and corrections to prior year taxes	<u>(2,508)</u>	<u>(1,042)</u>
Adjusted receivable, beginning of year	30,810	22,127
2020 ADJUSTED TAX ROLL	<u>858,348</u>	<u>294,291</u>
Total to be accounted for	889,158	316,418
Tax collections: Current tax year	(853,827)	(292,741)
Prior tax years	<u>(18,217)</u>	<u>(12,256)</u>
RECEIVABLE, END OF YEAR	<u>\$ 17,114</u>	<u>\$ 11,421</u>
RECEIVABLE, BY TAX YEAR		
2010 and prior	\$ 964	\$ 1,641
2011	420	578
2012	650	895
2013	814	950
2014	884	884
2015	988	756
2016	1,612	1,138
2017	1,924	1,154
2018	1,953	948
2019	2,384	927
2020	<u>4,521</u>	<u>1,550</u>
RECEIVABLE, END OF YEAR	<u>\$ 17,114</u>	<u>\$ 11,421</u>

See accompanying independent auditor's report.

POINT AQUARIUS MUNICIPAL UTILITY DISTRICTTAXES LEVIED AND RECEIVABLE (Continued)FOR THE YEAR ENDED SEPTEMBER 30, 2021

ADJUSTED PROPERTY VALUATIONS AS OF JANUARY 1 OF TAX YEAR	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Land	\$ 64,102,810	\$ 63,367,450	\$ 63,120,300	\$ 63,122,680
Improvements	243,628,420	230,998,600	221,737,920	219,249,920
Personal property	2,877,950	3,153,808	2,741,053	2,910,027
Less exemptions	<u>(65,414,356)</u>	<u>(62,899,805)</u>	<u>(59,063,687)</u>	<u>(57,731,792)</u>
<b>TOTAL PROPERTY VALUATIONS</b>	<b><u>\$ 245,194,824</u></b>	<b><u>\$ 234,620,053</u></b>	<b><u>\$ 228,535,586</u></b>	<b><u>\$ 227,550,835</u></b>
TAX RATES PER \$100 VALUATION				
Debt service tax rates	\$ 0.12000	\$ 0.14000	\$ 0.17000	\$ 0.21000
Maintenance tax rates*	<u>0.35000</u>	<u>0.36000</u>	<u>0.35000</u>	<u>0.35000</u>
<b>TOTAL TAX RATES PER \$100 VALUATION</b>	<b><u>\$ 0.47000</u></b>	<b><u>\$ 0.50000</u></b>	<b><u>\$ 0.52000</u></b>	<b><u>\$ 0.56000</u></b>
TAX ROLLS	<u>\$ 1,152,639</u>	<u>\$ 1,176,050</u>	<u>\$ 1,192,434</u>	<u>\$ 1,277,995</u>
PERCENT OF TAXES COLLECTED TO TAXES LEVIED	<u>99.5 %</u>	<u>99.7 %</u>	<u>99.8 %</u>	<u>99.8 %</u>

\*Maximum tax rate approved by voters on May 2, 1987: \$1.00

See accompanying independent auditor's report.



POINT AQUARIUS MUNICIPAL UTILITY DISTRICT  
LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS  
SEPTEMBER 30, 2021

<u>Due During Fiscal Years Ending September 30</u>	<u>Series 2014</u>		<u>Total</u>
	<u>Principal Due March 1</u>	<u>Interest Due March 1, September 1</u>	
2022	<u>\$ 305,000</u>	<u>\$ 4,575</u>	<u>\$ 309,575</u>

See accompanying independent auditor's report.

POINT AQUARIUS MUNICIPAL UTILITY DISTRICT  
LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)  
SEPTEMBER 30, 2021

<u>Due During Fiscal Years Ending September 30</u>	<u>Series 2021</u>		
	<u>Principal Due March 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2022	\$ 20,000	\$ 201,400	\$ 221,400
2023	450,000	194,350	644,350
2024	465,000	180,625	645,625
2025	490,000	166,300	656,300
2026	505,000	151,375	656,375
2027	525,000	138,550	663,550
2028	545,000	127,850	672,850
2029	565,000	116,750	681,750
2030	585,000	105,250	690,250
2031	605,000	93,350	698,350
2032	625,000	81,050	706,050
2033	645,000	68,350	713,350
2034	665,000	55,250	720,250
2035	690,000	41,700	731,700
2036	720,000	27,600	747,600
2037	735,000	13,050	748,050
2038	140,000	4,300	144,300
2039	145,000	1,450	146,450
TOTALS	<u>\$ 9,120,000</u>	<u>\$ 1,768,550</u>	<u>\$ 10,888,550</u>

See accompanying independent auditor's report.

