

# **Nottingham Country Municipal Utility District**

Harris County, Texas

Independent Auditor's Report and Financial Statements

September 30, 2019



**Nottingham Country Municipal Utility District**  
**September 30, 2019**

**Contents**

<b>Independent Auditor's Report .....</b>	<b>1</b>
<b>Management's Discussion and Analysis .....</b>	<b>3</b>
<b>Basic Financial Statements</b>	
Statement of Net Position and Governmental Funds Balance Sheet .....	9
Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances .....	11
Notes to Financial Statements .....	12
<b>Required Supplementary Information</b>	
Budgetary Comparison Schedule – General Fund .....	25
Notes to Required Supplementary Information .....	26
<b>Other Information</b>	
Other Schedules Included Within This Report .....	27
Schedule of Services and Rates .....	28
Schedule of General Fund Expenditures .....	29
Schedule of Temporary Investments .....	30
Analysis of Taxes Levied and Receivable .....	31
Schedule of Long-term Debt Service Requirements by Years .....	34
Changes in Long-term Bonded Debt .....	37
Comparative Schedule of Revenues and Expenditures – General Fund and Debt Service Fund – Five Years .....	38
Board Members, Key Personnel and Consultants .....	40

## Independent Auditor's Report

Board of Directors  
Nottingham Country Municipal Utility District  
Harris County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Nottingham Country Municipal Utility District (the District), as of and for the year ended September 30, 2019, 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of September 30, 2019, and the respective changes in financial position thereof 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 budgetary comparison schedule listed in the table of contents 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. 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 other information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**BKD, LLP**

Houston, Texas  
February 4, 2020

# **Nottingham Country Municipal Utility District**

## **Management's Discussion and Analysis**

### **September 30, 2019**

#### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to financial statements. This report also contains supplementary information required by the Governmental Accounting Standards Board and other information required by the District's state oversight agency, the Texas Commission on Environmental Quality (the Commission).

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, such as the provision of water, sanitary sewer and drainage services. Other activities, such as the provision of recreation facilities and solid waste collection, are minor activities and are not budgeted or accounted for as separate programs. 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, liabilities, and deferred inflows and outflows of resources of 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 assets, liabilities, and deferred inflows and outflows of resources is labeled as net position and this difference is similar to the total stockholders' 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. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. 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 year.

# **Nottingham Country Municipal Utility District**

## **Management's Discussion and Analysis (Continued)**

### **September 30, 2019**

Although the statement of activities looks different from a commercial enterprise's statement of income, 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 a 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 Funds**

Governmental-fund financial statements consist of a balance sheet and a statement of revenues, expenditures and changes 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, sewer and drainage 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 assets, liabilities, and deferred inflows and outflows of resources 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 is different, there are significant differences between the totals presented in these financial statements. For this reason, there is an analysis in the notes to financial statements that describes the adjustments to fund balances to arrive at net position presented in the governmental activities column on the statement of net position. Also, there is an analysis in the notes to 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.

#### **Notes to Financial Statements**

The notes to financial statements provide additional information that is essential to a full understanding of the data found in the government-wide and fund financial statements.

**Nottingham Country Municipal Utility District**  
**Management's Discussion and Analysis (Continued)**  
**September 30, 2019**

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

The District's overall financial position and activities for the past two years are summarized as follows, based on the information included in the government-wide financial statements.

**Summary of Net Position**

	<b>2019</b>	<b>2018</b>
Current and other assets	\$ 13,059,469	\$ 12,946,763
Capital assets	16,469,023	15,853,355
Total assets	29,528,492	28,800,118
Deferred outflows of resources	17,690	26,054
Total assets and deferred outflows of resources	\$ 29,546,182	\$ 28,826,172
Long-term liabilities	\$ 3,725,237	\$ 4,453,089
Other liabilities	538,738	618,738
Total liabilities	4,263,975	5,071,827
Net position:		
Net investment in capital assets	12,615,249	11,255,411
Restricted	378,986	441,344
Unrestricted	12,287,972	12,057,590
Total net position	\$ 25,282,207	\$ 23,754,345

The total net position of the District increased by \$1,527,862, or about 6 percent. The majority of the increase in net position is related to property taxes and service revenues exceeding expenses. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Nottingham Country Municipal Utility District**  
**Management's Discussion and Analysis (Continued)**  
**September 30, 2019**

**Summary of Changes in Net Position**

	<b>2019</b>	<b>2018</b>
Revenues:		
Property taxes	\$ 3,205,034	\$ 3,305,486
Charges for services	2,315,683	2,420,441
Other revenues	359,020	303,739
Total revenues	<u>5,879,737</u>	<u>6,029,666</u>
Expenses:		
Services	3,476,605	3,787,718
Depreciation	709,539	703,010
Debt service	165,731	120,667
Total expenses	<u>4,351,875</u>	<u>4,611,395</u>
Change in net position	1,527,862	1,418,271
Net position, beginning of year	<u>23,754,345</u>	<u>22,336,074</u>
Net position, end of year	<u>\$ 25,282,207</u>	<u>\$ 23,754,345</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, 2019, were \$12,447,312, an increase of \$175,168 from the prior year.

