

NEW CANEY MUNICIPAL UTILITY DISTRICT
MONTGOMERY COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
MAY 31, 2021

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
New Caney Municipal
Utility District
Montgomery County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of New Caney Municipal Utility District (the "District"), as of and for the year ended May 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Board of Directors
New Caney Municipal
Utility District

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of May 31, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

McCall Gibson Swedlund Barfoot PLLC

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

September 16, 2021

NEW CANEY MUNICIPAL UTILITY DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED MAY 31, 2021

Management's discussion and analysis of the financial performance of New Caney Municipal Utility District (the "District") provides an overview of the District's financial activities for the fiscal year ended May 31, 2021. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District's annual report includes two financial statements combining the government-wide financial statements and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the District's overall status. Financial reporting at this level uses a perspective 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 all of the District's assets, liabilities, and, if applicable, deferred outflows and inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

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

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has three governmental fund types. The General Fund accounts for resources not accounted for in another fund, customer service revenues, 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.

**NEW CANEY MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2021**

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information ("RSI"). A budgetary comparison schedule is included as RSI for the General Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities by \$11,965,625 as of May 31, 2021. A portion of the District's net position reflects its net investment in capital assets (land, buildings and equipment as well as the water and wastewater facilities, less any debt used to acquire those assets that is still outstanding). The following is a comparative analysis of government-wide changes in net position.

**NEW CANEY MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2021**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2021	2020	Change Positive (Negative)
Current and Other Assets	\$ 14,324,614	\$ 17,615,264	\$ (3,290,650)
Capital Assets (Net of Accumulated Depreciation)	<u>33,186,485</u>	<u>29,633,484</u>	<u>3,553,001</u>
Total Assets	<u>\$ 47,511,099</u>	<u>\$ 47,248,748</u>	<u>\$ 262,351</u>
Deferred Outflows of Resources	<u>\$ 305,077</u>	<u>\$ -0-</u>	<u>\$ 305,077</u>
Due to Developer	\$ 358,745	\$ 358,745	\$
Bonds Payable	34,084,902	34,555,846	470,944
Other Liabilities	<u>1,406,904</u>	<u>1,455,428</u>	<u>48,524</u>
Total Liabilities	<u>\$ 35,850,551</u>	<u>\$ 36,370,019</u>	<u>\$ 519,468</u>
Net Position:			
Net Investment in Capital Assets	\$ 6,160,546	\$ 4,774,806	\$ 1,385,740
Restricted	3,578,315	2,935,073	643,242
Unrestricted	<u>2,226,764</u>	<u>3,168,850</u>	<u>(942,086)</u>
Total Net Position	<u>\$ 11,965,625</u>	<u>\$ 10,878,729</u>	<u>\$ 1,086,896</u>

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

	Summary of Changes in the Statement of Activities		
	2021	2020	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 2,735,360	\$ 2,206,183	\$ 529,177
Charges for Services	4,509,650	4,229,421	280,229
Other Revenues	<u>1,295,846</u>	<u>737,841</u>	<u>558,005</u>
Total Revenues	<u>\$ 8,540,856</u>	<u>\$ 7,173,445</u>	<u>\$ 1,367,411</u>
Expenses for Services	<u>7,453,960</u>	<u>6,701,771</u>	<u>(752,189)</u>
Change in Net Position	\$ 1,086,896	\$ 471,674	\$ 615,222
Net Position, Beginning of Year	<u>10,878,729</u>	<u>10,407,055</u>	<u>471,674</u>
Net Position, End of Year	<u>\$ 11,965,625</u>	<u>\$ 10,878,729</u>	<u>\$ 1,086,896</u>

**NEW CANEY MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2021**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of May 31, 2021, were \$12,779,890, a decrease of \$3,277,356 from the prior year.

The General Fund fund balance decreased by \$944,389, primarily due to operating and capital expenditures exceeding service revenues.

The Debt Service Fund fund balance increased by \$583,498, primarily due to the structure of the District's outstanding debt and the impact of the issuance of the Series 2021 Refunding Bonds.

The Capital Projects Fund fund balance decreased by \$2,916,465, primarily due to current year capital outlay costs paid from proceeds of bonds issued in prior years.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors did not amend the budget during the current fiscal year. Actual revenues were \$167,700 more than budgeted revenues and actual expenditures were \$1,112,089 more than budgeted expenditures which resulted in a negative variance of \$944,389. See the budget to actual comparison for more information.

LONG-TERM DEBT ACTIVITY

As of May 31, 2021, the District had total bond debt payable of \$33,278,524. The changes in the debt position of the District during the fiscal year ended May 31, 2021, are summarized as follows:

Bond Debt Payable, June 1, 2020	\$ 34,433,524
Add: Bond Sale	8,615,000
Less: Bond Principal Paid/Refunded	<u>9,770,000</u>
Bond Debt Payable, May 31, 2021	<u>\$ 33,278,524</u>

The District carries an underlying rating of "A3". The District's Series 2016, Series 2016-A, Series 2019 and Series 2021 Refunding Bonds carry insured ratings of "AA" by virtue of bond insurance issued by Build America Mutual Assurance Company. The District's Series 2015 Refunding Bonds carry an insured rating of "AA" from Standard & Poor's and "A2" from Moody's by virtue of bond insurance issued by Assured Guaranty Municipal Corp. The above ratings are as of May 31, 2021 and reflect all changes in ratings through the fiscal year end.

**NEW CANEY MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2021**

CAPITAL ASSETS

Capital assets as of May 31, 2021, total \$33,186,485 (net of accumulated depreciation) and include land, equipment and buildings as well as the water and wastewater systems. Capital asset additions during the current year included the purchase of land, trucks, a generator, various equipment, and the South Street lift station and force main replacement. Construction in progress includes Hendricks lift station and gravity sewer force main extension, waterline extensions, elevated storage tank and renovations at Water Plant No. 1.

Capital Assets At Year-End, Net of Accumulated Depreciation

	2021	2020	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 3,756,770	\$ 2,259,721	\$ 1,497,049
Construction in Progress	4,773,709	3,196,084	1,577,625
Capital Assets, Net of Accumulated Depreciation:			
Building and Improvements	91,546	98,455	(6,909)
Equipment	479,733	473,080	6,653
Water System	4,132,948	4,316,991	(184,043)
Wastewater System	19,951,779	19,289,153	662,626
Total Net Capital Assets	<u>\$ 33,186,485</u>	<u>\$ 29,633,484</u>	<u>\$ 3,553,001</u>

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to New Caney Municipal Utility District, P. O. Box 1799, New Caney, TX 77357.