POINT AQUARIUS MUNICIPAL UTILITY DISTRICT

LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)

SEPTEMBER 30, 2021

<u>Due During Fiscal Years Ending September 30</u>	<u>Annual Requirements for All Series</u>		
	<u>Total Principal Due</u>	<u>Total Interest Due</u>	<u>Total</u>
2022	\$ 325,000	\$ 205,975	\$ 530,975
2023	450,000	194,350	644,350
2024	465,000	180,625	645,625
2025	490,000	166,300	656,300
2026	505,000	151,375	656,375
2027	525,000	138,550	663,550
2028	545,000	127,850	672,850
2029	565,000	116,750	681,750
2030	585,000	105,250	690,250
2031	605,000	93,350	698,350
2032	625,000	81,050	706,050
2033	645,000	68,350	713,350
2034	665,000	55,250	720,250
2035	690,000	41,700	731,700
2036	720,000	27,600	747,600
2037	735,000	13,050	748,050
2038	140,000	4,300	144,300
2039	145,000	1,450	146,450
TOTALS	<u>\$ 9,425,000</u>	<u>\$ 1,773,125</u>	<u>\$ 11,198,125</u>

See accompanying independent auditor's report.

POINT AQUARIUS MUNICIPAL UTILITY DISTRICT  
ANALYSIS OF CHANGES IN LONG-TERM BONDED DEBT  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	<u>Totals</u>
Bond Series:	2013	2014	2021	
Interest Rate:	Not Applicable	3.00%	2.00% to 3.00%	
Dates Interest Payable:	Not Applicable	March 1	March 1/ September 1	
Maturity Dates:	Not Applicable	March 1, 2022	March 1, 2022/2039	
Bonds Outstanding at Beginning of Current Year	\$ 2,800,000	\$ 7,210,000	\$	\$ 10,010,000
Add Bonds Sold			9,120,000	9,120,000
Less Retirements	<u>(2,800,000)</u>	<u>(6,905,000)</u>	<u>                    </u>	<u>(9,705,000)</u>
Bonds Outstanding at End of Current Year	<u>\$ 0</u>	<u>\$ 305,000</u>	<u>\$ 9,120,000</u>	<u>\$ 9,425,000</u>
Current Year Interest Paid	<u>\$ 0</u>	<u>\$ 12,837</u>	<u>\$ 134,467</u>	<u>\$ 147,304</u>

Bond Descriptions and Original Amount of Issue

- (1) Point Aquarius Municipal Utility District Unlimited Tax Bonds, Series 2013 (\$8,900,000)
- (2) Point Aquarius Municipal Utility District Unlimited Tax Refunding Bonds, Series 2014 (\$8,780,000)
- (3) Point Aquarius Municipal Utility District Unlimited Tax Refunding Bonds, Series 2021 (\$9,120,000)

Paying Agent/Registrar

- (1) (2) Amegy Bank National Association, Houston, Texas
- (3) The Bank of New York Mellon Trust Company, N.A., Dallas, Texas

<u>Bond Authority</u>	<u>Tax Bonds</u>	<u>Other Bonds</u>	<u>Refunding Bonds</u>
Amount Authorized by Voters:	\$ 21,000,000	\$ 0	\$ 22,500,000.00
Amount Issued:	16,800,000		527,154.60
Remaining to be Issued:	4,200,000		21,972,845.40

Net Debt Service Fund deposits and investments balances as of September 30, 2021: \$ 61,804  
Average annual debt service payment for remaining term of all debt: 622,118

See accompanying independent auditor's report.

POINT AQUARIUS MUNICIPAL UTILITY DISTRICT  
COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES,  
GENERAL FUND  
FOR YEARS ENDED SEPTEMBER 30