The general fund's fund balance increased by \$247,924 due to property taxes and service revenues exceeding service operations and capital outlay expenditures.

The debt service fund's fund balance decreased by \$72,756 because bond principal and interest requirements and contracted service expenditures were greater than property tax revenues generated.

**General Fund Budgetary Highlights**

There were several differences between the final budgetary amounts and actual amounts. The major differences between budget and actual were due to investment income revenues, regional water fee revenue and related expenditures and repairs and maintenance expenditures being greater than anticipated and capital outlay expenditures being less than anticipated. The fund balance as of September 30, 2019, was expected to be \$7,084,710 and the actual end-of-year fund balance was \$12,103,658.

**Nottingham Country Municipal Utility District**  
**Management's Discussion and Analysis (Continued)**  
**September 30, 2019**

**Capital Assets and Related Debt**

**Capital Assets**

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

**Capital Assets (Net of Accumulated Depreciation)**

	<b>2019</b>	<b>2018</b>
Land and improvements	\$ 422,593	\$ 422,593
Parks and recreation	3,647,548	3,649,394
Construction in progress	3,872,484	2,677,859
Water facilities	6,265,135	6,743,978
Wastewater facilities	2,261,263	2,359,531
Total capital assets	\$ 16,469,023	\$ 15,853,355

During the current year, additions to capital assets were as follows:

Construction in progress related to wastewater treatment plant improvements and Norwalk Greenbelt and Reflection Garden landscape improvements	\$ 1,194,625
84-inch storm sewer outfall replacement to serve Kelliwood Estates	130,582
Total additions to capital assets	\$ 1,325,207

**Debt**

The changes in the debt position of the District during the fiscal year ended September 30, 2019, are summarized as follows:

Long-term debt payable, beginning of year	\$ 4,453,089
Decreases in long-term debt	(727,852)
Long-term debt payable, end of year	\$ 3,725,237

At September 30, 2019, the District had \$50,000,000 of unlimited tax bonds authorized, but unissued, for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District.

**Nottingham Country Municipal Utility District**  
**Management's Discussion and Analysis (Continued)**  
**September 30, 2019**

The District's bonds carry an underlying rating of "A1" from Moody's Investors Service (Moody's). The District's Series 2011A bonds carry an insured rating of "A2" from Moody's by virtue of bond insurance issued by Assured Guaranty Municipal Corp.

**Other Relevant Factors**

Relationship to the City of Houston

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Houston (the City), the District must conform to the City ordinance consenting to the creation of the District. In addition, the District may be annexed by the City without the District's consent. If the District is annexed, the City must assume the District's assets and obligations (including the bonded indebtedness) and abolish the District within 90 days.

**Nottingham Country Municipal Utility District**  
**Statement of Net Position and Governmental Funds Balance Sheet**  
**September 30, 2019**

	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Total</b>	<b>Adjustments</b>	<b>Statement of Net Position</b>
<b>Assets</b>					
Cash	\$ 4,116,075	\$ 137,462	\$ 4,253,537	\$ -	\$ 4,253,537
Certificates of deposit	1,072,125	-	1,072,125	-	1,072,125
Short-term investments	7,258,715	203,302	7,462,017	-	7,462,017
Receivables:					
Property taxes	38,087	16,592	54,679	-	54,679
Service accounts	176,671	-	176,671	-	176,671
Accrued penalty and interest	-	-	-	29,180	29,180
Accrued interest	1,000	-	1,000	-	1,000
Prepaid expenditures	10,260	-	10,260	-	10,260
Interfund receivable	-	6,272	6,272	(6,272)	-
Capital assets (net of accumulated depreciation):					
Land and improvements	-	-	-	422,593	422,593
Construction in progress	-	-	-	3,872,484	3,872,484
Infrastructure	-	-	-	8,526,398	8,526,398
Parks and recreation	-	-	-	3,647,548	3,647,548
<b>Total assets</b>	<b>12,672,933</b>	<b>363,628</b>	<b>13,036,561</b>	<b>16,491,931</b>	<b>29,528,492</b>
<b>Deferred Outflows of Resources</b>					
Deferred amount on debt refundings	0	0	0	17,690	17,690
<b>Total assets and deferred outflows of resources</b>	<b>\$ 12,672,933</b>	<b>\$ 363,628</b>	<b>\$ 13,036,561</b>	<b>\$ 16,509,621</b>	<b>\$ 29,546,182</b>