NEW CANEY MUNICIPAL UTILITY DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
MAY 31, 2021

	General Fund	Debt Service Fund
ASSETS		
Cash	\$ 1,270,913	\$ 3,150,621
Investments	1,117,577	142,205
Cash with Tax Assessor/Collector		38,964
Receivables:		
Property Taxes		399,007
Penalty and Interest on Delinquent Taxes		
Service Accounts	389,308	
Prepaid Costs	34,471	
Materials and Supplies Inventory	84,921	
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	\$ 2,897,190	\$ 3,730,797
 DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Refunding Bonds	\$ -0-	\$ -0-
 TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 2,897,190	\$ 3,730,797

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$ 377,624	\$ 4,799,158	\$	\$ 4,799,158
7,264,796	8,524,578		8,524,578
	38,964		38,964
	399,007		399,007
		19,950	19,950
	389,308		389,308
	34,471	34,257	68,728
	84,921		84,921
		3,756,770	3,756,770
		4,773,709	4,773,709
		24,656,006	24,656,006
<u>\$ 7,642,420</u>	<u>\$ 14,270,407</u>	<u>\$ 33,240,692</u>	<u>\$ 47,511,099</u>
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 305,077</u>	<u>\$ 305,077</u>
<u>\$ 7,642,420</u>	<u>\$ 14,270,407</u>	<u>\$ 33,545,769</u>	<u>\$ 47,816,176</u>

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

NEW CANEY MUNICIPAL UTILITY DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
MAY 31, 2021

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	\$ 172,303	\$
Accrued Interest Payable		
Due to Developers		
Security Deposits	532,380	
Accrued Interest Payable on Compound Interest Bonds		
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	\$ 704,683	\$ -0-
 DEFERRED INFLOWS OF RESOURCES		
Property Taxes	\$ - 0 -	\$ 399,007
 FUND BALANCES		
Nonspendable:		
Prepaid Costs	\$ 34,471	\$
Inventory	84,921	
Restricted for Authorized Construction		
Restricted for Debt Service		3,331,790
Unassigned	2,073,115	
TOTAL FUND BALANCES	\$ 2,192,507	\$ 3,331,790
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 2,897,190	\$ 3,730,797
 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
\$ 386,827	\$ 559,130	\$	\$ 559,130
		172,432	172,432
		358,745	358,745
	532,380		532,380
		142,962	142,962
		1,150,000	1,150,000
		32,934,902	32,934,902
<u>\$ 386,827</u>	<u>\$ 1,091,510</u>	<u>\$ 34,759,041</u>	<u>\$ 35,850,551</u>
<u>\$ - 0 -</u>	<u>\$ 399,007</u>	<u>\$ (399,007)</u>	<u>\$ - 0 -</u>
\$	\$ 34,471	\$ (34,471)	\$
	84,921	(84,921)	
7,255,593	7,255,593	(7,255,593)	
	3,331,790	(3,331,790)	
	2,073,115	(2,073,115)	
<u>\$ 7,255,593</u>	<u>\$ 12,779,890</u>	<u>\$ (12,779,890)</u>	<u>\$ - 0 -</u>
<u>\$ 7,642,420</u>	<u>\$ 14,270,407</u>		
		\$ 6,160,546	\$ 6,160,546
		3,578,315	3,578,315
		2,226,764	2,226,764
		<u>\$ 11,965,625</u>	<u>\$ 11,965,625</u>

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

NEW CANEY MUNICIPAL UTILITY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
MAY 31, 2021

Total Fund Balances - Governmental Funds \$ 12,779,890

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

Deferred charges on refunding bonds are recorded as deferred outflows of resources in the Statement of Net Position and amortized over the life of the bonds. 305,077

Prepaid bond insurance costs are amortized over the term of the outstanding bonds. 34,257

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. 33,186,485

Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2020 and prior tax levies became part of recognized revenue in the governmental activities of the District. 418,957

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	\$ (358,745)	
Accrued Interest Payable	(315,394)	
Bonds Payable	<u>(34,084,902)</u>	<u>(34,759,041)</u>

Total Net Position - Governmental Activities \$ 11,965,625

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

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NEW CANEY MUNICIPAL UTILITY DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MAY 31, 2021

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	\$	\$ 2,705,961
Water Service	1,663,989	
Wastewater Service	1,220,030	
San Jacinto River Authority Fees	1,165,391	
Penalty and Interest	85,753	92,321
Tap Connection and Inspection Fees	280,696	
Investment and Miscellaneous Revenues	38,106	33,387
TOTAL REVENUES	\$ 4,453,965	\$ 2,831,669
EXPENDITURES/EXPENSES		
Service Operations:		
Personnel	\$ 1,645,487	\$
Professional Fees	195,471	51,828
Utilities	309,856	
Repairs and Maintenance	390,576	
San Jacinto River Authority Costs	1,136,565	
Depreciation		
Other	569,875	5,024
Capital Outlay	1,150,524	
Debt Service:		
Bond Principal		1,120,000
Bond Interest		1,070,719
Bond Issuance Costs		389,424
TOTAL EXPENDITURES/EXPENSES	\$ 5,398,354	\$ 2,636,995
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	\$ (944,389)	\$ 194,674
OTHER FINANCING SOURCES (USES)		
Proceeds from Issuance of Long-Term Debt	\$	\$ 8,615,000
Transfer to Refunded Bond Escrow Agent		(8,823,350)
Bond Premium		597,174
Contributed by Other Entities		
TOTAL OTHER FINANCING SOURCES (USES)	\$ -0-	\$ 388,824
NET CHANGE IN FUND BALANCES	\$ (944,389)	\$ 583,498
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - JUNE 1, 2020	3,136,896	2,748,292
FUND BALANCES/NET POSITION - MAY 31, 2021	\$ 2,192,507	\$ 3,331,790

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 2,705,961	\$ 29,399	\$ 2,735,360
	1,663,989		1,663,989
	1,220,030		1,220,030
	1,165,391		1,165,391
	178,074	1,470	179,544
	280,696		280,696
<u>5,786</u>	<u>77,279</u>	<u>1,218,567</u>	<u>1,295,846</u>
\$ <u>5,786</u>	\$ <u>7,291,420</u>	\$ <u>1,249,436</u>	\$ <u>8,540,856</u>
\$	\$ 1,645,487	\$	\$ 1,645,487
23,901	271,200		271,200
	309,856		309,856
231,516	622,092		622,092
	1,136,565		1,136,565
		1,482,924	1,482,924
	574,899		574,899
3,885,401	5,035,925	(5,035,925)	
	1,120,000	(1,120,000)	
	1,070,719	(13,959)	1,056,760
	389,424	(35,247)	354,177
\$ <u>4,140,818</u>	\$ <u>12,176,167</u>	\$ <u>(4,722,207)</u>	\$ <u>7,453,960</u>
\$ <u>(4,135,032)</u>	\$ <u>(4,884,747)</u>	\$ <u>4,884,747</u>	\$ <u>1,086,896</u>
\$	\$ 8,615,000	\$ (8,615,000)	\$
	(8,823,350)	8,823,350	
	597,174	(597,174)	
<u>1,218,567</u>	<u>1,218,567</u>	<u>(1,218,567)</u>	
\$ <u>1,218,567</u>	\$ <u>1,607,391</u>	\$ <u>(1,607,391)</u>	\$ <u>-0-</u>
\$ (2,916,465)	\$ (3,277,356)	\$ 3,277,356	\$
		1,086,896	1,086,896
<u>10,172,058</u>	<u>16,057,246</u>	<u>(5,178,517)</u>	<u>10,878,729</u>
\$ <u>7,255,593</u>	\$ <u>12,779,890</u>	\$ <u>(814,265)</u>	\$ <u>11,965,625</u>

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

NEW CANEY MUNICIPAL UTILITY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2021

Net Change in Fund Balances - Governmental Funds \$ (3,277,356)

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

Governmental funds report tax revenues when collected. However, in the government-wide financial statements, revenue is recorded in the accounting period for which the taxes are levied. 29,399

Governmental funds report penalty and interest revenue on property taxes when collected. However, in the government-wide financial statements, revenue is recorded when penalties and interest are assessed. 1,470

Governmental funds do not account for depreciation. However, in the government-wide financial statements, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities. (1,482,924)