	<u>AMOUNT</u>					<u>PERCENT OF TOTAL REVENUES</u>				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>REVENUES</b>										
Property taxes	\$ 872,044	\$ 841,443	\$ 799,533	\$ 794,948	\$ 717,779	56.4 %	54.6 %	53.1 %	52.9 %	52.7 %
Water service	238,171	261,163	239,450	263,618	240,144	15.4	16.9	15.9	17.5	17.6
Sewer service	320,518	307,519	310,269	301,786	299,284	20.7	20.0	20.6	20.0	22.0
Surface water fees	22,466	20,539	22,238	41,266	17,548	1.5	1.3	1.5	2.7	1.3
Standby fees	15,270	17,863	17,356	15,661	10,975	1.0	1.2	1.2	1.0	0.8
Penalty	24,463	24,566	16,735	18,307	23,332	1.6	1.6	1.1	1.2	1.7
Tap connection and sewer inspection fees	38,775	19,725	9,475	8,750	20,675	2.5	1.3	0.6	0.6	1.5
Interest on deposits and investments	2,782	36,837	78,185	46,766	18,174	0.2	2.4	5.2	3.1	1.3
Other revenues	11,317	11,441	12,013	14,916	14,644	0.7	0.7	0.8	1.0	1.1
<b>TOTAL REVENUES</b>	<u>1,545,806</u>	<u>1,541,096</u>	<u>1,505,254</u>	<u>1,506,018</u>	<u>1,362,555</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
<b>EXPENDITURES</b>										
Current:										
Professional fees	121,049	85,051	83,914	95,988	105,177	7.8	5.5	5.6	6.4	7.7
Contracted services	90,500	90,150	89,800	90,250	88,500	5.9	5.8	6.0	6.0	6.5
Utilities	102,592	74,238	77,469	96,211	71,347	6.6	4.8	5.1	6.4	5.2
Surface water pumpage fees	16,449	14,446	13,101	25,380	1,676	1.1	0.9	0.9	1.7	0.1
Repairs, maintenance and other operating expenditures	341,753	253,930	270,781	286,548	312,152	22.1	16.5	18.0	19.1	22.9
Administrative expenditures	58,435	47,410	45,267	53,895	32,269	3.8	3.1	3.0	3.6	2.4
Capital outlay	735,078	241,996	663,676	536,862	39,037	47.5	15.8	44.0	35.5	2.9
<b>TOTAL EXPENDITURES</b>	<u>1,465,856</u>	<u>807,221</u>	<u>1,244,008</u>	<u>1,185,134</u>	<u>650,158</u>	<u>94.8</u>	<u>52.4</u>	<u>82.6</u>	<u>78.7</u>	<u>47.7</u>
<b>EXCESS REVENUES (EXPENDITURES)</b>	<u>\$ 79,950</u>	<u>\$ 733,875</u>	<u>\$ 261,246</u>	<u>\$ 320,884</u>	<u>\$ 712,397</u>	<u>5.2 %</u>	<u>47.6 %</u>	<u>17.4 %</u>	<u>21.3 %</u>	<u>52.3 %</u>
<b>TOTAL ACTIVE RETAIL WATER CONNECTIONS</b>	<u>1,052</u>	<u>1,007</u>	<u>1,011</u>	<u>999</u>	<u>988</u>					
<b>TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS</b>	<u>1,034</u>	<u>1,007</u>	<u>1,002</u>	<u>994</u>	<u>962</u>					

See accompanying independent auditor's report.

POINT AQUARIUS MUNICIPAL UTILITY DISTRICT  
COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES,  
DEBT SERVICE FUND  
FOR YEARS ENDED SEPTEMBER 30

	<u>AMOUNT</u>					<u>PERCENT OF TOTAL REVENUES</u>				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>REVENUES</b>										
Property taxes	\$ 304,997	\$ 328,923	\$ 392,000	\$ 478,016	\$ 506,756	94.7 %	96.0 %	94.8 %	97.0 %	98.5 %
Penalty and interest	9,593	12,069	16,371	11,597	6,850	3.0	3.5	4.0	2.4	1.3
Accrued interest on bonds received at date of sale	7,284	0	0	0	0	2.3	0.0	0.0	0.0	0.0
Interest on deposits and investments	75	1,798	4,823	3,115	1,022	0.0	0.5	1.2	0.6	0.2
<b>TOTAL REVENUES</b>	<b><u>321,949</u></b>	<b><u>342,790</u></b>	<b><u>413,194</u></b>	<b><u>492,728</u></b>	<b><u>514,628</u></b>	<b><u>100.0</u></b>	<b><u>100.0</u></b>	<b><u>100.0</u></b>	<b><u>100.0</u></b>	<b><u>100.0</u></b>
<b>EXPENDITURES</b>										
Current:										
Professional fees	4,488	7,555	4,179	4,658	1,860	1.4	2.2	1.0	0.9	0.4
Contracted services and other expenditures	9,766	10,778	13,676	12,724	10,960	3.0	3.2	3.3	2.6	2.1
Debt service:										
Principal retirement	295,000	285,000	280,000	270,000	265,000	91.7	83.0	67.8	54.8	51.5
Interest and fees	147,804	335,763	341,413	346,913	352,263	45.9	98.0	82.6	70.4	68.4
<b>TOTAL EXPENDITURES</b>	<b><u>457,058</u></b>	<b><u>639,096</u></b>	<b><u>639,268</u></b>	<b><u>634,295</u></b>	<b><u>630,083</u></b>	<b><u>142.0</u></b>	<b><u>186.4</u></b>	<b><u>154.7</u></b>	<b><u>128.7</u></b>	<b><u>122.4</u></b>
<b>EXCESS REVENUES (EXPENDITURES)</b>	<b><u>\$ (135,109)</u></b>	<b><u>\$ (296,306)</u></b>	<b><u>\$ (226,074)</u></b>	<b><u>\$ (141,567)</u></b>	<b><u>\$ (115,455)</u></b>	<b><u>(42.0) %</u></b>	<b><u>(86.4) %</u></b>	<b><u>(54.7) %</u></b>	<b><u>(28.7) %</u></b>	<b><u>(22.4) %</u></b>