**Nottingham Country Municipal Utility District**  
**Statement of Net Position and Governmental Funds Balance Sheet (Continued)**  
**September 30, 2019**

	General Fund	Debt Service Fund	Total	Adjustments	Statement of Net Position
<b>Liabilities</b>					
Accounts payable	\$ 362,189	\$ 3,382	\$ 365,571	\$ -	\$ 365,571
Accrued interest payable	-	-	-	10,440	10,440
Retainage payable	146,227	-	146,227	-	146,227
Customer deposits	16,500	-	16,500	-	16,500
Interfund payable	6,272	-	6,272	(6,272)	-
Long-term liabilities:					
Due within one year	-	-	-	735,000	735,000
Due after one year	-	-	-	2,990,237	2,990,237
	<u>531,188</u>	<u>3,382</u>	<u>534,570</u>	<u>3,729,405</u>	<u>4,263,975</u>
<b>Deferred Inflows of Resources</b>					
Deferred property tax revenues	<u>38,087</u>	<u>16,592</u>	<u>54,679</u>	<u>(54,679)</u>	<u>0</u>
<b>Fund Balances/Net Position</b>					
Fund balances:					
Nonspendable, prepaid expenditures	10,260	-	10,260	(10,260)	-
Restricted for unlimited tax bonds	-	343,654	343,654	(343,654)	-
Assigned to future capital expenditures	2,702,000	-	2,702,000	(2,702,000)	-
Unassigned	<u>9,391,398</u>	<u>-</u>	<u>9,391,398</u>	<u>(9,391,398)</u>	<u>-</u>
	<u>12,103,658</u>	<u>343,654</u>	<u>12,447,312</u>	<u>(12,447,312)</u>	<u>0</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 12,672,933</u>	<u>\$ 363,628</u>	<u>\$ 13,036,561</u>		
Net position:					
Net investment in capital assets				12,615,249	12,615,249
Restricted for debt service				378,986	378,986
Unrestricted				<u>12,287,972</u>	<u>12,287,972</u>
Total net position				<u>\$ 25,282,207</u>	<u>\$ 25,282,207</u>

**Nottingham Country Municipal Utility District**  
**Statement of Activities and Governmental Funds Revenues,**  
**Expenditures and Changes in Fund Balances**  
**Year Ended September 30, 2019**

	General Fund	Debt Service Fund	Total	Adjustments	Statement of Activities
<b>Revenues</b>					
Property taxes	\$ 2,350,818	\$ 844,548	\$ 3,195,366	\$ 9,668	\$ 3,205,034
Water service	756,992	-	756,992	-	756,992
Sewer service	470,290	-	470,290	-	470,290
Regional water fee	1,088,401	-	1,088,401	-	1,088,401
Penalty and interest	44,441	21,953	66,394	5,739	72,133
Tap connection and inspection fees	2,425	-	2,425	-	2,425
Investment income	266,935	17,027	283,962	-	283,962
Other income	500	-	500	-	500
Total revenues	<u>4,980,802</u>	<u>883,528</u>	<u>5,864,330</u>	<u>15,407</u>	<u>5,879,737</u>
<b>Expenditures/Expenses</b>					
Service operations:					
Purchased services	1,239	-	1,239	-	1,239
Regional water fees	1,159,667	-	1,159,667	-	1,159,667
Professional fees	168,956	6,045	175,001	154,090	329,091
Contracted services	132,356	60,475	192,831	-	192,831
Utilities	230,380	-	230,380	-	230,380
Recreational facilities	166,729	-	166,729	-	166,729
Repairs and maintenance	941,341	-	941,341	237,039	1,178,380
Other expenditures	160,274	2,414	162,688	-	162,688
Lease expenditures	55,600	-	55,600	-	55,600
Capital outlay	1,716,336	-	1,716,336	(1,716,336)	-
Depreciation	-	-	-	709,539	709,539
Debt service:					
Principal retirement	-	735,000	735,000	(735,000)	-
Interest and fees	-	152,350	152,350	13,381	165,731
Total expenditures/expenses	<u>4,732,878</u>	<u>956,284</u>	<u>5,689,162</u>	<u>(1,337,287)</u>	<u>4,351,875</u>
<b>Excess (Deficiency) of Revenues</b>					
<b>Over Expenditures</b>	247,924	(72,756)	175,168	(175,168)	
<b>Change in Net Position</b>					
				1,527,862	1,527,862
<b>Fund Balances/Net Position</b>					
Beginning of year	11,855,734	416,410	12,272,144	-	23,754,345
End of year	<u>\$ 12,103,658</u>	<u>\$ 343,654</u>	<u>\$ 12,447,312</u>	<u>\$ 0</u>	<u>\$ 25,282,207</u>