Governmental funds report capital expenditures as expenditures in the period purchased. However, in the government-wide financial statements, capital assets are increased by new purchases and the Statement of Activities is not affected. 5,035,925

In the government-wide financial statements, the bond premium is amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities. (561,927)

Governmental funds report bond principal payments as expenditures. However, in the government-wide financial statements, bond principal payments are reported as decreases in long-term liabilities. 1,120,000

Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the government-wide financial statements, interest is accrued on the long-term debt through fiscal year-end. 13,959

Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in the Statement of Net Position. (8,615,000)

Governmental funds report the payment to the refunded bond escrow agent as an other financing use. However, the refunding of outstanding bonds decreases long-term liabilities in the Statement of Net Position. 8,823,350

Change in Net Position - Governmental Activities \$ 1,086,896

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

NEW CANEY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2021

NOTE 1. CREATION OF DISTRICT

New Caney Municipal Utility District (the “District”) was originally created effective June 1, 1978, by an order of the Texas Water Commission, now known as the Texas Commission of 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 June 5, 1978 and sold its first series of bonds on April 20, 1984.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

Financial Statement Presentation

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

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

NEW CANEY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2021

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

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

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

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. The District's Statement of Net Position and Statement of Activities are combined with the governmental fund financial statements. The District is viewed as a special-purpose government and has the option of combining these financial statements.

The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Any amounts recorded due to and due from other funds are eliminated in the Statement of Net Position.

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense.

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 Statement of Revenues, Expenditures and Changes in Fund Balances.

NEW CANEY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2021

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds

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

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

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

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

Basis of Accounting

The District uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both “measurable and available.” Measurable means the amount can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The District considers revenues reported in the governmental funds to be available if they are collectible 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.

NEW CANEY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2021

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs, that extend the life of an asset, are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset.

Infrastructure assets are capitalized if they have an original cost greater than \$5,000 and a useful life over two years, and other type assets are capitalized if they have a total cost of \$500 or more. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Buildings are amortized over a period of 40 years. Water and wastewater facilities are amortized over periods ranging from 10 to 45 years. All other equipment is amortized over periods ranging from 3 to 20 years.

Inventory

Inventory is recorded at current replacement cost and has a May 31, 2021, balance of \$84,921. Current replacement cost is obtained from a third-party source for each specific item on hand at the end of the fiscal year.

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 employees make payments into an IRS code Section 457 plan for their benefit (see Note 8). The Internal Revenue Service has determined that the directors are considered to be employees for federal payroll tax purposes only. Directors do not participate in the pension plan.

NEW CANEY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2021

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities associated with the activities are reported. Fund equity is classified as net position.

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

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

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

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

Assigned: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances and does not have any assigned fund balances.

Unassigned: all other spendable amounts in the General Fund.

When expenditures are incurred for which restricted, committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of restricted funds, then committed funds, then assigned funds, and finally unassigned funds.

NEW CANEY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2021

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

NOTE 3. LONG TERM-DEBT

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

	June 1, 2020	Additions	Retirements	May 31, 2021
Bonds Payable	\$ 34,433,524	\$ 8,615,000	\$ 9,770,000	\$ 33,278,524
Unamortized Discounts	(121,079)		(121,079)	
Unamortized Premiums	243,401	597,174	34,197	806,378
Bonds Payable, Net	\$ 34,555,846	\$ 9,212,174	\$ 9,683,118	\$ 34,084,902
		Amount Due Within One Year		\$ 1,150,000
		Amount Due After One Year		32,934,902
		Bonds Payable, Net		\$ 34,084,902

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

Fiscal Year	Principal	Interest	Total
2022	\$ 1,150,000	\$ 1,034,593	\$ 2,184,593
2023	1,180,000	999,394	2,179,394
2024	1,220,000	963,292	2,183,292
2025	1,260,000	921,194	2,181,194
2026	1,300,000	879,342	2,179,342
2027-2031	7,110,000	3,810,741	10,920,741
2032-2036	7,748,524	3,554,652	11,303,176
2037-2041	10,060,000	1,542,826	11,602,826
2042	2,250,000	84,375	2,334,375
	\$ 33,278,524	\$ 13,790,409	\$ 47,068,933

NEW CANEY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2021

NOTE 3. LONG TERM-DEBT (Continued)

	Series 2015 Refunding		Series 2016
	Current Interest Bonds	Premium Compound Interest Bonds	
Amount Outstanding - May 31, 2021	\$ 4,985,000	\$ 533,524	\$ 1,755,000
Interest Rates	3.00% - 4.00%	4.09%	2.00% - 3.00%
Maturity Dates – Serially Beginning/Ending	April 1, 2022/2033, 2035,2036	April 1, 2034	April 1, 2022/2036
Interest Payment Dates	October 1/ April 1	At Maturity	October 1/ April 1
Callable Dates	April 1, 2023 *	Non-Callable *	April 1, 2023 *
	Series 2016-A	Series 2019	Series 2021 Refunding
Amount Outstanding - May 31, 2021	\$ 5,615,000	\$ 11,795,000	\$ 8,595,000
Interest Rates	2.00% - 3.00%	3.00% - 5.00%	2.00% - 3.00%
Maturity Dates – Serially Beginning/Ending	April 1, 2022/2038	April 1, 2022/2042	April 1, 2022/2033
Interest Payment Dates	October 1 / April 1	October 1 / April 1	October 1 / April 1
Callable Dates	April 1, 2023 *	April 1, 2026 *	April 1, 2028 *

* In whole or from time to time in part on the callable date or any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. The Series 2015 Refunding Bonds maturing on April 1, 2030 and 2033 are term bonds and subject to mandatory redemption beginning on April 1, 2027 and 2031. The Series 2016-A Bonds maturing on April 1, 2025, 2027, 2029, 2031, 2033, 2036 and 2038 are term bonds and are subject to mandatory redemption beginning on April 1, 2024, 2026, 2028, 2030, 2032, 2034 and 2037. The Series 2019 Bonds maturing on April 1, 2029 and 2039 are term bonds and subject to mandatory redemption beginning on April 1, 2028 and 2037.

The Series 2015 Compound Interest Bonds par value is \$533,524 and the maturity value is \$1,145,000. Interest will be paid at maturity. As of May 31, 2021, accrued interest is \$142,962 and the accreted value of these bonds is approximately \$676,486

None of the District's bonds are private placement bonds.

NEW CANEY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2021

NOTE 3. LONG TERM-DEBT (Continued)

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. As of May 31, 2021, the District has \$19,090,000 in authorized but unissued bonds for utilities and \$69,791,476 in authorized but unissued bonds for refunding purposes. On May 9, 2015, voters authorized designation of certain tracts as a defined area, issuance of \$10,780,000 bonds and levy of taxes and pledge of net revenues adequate to provide for payment of the bonds for water, sewer and drainage improvements to serve the defined area. This bond authorization is in addition to the \$19,090,000 in authorized but unissued bonds noted above.

During the year ended May 31, 2021, the District levied an ad valorem debt service tax rate of \$0.50 per \$100 of assessed valuation, which resulted in a tax levy of \$2,721,701 on the adjusted taxable valuation of \$542,352,280 for the 2020 tax year. The bond resolutions require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes.

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 RESOLUTIONS AND LEGAL REQUIREMENTS

The bond resolutions state that the District is required by the Securities and Exchange Commission to provide continuing disclosure of certain general financial information and operating data to certain information repositories. This information, along with the audited annual financial statements, is to be provided within six months after the end of each fiscal year and shall continue to be provided through the life of the bonds.