POINT AQUARIUS MUNICIPAL UTILITY DISTRICT  
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS

SEPTEMBER 30, 2021

Complete District Mailing Address: Point Aquarius Municipal Utility District  
2727 Allen Parkway, Suite 1100  
Houston, Texas 77019

District Business Telephone No.: 713-652-6500

Submission date of the most recent District Registration Form: December 15, 2021

Limit on Fees of Office that a Director may receive during a fiscal year: \$7,200

BOARD MEMBERS

<u>Name and Address</u>	<u>Term of Office (Elected/ Appointed)</u>	<u>Fees of Office Paid</u>	<u>Expense Reimb.</u>	<u>Title at Year End</u>
Roland Morgan 12812 Aries Loop Willis , Texas 77318	Elected 11/05/18- 11/08/22	\$ 2,100	\$ 0	President
Dennis Duckett 14330 Gemini Boulevard Willis , Texas 77318	Elected 11/10/20- 11/05/24	1,650	0	Vice President
Elizabeth Potts 13781 S. Puffin Lane Willis, Texas 77318	Elected 11/10/20- 11/05/24	2,250	0	Treasurer/ Investment Officer
Frank Wengler 12244 Sagittarius Drive East Willis, Texas 77318	Elected 11/10/20- 11/05/24	1,500	0	Secretary
Frank Lorch 12086 Sagittarius Drive East Willis, Texas 77318	Elected 11/05/18- 11/08/22	2,250	0	Director

See accompanying independent auditor's report.

POINT AQUARIUS MUNICIPAL UTILITY DISTRICTBOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS (Continued)SEPTEMBER 30, 2021CONSULTANTS

<u>Name and Address</u>	<u>Date Hired</u>	<u>Fees and Expense Reimbursements</u>	<u>Title at Year End</u>
Smith, Murdaugh, Little & Bonham, L.L.P. 2727 Allen Parkway, Suite 1100 Houston, Texas 77019	2/16/16	\$ 42,386 92,569 Bonds	Attorney
Perdue, Brandon, Fielder, Collins & Mott, L.L.P. 1235 North Loop West, Suite 600 Houston, Texas 77008	2/18/97	3,988	Delinquent Tax Attorney
Claudia Redden & Associates, LLC P.O. Box 11890 Spring, Texas 77391	8/21/07	19,518	Bookkeeper
C & R Water Supply, Inc. 114 South Danville Street Willis, Texas 77378	7/26/07	413,301	Operator
Huitt-Zollars, Inc. 1500 Dairy Ashford, Suite 200 Houston, Texas 77077	Prior to 10/1/92	171,450	Engineer
Tammy J. McRae Montgomery County TAC 400 N. San Jacinto Conroe, Texas 77301	3/22/00	372	Tax Assessor- Collector
Montgomery Central Appraisal District P.O. Box 2233 Conroe, Texas 77305	Legislative Action	8,688	Central Appraisal District
The GMS Group, L.L.C. 5075 Westheimer, Suite 1175 Houston, Texas 77056	Prior to 10/1/92	500 83,095 Bonds	Financial Advisor
Mark C. Eyring, CPA, PLLC 12702 Century Drive, Suite C2 Stafford, Texas 77477	9/16/93	9,950 750 Bonds	Independent Auditor

See accompanying independent auditor's report.