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.

NEW CANEY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2021

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District’s deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes. Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District’s deposits was \$4,799,158 and the bank balance was \$4,857,829. 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 May 31, 2021, as listed below:

	Cash
GENERAL FUND	\$ 1,270,913
DEBT SERVICE FUND	3,150,621
CAPITAL PROJECTS FUND	377,624
TOTAL DEPOSITS	\$ 4,799,158

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.”

NEW CANEY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2021

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. The District has adopted a written investment policy to establish the guidelines by which it may invest. This policy is reviewed annually. The District’s investment policy may be more restrictive than the Public Funds Investment Act.

The District invests in TexPool, an external investment pool that is not SEC-registered. The State Comptroller of Public Accounts of the State of Texas has oversight of the pool. Federated Investors, Inc. manages the daily operations of the pool under a contract with the Comptroller. TexPool measures all of its portfolio assets at amortized cost. As a result, the District also measures its investments in TexPool at amortized cost for financial reporting purposes. There are no limitations on withdrawals from TexPool.

The District invests in Fidelity Investments Money Market Treasure Portfolio Class III (“FCSXX”) Fidelity invests at least 99.5% of the fund’s total assets in cash, U.S Treasury Securities and/or repurchase agreements for those securities. Fidelity stresses maintaining a stable \$1.00 share price, liquidity, and income. The fund had a weighted average maturity of 31 days and a 30-day yield of 0.01% as of May 31, 2021. Investments in FCSXX are not insured by FDIC. This is a Level 1 investment with observable, quoted prices for identical assets in active markets.

As of May 31, 2021, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
TexPool	\$ 1,117,577	\$ 1,117,577
<u>DEBT SERVICE FUND</u>		
TexPool	142,205	142,205
<u>CAPITAL PROJECTS FUND</u>		
TexPool	3,153,785	3,153,785
MMMF FCSXX	<u>4,111,011</u>	<u>4,111,011</u>
TOTAL INVESTMENTS	<u>\$ 8,524,578</u>	<u>\$ 8,524,578</u>

NEW CANEY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2021

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At May 31, 2021, the District's investments in TexPool and FCSXX were rated AAAM by Standard and Poor's. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investments in TexPool and FCSXX to have maturities of less than one year due to the fact the share positions can usually be redeemed each day at the discretion of the District, unless there have been significant changes in values.

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

NOTE 6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended May 31, 2021 is as follows:

	June 1, 2020	Increases	Decreases	May 31, 2021
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 2,259,721	\$ 1,497,049	\$	\$ 3,756,770
Construction in Progress	3,196,084	3,538,876	1,961,251	4,773,709
Total Capital Assets Not Being Depreciated	\$ 5,455,805	\$ 5,035,925	\$ 1,961,251	\$ 8,530,479
Capital Assets Subject to Depreciation				
Building and Improvements	\$ 239,250	\$	\$	\$ 239,250
Equipment	1,805,723	131,706	-	1,937,429
Water System	12,981,786	135,677	-	13,117,463
Wastewater System	28,170,335	1,693,868	-	29,864,203
Total Capital Assets Subject to Depreciation	\$ 43,197,094	\$ 1,961,251	\$ - 0 -	\$ 45,158,345
Accumulated Depreciation				
Building and Improvements	\$ 140,795	\$ 6,909	\$	\$ 147,704
Equipment	1,332,643	125,053	-	1,457,696
Water System	8,664,795	319,720	-	8,984,515
Wastewater System	8,881,182	1,031,242	-	9,912,424
Total Accumulated Depreciation	\$ 19,019,415	\$ 1,482,924	\$ - 0 -	\$ 20,502,339
Total Depreciable Capital Assets, Net of Accumulated Depreciation	\$ 24,177,679	\$ 478,327	\$ - 0 -	\$ 24,656,006
Total Capital Assets, Net of Accumulated Depreciation	\$ 29,633,484	\$ 5,514,252	\$ 1,961,251	\$ 33,186,485

NEW CANEY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2021

NOTE 7. MAINTENANCE TAX

The Board of Directors of the District have the statutory authority to levy and collect an annual ad valorem tax for planning, maintaining, repairing and operating of the District's improvements, if such maintenance tax is authorized by a vote of the District's electorate. Such tax would be in addition to taxes which the District is authorized to levy for paying principal and interest on outstanding bonds, and any tax bonds which may be issued in the future.

On May 9, 2015, voters authorized implementation of an operations and maintenance tax not to exceed \$1.50 per \$100 valuation of taxable property within a defined area. During the current fiscal year, no such tax was levied.

NOTE 8. RETIREMENT PLAN

In February 1991, the District approved a deferred compensation plan, which was created in accordance with Internal Revenue Code Section 457. The plan, available to all qualified employees, permits the employees to defer a portion of their salaries. The deferred compensation is not paid to employees until retirement, cessation of employment, death, or unforeseeable emergencies. Contributions to the plan are comprised of voluntary employee withholding and District contributions. Each individual employee's pension account is maintained by an independent third-party administrator to manage the plan. Vesting is immediate upon funding.

NOTE 9. 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. The District carries commercial insurance for its fidelity bonds and participates in the Texas Water Conservation Association Risk Management Fund (TWCA) to provide property, general liability, errors and omissions, automobile, and workers compensation coverage. The District, along with other participating entities, contributes annual amounts determined by TWCA's management. As claims arise they are submitted and paid by TWCA. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 10. LONE STAR GROUNDWATER CONSERVATION DISTRICT

The District is a part of the Lone Star Groundwater Conservation District ("Conservation District"). The Conservation District was created for purposes including the acquisition and provision of surface water and groundwater for residential, commercial, industrial, agricultural, and other uses, the reduction of groundwater withdrawals, the conservation, preservation, protection, recharge, and prevention of waste of groundwater, and of groundwater reservoirs or their subdivisions, and the control of subsidence caused by withdrawal of water from those groundwater reservoirs of their subdivisions. The Conservation District charges a fee to enable it to fulfill its purpose and regulatory functions.

NEW CANEY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2021

NOTE 11. SAN JACINTO RIVER AUTHORITY

On June 17, 2010, the District entered into a contract for Groundwater Reduction Planning, Alternative Water Supply, and Related Goods and Services with the San Jacinto River Authority (the "Authority"). The District and the Authority operate within the boundaries of the Lone Star Ground Water Conservation District. The Authority has developed supplies of surface water that, when taken together with groundwater withdrawals to be permitted by the Conservation District, are reasonably believed to be adequate to satisfy the total water demands of Montgomery County. A surface water treatment and transmission system (the "Project") is proposed to be designed, constructed, operated, and maintained by the Authority in order to provide phased treatment, transmission, and delivery of the Authority's surface water to regulated users for blending with underground water supplies, so that regulated users may continue to pump groundwater. The Authority charges a fee, currently \$2.73 per 1,000 gallons, based on the amount of groundwater and surface water used. The terms of this contract expire on December 31, 2045. During the current fiscal year, the District recorded expenditures of \$1,136,565 in relation to this contract.

NOTE 12. UNREIMBURSED COSTS

The District has executed reimbursement agreements with Developers within the District. The agreements call for the Developers to fund costs associated with water, wastewater and drainage facilities until such time as the District can sell bonds. The District previously recorded \$1,180,450 as Due to Developer for completed projects. During the prior fiscal year, the Developer was reimbursed \$821,387 (including \$59,054 interest) for the 68% District Area portion of the construction and engineering costs of the Kidd Road Lift Station. The District also reimbursed the Developer \$59,372 for the difference between the amount advanced and the actual cost of the project. As of May 31, 2021, the District has recorded \$358,745 as Due to Developer for the 32% Defined Area portion of the construction and engineering costs for the Kidd Road Lift Station.

NOTE 13. REFUNDING BOND SALE

On January 28, 2021, the District closed on the sale of its \$8,615,000 Series 2021 Unlimited Tax Refunding Bonds. Proceeds of the bonds were used to refund \$8,650,000 of the Series 2014 Refunding Bonds with interest rates of 3.00% to 4.375%, maturity dates of 2022-2033, and a redemption date of April 1, 2021. The refunding resulted in gross debt service savings of \$1,538,444 and net present value savings of \$1,360,946.

NEW CANEY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2021

NOTE 14. SUBSEQUENT EVENT – BOND SALE

On or about October 21, 2021, subsequent to the report date, the District expects to close on the sale of its \$19,090,000 Series 2021 Unlimited Tax Bonds. Proceeds of the bonds will be used to (i) finance the District's cost of the acquisition or construction of meter system upgrades, renovations to water plant no. 2, waterline extensions, improvements to the wastewater treatment plant, force main replacements, sanitary sewer rehabilitation, decommissioning of lift stations, utility relocation, and property acquisition; (ii) pay engineering costs associated with the design and construction of such projects; and (iii) pay certain issuance costs of the bonds.

NOTE 15. ECONOMIC UNCERTAINTIES

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

NEW CANEY MUNICIPAL UTILITY DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

MAY 31, 2021

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

	<u>Original and Final Budget</u>	<u>Actual</u>	Variance Positive (Negative)
REVENUES			
Water Service	\$ 2,733,665	\$ 2,829,380	\$ 95,715
Wastewater Service	1,200,000	1,220,030	20,030
Penalty and Interest	75,000	85,753	10,753
Tap Connection and Inspection Fees	235,000	280,696	45,696
Investment and Miscellaneous Revenues	<u>42,600</u>	<u>38,106</u>	<u>(4,494)</u>
TOTAL REVENUES	<u>\$ 4,286,265</u>	<u>\$ 4,453,965</u>	<u>\$ 167,700</u>
EXPENDITURES			
Service Operations:			
Personnel	\$ 1,665,115	\$ 1,645,487	\$ 19,628
Professional Fees	98,000	195,471	(97,471)
Utilities	268,500	309,856	(41,356)
Repairs and Maintenance	318,181	390,576	(72,395)
San Jacinto River Authority Costs	1,200,000	1,136,565	63,435
Other	579,811	569,875	9,936
Capital Outlay	<u>156,658</u>	<u>1,150,524</u>	<u>(993,866)</u>
TOTAL EXPENDITURES	<u>\$ 4,286,265</u>	<u>\$ 5,398,354</u>	<u>\$(1,112,089)</u>
NET CHANGE IN FUND BALANCE	\$ -0-	\$ (944,389)	\$ (944,389)
FUND BALANCE - JUNE 1, 2020	<u>3,136,896</u>	<u>3,136,896</u>	<u> </u>
FUND BALANCE - MAY 31, 2021	<u>\$ 3,136,896</u>	<u>\$ 2,192,507</u>	<u>\$ (944,389)</u>

See accompanying independent auditor's report.

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NEW CANEY MUNICIPAL UTILITY DISTRICT
SUPPLEMENTARY INFORMATION – REQUIRED BY THE
WATER DISTRICT FINANCIAL MANAGEMENT GUIDE
MAY 31, 2021

**NEW CANEY MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED MAY 31, 2021**

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

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

2. RETAIL SERVICE PROVIDERS

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

Based on the rate order effective June 1, 2014.

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate</u>	<u>Rate per 1,000 Gallons over Minimum Use</u>	<u>Usage Levels</u>
WATER:	\$ 12.00	3,000	N	\$ 2.50 \$ 2.75 \$ 3.00 \$ 3.25 \$ 3.75 \$ 4.00 \$ 4.25 \$ 4.75 \$ 5.75	3,001 to 4,000 4,001 to 5,000 5,001 to 6,000 6,001 to 10,000 10,001 to 12,000 12,001 to 15,000 15,001 to 20,000 20,001 to 50,000 50,001 and up
WASTEWATER:	\$ 14.00	3,000	N	\$ 2.50 \$ 3.00	3,001 to 20,000 20,001 and up

SURCHARGE:

Water	
Conservation	
District Fees	current rate + 15% per 1,000 gallons
Commission	
Regulatory	
Assessments	0.5% of water and wastewater bill
San Jacinto River	
Authority Fees	current rate + 15% per 1,000 gallons

District employs winter averaging for wastewater usage?

_____ X
Yes No

Total monthly charges per 10,000 gallons usage: Water: \$33.25 Wastewater: \$31.50 Surcharge: \$32.93

See accompanying independent auditor's report.

**NEW CANEY MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED MAY 31, 2021**

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS (Unaudited):

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered			x 1.0	
≤¾"	<u>4,359</u>	<u>3,868</u>	x 1.0	<u>3,868</u>
1"	<u>96</u>	<u>84</u>	x 2.5	<u>210</u>
1½"	<u>13</u>	<u>13</u>	x 5.0	<u>65</u>
2"	<u>152</u>	<u>146</u>	x 8.0	<u>1,168</u>
3"	<u>4</u>	<u>4</u>	x 15.0	<u>60</u>
4"	<u>6</u>	<u>6</u>	x 25.0	<u>150</u>
6"	<u>2</u>	<u>2</u>	x 50.0	<u>100</u>
8"	<u>3</u>	<u>2</u>	x 80.0	<u>160</u>
10"	<u>1</u>	<u>1</u>	x 115.0	<u>115</u>
Total Water Connections	<u><u>4,636</u></u>	<u><u>4,126</u></u>		<u><u>5,896</u></u>
Total Wastewater Connections	<u><u>4,141</u></u>	<u><u>3,927</u></u>	x 1.0	<u><u>3,927</u></u>

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

Gallons pumped into system: 404,183,000 Water Accountability Ratio: 92.5 %
(Gallons billed and lost/Gallons pumped)

Gallons billed to customers: 373,854,000

See accompanying independent auditor's report.

**NEW CANEY MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED MAY 31, 2021**

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: _____

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes No

County in which District is located:

Montgomery County, Texas

Is the District located within a city?

Entirely Partly Not at all

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

Entirely Partly Not at all

ETJ in which District is located:

City of Houston, Texas/Conroe, TX

Are Board Members appointed by an office outside the District?

Yes No

See accompanying independent auditor's report.

NEW CANEY MUNICIPAL UTILITY DISTRICT
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED MAY 31, 2021

PERSONNEL EXPENDITURES (Including Benefits)	\$ 1,645,487
PROFESSIONAL FEES:	
Auditing	\$ 20,000
Engineering	117,187
Legal	34,686
Management and Consulting	23,598
TOTAL PROFESSIONAL FEES	<u>\$ 195,471</u>
UTILITIES:	
Electricity	\$ 274,816
Telephone	35,040
TOTAL UTILITIES	<u>\$ 309,856</u>
REPAIRS AND MAINTENANCE	<u>\$ 390,576</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 12,900
Insurance	48,650
Office Supplies and Postage	65,630
Travel, Meals and Entertainment	7,575
Bank Charges	23,025
Other	15,497
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 173,277</u>
CAPITAL OUTLAY	<u>\$ 1,150,524</u>
TAP CONNECTIONS	<u>\$ 22,240</u>
OTHER EXPENDITURES:	
Bad Debt Expense	\$ 7,956
Chemicals	73,863
Fuels and Lubricants	31,398
Equipment Rental	25,635
Permit Fees	23,580
Laboratory Fees	33,502
Sludge Hauling	62,576
San Jacinto River Authority Costs	1,136,565
Lone Star Groundwater	29,320
TCEQ Regulatory Assessment	13,222
Supplies/Maintenance/Equipment	44,620
Maintenance Agreements	28,686
TOTAL OTHER EXPENDITURES	<u>\$ 1,510,923</u>
TOTAL EXPENDITURES	<u><u>\$ 5,398,354</u></u>

Number of persons employed by the District 24 Full-Time -0- Part-Time

See accompanying independent auditor's report.

**NEW CANEY MUNICIPAL UTILITY DISTRICT
INVESTMENTS
MAY 31, 2021**

<u>Funds</u>	<u>Identification or Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Accrued Interest Receivable at End of Year</u>
<u>GENERAL FUND</u>					
TexPool	XXXX0002	Varies	Daily	\$ 1,117,577	\$ - 0 -
<u>DEBT SERVICE FUND</u>					
TexPool	XXXX0001	Varies	Daily	\$ 142,205	\$ - 0 -
<u>CAPITAL PROJECTS FUND</u>					
TexPool	XXXX0003	Varies	Daily	\$ 997,656	\$
TexPool	XXXX0016	Varies	Daily	2,156,129	
MMMF FCSXX	XXXX9284	Varies	Daily	4,111,011	
TOTAL CAPITAL PROJECTS FUND				<u>\$ 7,264,796</u>	<u>\$ - 0 -</u>
TOTAL - ALL FUNDS				<u>\$ 8,524,578</u>	<u>\$ - 0 -</u>

See accompanying independent auditor's report.

NEW CANEY MUNICIPAL UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED MAY 31, 2021

	Debt Service Taxes	
TAXES RECEIVABLE -		
JUNE 1, 2020	\$ 369,608	
Adjustments to Beginning		
Balance	13,659	\$ 383,267
Original 2020 Tax Levy	\$ 2,539,385	
Adjustment to 2020 Tax Levy	182,316	2,721,701
TOTAL TO BE		
ACCOUNTED FOR		\$ 3,104,968
 TAX COLLECTIONS:		
Prior Years	\$ 147,439	
Current Year	2,558,522	2,705,961
 TAXES RECEIVABLE -		
MAY 31, 2021		\$ 399,007
 TAXES RECEIVABLE BY		
YEAR:		
2020		\$ 163,179
2019		50,866
2018		33,012
2017		24,631
2016		21,050
2015		15,283
2014		10,202
2013		11,306
2012		13,246
2011		13,380
2010		7,070
2009		5,536
2008		4,952
2007		4,592
2006 and prior		20,702
TOTAL		\$ 399,007

See accompanying independent auditor's report.

NEW CANEY MUNICIPAL UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED MAY 31, 2021

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
PROPERTY VALUATIONS:				
Land	\$ 241,283,534	\$ 184,365,151	\$ 183,105,325	\$ 152,837,325
Improvements	460,507,600	366,436,831	334,583,733	295,276,490
Personal Property	80,627,631	76,450,404	71,405,414	49,748,172
Exemptions	<u>(240,066,485)</u>	<u>(205,633,479)</u>	<u>(173,814,781)</u>	<u>(176,342,821)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 542,352,280</u>	<u>\$ 421,618,907</u>	<u>\$ 415,279,691</u>	<u>\$ 321,519,166</u>
TOTAL TAX RATES PER \$100 VALUATION				
Debt Service	<u>\$ 0.5000</u>	<u>\$ 0.5300</u>	<u>\$ 0.5700</u>	<u>\$ 0.5994</u>
ADJUSTED TAX LEVY*	<u>\$ 2,721,701</u>	<u>\$ 2,237,612</u>	<u>\$ 2,372,276</u>	<u>\$ 1,929,520</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED				
	<u>94.00 %</u>	<u>97.73 %</u>	<u>98.61 %</u>	<u>98.72 %</u>

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

On May 9, 2015, voters authorized implementation of an operations and maintenance tax not to exceed \$1.50 per \$100 valuation of taxable property within a defined area. During the current fiscal year, no such tax was levied.

See accompanying independent auditor's report.

NEW CANEY MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
MAY 31, 2021

S E R I E S - 2 0 1 5 R E F U N D I N G

Due During Fiscal Years Ending May 31	Principal Due April 1	Interest Due October 1/ April 1	Total
2022	\$ 445,000	\$ 188,937	\$ 633,937
2023	455,000	175,587	630,587
2024	470,000	161,937	631,937
2025	490,000	143,137	633,137
2026	505,000	123,537	628,537
2027	30,000	103,337	133,337
2028	30,000	102,364	132,364
2029	30,000	101,388	131,388
2030	35,000	100,414	135,414
2031	35,000	99,276	134,276
2032	35,000	98,050	133,050
2033	35,000	96,826	131,826
2034	533,524	707,076	1,240,600
2035	1,165,000	95,600	1,260,600
2036	1,225,000	49,000	1,274,000
2037			
2038			
2039			
2040			
2041			
2042			
	<u>\$ 5,518,524</u>	<u>\$ 2,346,466</u>	<u>\$ 7,864,990</u>

See accompanying independent auditor's report.

NEW CANEY MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
MAY 31, 2021

S E R I E S - 2 0 1 6				
Due During Fiscal Years Ending May 31	Principal Due April 1	Interest Due October 1/ April 1	Total	
2022	\$ 125,000	\$ 42,913	\$	167,913
2023	120,000	40,413		160,413
2024	115,000	38,012		153,012
2025	120,000	35,713		155,713
2026	120,000	33,312		153,312
2027	115,000	30,913		145,913
2028	105,000	28,612		133,612
2029	100,000	26,250		126,250
2030	95,000	24,000		119,000
2031	80,000	21,625		101,625
2032	70,000	19,625		89,625
2033	65,000	17,700		82,700
2034	170,000	15,750		185,750
2035	180,000	10,650		190,650
2036	175,000	5,250		180,250
2037				
2038				
2039				
2040				
2041				
2042				
	\$ 1,755,000	\$ 390,738	\$	2,145,738

See accompanying independent auditor's report.

NEW CANEY MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
MAY 31, 2021

S E R I E S - 2 0 1 6 - A

Due During Fiscal Years Ending May 31	Principal Due April 1	Interest Due October 1/ April 1	Total
2022	\$ 125,000	\$ 157,331	\$ 282,331
2023	130,000	154,831	284,831
2024	135,000	152,231	287,231
2025	135,000	149,531	284,531
2026	140,000	146,831	286,831
2027	140,000	143,681	283,681
2028	145,000	140,531	285,531
2029	145,000	137,087	282,087
2030	150,000	133,644	283,644
2031	155,000	129,706	284,706
2032	160,000	125,638	285,638
2033	165,000	121,238	286,238
2034	170,000	116,700	286,700
2035	180,000	111,600	291,600
2036	185,000	106,200	291,200
2037	1,645,000	100,650	1,745,650
2038	1,710,000	51,300	1,761,300
2039			
2040			
2041			
2042			
	<u>\$ 5,615,000</u>	<u>\$ 2,178,730</u>	<u>\$ 7,793,730</u>

See accompanying independent auditor's report.

NEW CANEY MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
MAY 31, 2021

S E R I E S - 2 0 1 9				
Due During Fiscal Years Ending May 31	Principal Due April 1	Interest Due October 1/ April 1	Total	
2022	\$ 160,000	\$ 439,012	\$	599,012
2023	160,000	431,013		591,013
2024	165,000	423,012		588,012
2025	170,000	414,763		584,763
2026	175,000	407,962		582,962
2027	180,000	400,963		580,963
2028	180,000	395,562		575,562
2029	185,000	390,163		575,163
2030	190,000	384,612		574,612
2031	200,000	378,913		578,913
2032	205,000	372,662		577,662
2033	210,000	366,000		576,000
2034	215,000	358,913		573,913
2035	220,000	351,387		571,387
2036	225,000	343,687		568,687
2037	230,000	335,813		565,813
2038	225,000	327,187		552,187
2039	2,005,000	318,751		2,323,751
2040	2,080,000	243,562		2,323,562
2041	2,165,000	165,563		2,330,563
2042	2,250,000	84,375		2,334,375
	\$ 11,795,000	\$ 7,333,875	\$	19,128,875

See accompanying independent auditor's report.

NEW CANEY MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
MAY 31, 2021

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

Due During Fiscal Years Ending May 31	Principal Due April 1	Interest Due October 1/ April 1	Total
2022	\$ 295,000	\$ 206,400	\$ 501,400
2023	315,000	197,550	512,550
2024	335,000	188,100	523,100
2025	345,000	178,050	523,050
2026	360,000	167,700	527,700
2027	880,000	156,900	1,036,900
2028	920,000	130,500	1,050,500
2029	965,000	102,900	1,067,900
2030	990,000	83,600	1,073,600
2031	1,030,000	63,800	1,093,800
2032	1,065,000	43,200	1,108,200
2033	1,095,000	21,900	1,116,900
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
	<u>\$ 8,595,000</u>	<u>\$ 1,540,600</u>	<u>\$ 10,135,600</u>

See accompanying independent auditor's report.

NEW CANEY MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
MAY 31, 2021

ANNUAL REQUIREMENTS
FOR ALL SERIES

Due During Fiscal Years Ending May 31	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2022	\$ 1,150,000	\$ 1,034,593	\$ 2,184,593
2023	1,180,000	999,394	2,179,394
2024	1,220,000	963,292	2,183,292
2025	1,260,000	921,194	2,181,194
2026	1,300,000	879,342	2,179,342
2027	1,345,000	835,794	2,180,794
2028	1,380,000	797,569	2,177,569
2029	1,425,000	757,788	2,182,788
2030	1,460,000	726,270	2,186,270
2031	1,500,000	693,320	2,193,320
2032	1,535,000	659,175	2,194,175
2033	1,570,000	623,664	2,193,664
2034	1,088,524	1,198,439	2,286,963
2035	1,745,000	569,237	2,314,237
2036	1,810,000	504,137	2,314,137
2037	1,875,000	436,463	2,311,463
2038	1,935,000	378,487	2,313,487
2039	2,005,000	318,751	2,323,751
2040	2,080,000	243,562	2,323,562
2041	2,165,000	165,563	2,330,563
2042	2,250,000	84,375	2,334,375
	<u>\$ 33,278,524</u>	<u>\$ 13,790,409</u>	<u>\$ 47,068,933</u>

See accompanying independent auditor's report.

NEW CANEY MUNICIPAL UTILITY DISTRICT
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED MAY 31, 2021

Description	Original Bonds Issued	Bonds Outstanding June 1, 2020
New Caney Municipal Utility District Unlimited Tax Refunding Bonds - Series 2014	\$ 9,955,000	\$ 8,910,000
New Caney Municipal Utility District Unlimited Tax Refunding Bonds - Series 2015	7,258,524	5,953,524
New Caney Municipal Utility District Unlimited Tax Bonds - Series 2016	2,400,000	1,880,000
New Caney Municipal Utility District Unlimited Tax Bonds - Series 2016-A	6,105,000	5,740,000
New Caney Municipal Utility District Unlimited Tax Bonds - Series 2019	12,100,000	11,950,000
New Caney Municipal Utility District Unlimited Tax Refunding Bonds - Series 2021	<u>8,615,000</u>	
TOTAL	<u>\$ 46,433,524</u>	<u>\$ 34,433,524</u>

Bond Authority:	Tax Bonds	Refunding Bonds	Definded Area Bonds
Amount Authorized by Voters	\$ 64,985,000	\$ 70,650,000	\$ 10,780,000
Amount Issued	<u>45,895,000</u>	<u>858,524</u>	
Remaining to be Issued	<u>\$ 19,090,000</u>	<u>\$ 69,791,476</u>	<u>\$ 10,780,000</u>

Debt Service Fund cash, investments and cash with Tax Assessor/Collector balances as of May 31, 2021:	<u>\$ 3,331,790</u>
Average annual debt service payment (principal and interest) for remaining term of all debt:	<u>\$ 2,241,378</u>

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

See accompanying independent auditor's report.

<u>Current Year Transactions</u>				
<u>Bonds Sold</u>	<u>Retirements</u>		<u>Bonds Outstanding May 31, 2021</u>	<u>Paying Agent</u>
	<u>Principal</u>	<u>Interest</u>		
\$	\$ 8,910,000	\$ 180,500	\$ - 0 -	BOKF, N.A. Austin, TX
	435,000	201,987	5,518,524	BOKF, N.A. Austin, TX
	125,000	45,413	1,755,000	BOKF, N.A. Austin, TX
	125,000	159,832	5,615,000	BOKF, N.A. Austin, TX
	155,000	446,763	11,795,000	UMB Bank, N.A. Austin, TX
<u>8,615,000</u>	<u>20,000</u>	<u>36,224</u>	<u>8,595,000</u>	UMB Bank, N.A. Houston, TX
<u>\$ 8,615,000</u>	<u>\$ 9,770,000</u>	<u>\$ 1,070,719</u>	<u>\$ 33,278,524</u>	

See accompanying independent auditor's report.

NEW CANEY MUNICIPAL UTILITY DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2021	2020	2019
REVENUES			
Water Service	\$ 1,663,989	\$ 1,616,424	\$ 1,434,181
Wastewater Service	1,220,030	1,147,645	1,095,866
San Jacinto River Authority Fees	1,165,391	1,060,730	943,865
Penalty and Interest	85,753	70,832	80,128
Tap Connection and Inspection Fees	280,696	271,840	325,588
Investment and Miscellaneous Revenues	38,106	38,568	106,629
TOTAL REVENUES	\$ 4,453,965	\$ 4,206,039	\$ 3,986,257
EXPENDITURES			
Personnel	\$ 1,645,487	\$ 1,586,766	\$ 1,494,806
Professional Fees	195,471	83,803	99,843
Utilities	309,856	250,582	241,527
Repairs and Maintenance	390,576	307,163	218,832
San Jacinto River Authority Costs	1,136,565	1,111,580	1,066,344
Other	569,875	594,229	518,818
Capital Outlay	1,150,524	264,018	111,526
TOTAL EXPENDITURES	\$ 5,398,354	\$ 4,198,141	\$ 3,751,696
NET CHANGE IN FUND BALANCE	\$ (944,389)	\$ 7,898	\$ 234,561
BEGINNING FUND BALANCE	3,136,896	3,128,998	2,894,437
ENDING FUND BALANCE	\$ 2,192,507	\$ 3,136,896	\$ 3,128,998

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2018	2017	2021	2020	2019	2018	2017
\$ 1,489,295	\$ 1,347,662	37.3 %	38.4 %	35.9 %	37.9 %	36.5 %
1,079,591	1,027,113	27.4	27.3	27.5	27.4	27.8
926,548	853,195	26.2	25.2	23.7	23.5	23.1
75,030	76,307	1.9	1.7	2.0	1.9	2.1
330,449	353,192	6.3	6.5	8.2	8.4	9.6
37,243	33,328	0.9	0.9	2.7	0.9	0.9
<u>\$ 3,938,156</u>	<u>\$ 3,690,797</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 1,370,173	\$ 1,271,077	36.9 %	37.7 %	37.5 %	34.8 %	34.4 %
86,382	96,366	4.4	2.0	2.5	2.2	2.6
241,403	238,880	7.0	6.0	6.1	6.1	6.5
279,429	259,795	8.8	7.3	5.5	7.1	7.0
1,006,052	870,454	25.5	26.4	26.8	25.5	23.6
491,481	470,013	12.8	14.1	13.0	12.5	12.7
177,909	77,782	25.8	6.3	2.8	4.5	2.1
<u>\$ 3,652,829</u>	<u>\$ 3,284,367</u>	<u>121.2 %</u>	<u>99.8 %</u>	<u>94.2 %</u>	<u>92.7 %</u>	<u>88.9 %</u>
\$ 285,327	\$ 406,430	<u>(21.2) %</u>	<u>0.2 %</u>	<u>5.8 %</u>	<u>7.3 %</u>	<u>11.1 %</u>
<u>2,609,110</u>	<u>2,202,680</u>					
<u>\$ 2,894,437</u>	<u>\$ 2,609,110</u>					

See accompanying independent auditor's report.

NEW CANEY MUNICIPAL UTILITY DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2021	2020	2019
REVENUES			
Property Taxes	\$ 2,705,961	\$ 2,277,797	\$ 2,275,213
Penalty and Interest	92,321	65,531	74,394
Investment and Miscellaneous Revenues	<u>33,387</u>	<u>5,332</u>	<u>4,807</u>
TOTAL REVENUES	<u>\$ 2,831,669</u>	<u>\$ 2,348,660</u>	<u>\$ 2,354,414</u>
EXPENDITURES			
Tax Collection Expenditures	\$ 49,578	\$ 46,354	\$ 42,593
Debt Service Principal	1,120,000	1,070,000	895,000
Debt Service Interest and Fees	1,077,993	1,245,997	898,571
Bond Issuance Costs	<u>389,424</u>	<u> </u>	<u> </u>
TOTAL EXPENDITURES	<u>\$ 2,636,995</u>	<u>\$ 2,362,351</u>	<u>\$ 1,836,164</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 194,674</u>	<u>\$ (13,691)</u>	<u>\$ 518,250</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from Issuance of Long-Term Debt	\$ 8,615,000	\$	\$ 100,588
Bond Premium	597,174		
Transfer to Refunded Bond Escrow Agent	<u>(8,823,350)</u>	<u> </u>	<u> </u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ 388,824</u>	<u>\$ - 0 -</u>	<u>\$ 100,588</u>
NET CHANGE IN FUND BALANCE	\$ 583,498	\$ (13,691)	\$ 618,838
BEGINNING FUND BALANCE	<u>2,748,292</u>	<u>2,761,983</u>	<u>2,143,145</u>
ENDING FUND BALANCE	<u>\$ 3,331,790</u>	<u>\$ 2,748,292</u>	<u>\$ 2,761,983</u>
TOTAL ACTIVE RETAIL WATER CONNECTIONS	<u>4,126</u>	<u>4,093</u>	<u>3,849</u>
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	<u>3,927</u>	<u>3,873</u>	<u>3,765</u>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2018	2017	2021	2020	2019	2018	2017
\$ 1,900,082	\$ 1,685,830	95.5 %	97.0 %	96.6 %	96.9 %	94.6 %
58,859	93,942	3.3	2.8	3.2	3.0	5.3
2,679	1,472	1.2	0.2	0.2	0.1	0.1
<u>\$ 1,961,620</u>	<u>\$ 1,781,244</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 36,144	\$ 42,860	1.8 %	2.0 %	1.8 %	1.8 %	2.4 %
875,000	735,000	39.6	45.6	38.0	44.6	41.3
834,373	735,577	38.1	53.1	38.2	42.5	41.3
		13.8				
<u>\$ 1,745,517</u>	<u>\$ 1,513,437</u>	<u>93.3 %</u>	<u>100.7 %</u>	<u>78.0 %</u>	<u>88.9 %</u>	<u>85.0 %</u>
\$ 216,103	\$ 267,807	6.7 %	(0.7) %	22.0 %	11.1 %	15.0 %
\$	\$ 141,781					
<u>\$ - 0 -</u>	<u>\$ 141,781</u>					
\$ 216,103	\$ 409,588					
1,927,042	1,517,454					
<u>\$ 2,143,145</u>	<u>\$ 1,927,042</u>					
3,493	3,738					
<u>3,685</u>	<u>3,556</u>					

See accompanying independent auditor's report.

**NEW CANEY MUNICIPAL UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
MAY 31, 2021**

District Mailing Address - New Caney Municipal Utility District
P. O. Box 1799
New Caney, TX 77357

District Telephone Number - (281) 689-2327

Board Members	Term of Office (Elected or <u>Appointed</u>)	Fees of office for the year ended <u>May 31, 2021</u>	Expense reimbursements for the year ended <u>May 31, 2021</u>	<u>Title</u>
William B. Smith	05/20 05/24 (Elected)	\$ 2,700	\$ -0-	President
Jerry R. Vernon	05/20 05/24 (Elected)	\$ 2,550	\$ -0-	Vice President
Dorothy Rawlinson	05/18 05/22 (Elected)	\$ 3,150	\$ -0-	Secretary
Matthew J. Peterson	05/20 05/24 (Elected)	\$ 1,800	\$ -0-	Director
Tony A. Martinez Jr.	05/18 05/22 (Elected)	\$ 2,700	\$ -0-	Treasurer

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: June 15, 2020

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200 as set by Board Resolution on August 23, 2006. Fees of Office are the amounts actually paid to a Director during the District's fiscal year.

See accompanying independent auditor's report.

**NEW CANEY MUNICIPAL UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
MAY 31, 2021**

Employees:	<u>Date Hired</u>	<u>Fees/Compensation for the fiscal year ended May 31, 2021</u>	<u>Title</u>
Richard McDonald	2009	\$ 103,220	General Manager
 Consultants:			
Johnson Petrov LLP	11/16/17	\$ 55,143 \$ 182,415	General Counsel Bond Counsel
McCall Gibson Swedlund Barfoot PLLC	1/20/05	\$ 20,000 \$ 1,500	Auditor Bond Related
LJA Engineering	01/18/07	\$ 502,532	Engineer
Blitch Associates, Inc.	01/24/07	\$ 64,685	Financial Advisor
Montgomery County Tax Office	01/19/84	\$ 1,787	Tax Collector

See accompanying independent auditor's report.