# Nottingham Country Municipal Utility District

## Notes to Financial Statements

### September 30, 2019

#### **Note 1: Nature of Operations and Summary of Significant Accounting Policies**

Nottingham Country Municipal Utility District (the District) was created by an order of the Texas Water Commission, now known as the Texas Commission on Environmental Quality (the Commission), effective February 24, 1981, in accordance with the Texas Water Code, Article XVI, Chapter 59. The District operates in accordance with Chapters 49 and 54 of the Texas Water Code and is subject to the continuing supervision of the Commission. The principal functions of the District are to finance, construct, own and operate waterworks, wastewater and drainage facilities and to provide such facilities and services to the customers of the District.

The District is governed by a Board of Directors (the Board) consisting of five individuals who are residents or owners of property within the District and are elected by voters within the District. The Board sets the policies of the District. The accounting and reporting policies of the District conform to accounting principles generally accepted in the United States of America for state and local governments, as defined by the Governmental Accounting Standards Board. The following is a summary of the significant accounting and reporting policies of the District:

#### ***Reporting Entity***

The accompanying government-wide financial statements present the financial statements of the District. There are no component units that are legally separate entities for which the District is considered to be financially accountable. Accountability is defined as the District's substantive appointment of the voting majority of the component unit's governing board. Furthermore, to be financially accountable, the District must be able to impose its will upon the component unit or there must be a possibility that the component unit may provide specific financial benefits to, or impose specific financial burdens on, the District.

#### ***Government-wide and Fund Financial Statements***

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, such as the provision of water, wastewater, drainage and other related 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 with a column for adjustments to convert to the government-wide financial statements.

The government-wide financial statements report information on all of the activities of the District. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Governmental activities generally are financed through taxes, charges for services and intergovernmental revenues. The statement of activities reflects the revenues and expenses of the District.

# Nottingham Country Municipal Utility District

## Notes to Financial Statements

### September 30, 2019

The fund financial statements provide information about the District's governmental funds. Separate statements for each governmental fund are presented. The emphasis of fund financial statements is directed to specific activities of the District.

The District presents the following major governmental funds:

*General Fund* – The general fund is the primary operating fund of the District which accounts for all financial resources not accounted for in another fund. Revenues are derived primarily from property taxes, charges for services and interest income.

*Debt Service Fund* – The debt service fund is used to account for financial resources that are restricted, committed or assigned to expenditures for principal and interest related costs, as well as the financial resources being accumulated for future debt service.

#### **Fund Balances – Governmental Funds**

The fund balances for the District's governmental funds can be displayed in up to five components:

*Nonspendable* – Amounts that are not in a spendable form or are required to be maintained intact.

*Restricted* – Amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

*Committed* – Amounts that can be used only for the specific purposes determined by resolution of the Board. Commitments may be changed or lifted only by issuance of a resolution by the District's Board.

*Assigned* – Amounts intended to be used by the District for specific purposes as determined by management. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

*Unassigned* – The residual classification for the general fund and includes all amounts not contained in the other classifications.

The District considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The District applies committed amounts first, followed by assigned amounts, and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

**Nottingham Country Municipal Utility District**  
**Notes to Financial Statements**  
**September 30, 2019**

***Measurement Focus and Basis of Accounting***

**Government-wide Financial Statements**

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

Nonexchange transactions, in which the District receives (or gives) value without directly giving (or receiving) equal value in exchange, include property taxes and donations. Recognition standards are based on the characteristics and classes of nonexchange transactions. Revenues from property taxes are recognized in the period for which the taxes are levied. Intergovernmental revenues are recognized as revenues, net of estimated refunds and uncollectible amounts, in the accounting period when an enforceable legal claim to the assets arises and the use of resources is required or is first permitted. Donations are recognized as revenues, net of estimated uncollectible amounts, as soon as all eligibility requirements imposed by the provider have been met. Amounts received before all eligibility requirements have been met are reported as liabilities.

**Fund Financial Statements**

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and liabilities are generally included on the balance sheet. The statement of governmental funds revenues, expenditures and changes in fund balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in spendable resources. General capital asset acquisitions are reported as expenditures and proceeds of long-term debt are reported as other financing sources. Under the modified accrual basis of accounting, revenues are recognized when both measurable and available. The District considers revenues reported in the governmental funds to be available if they are collectible within 60 days after year-end. Principal revenue sources considered susceptible to accrual include taxes, charges for services and investment income. Other revenues are considered to be measurable and available only when cash is received by the District. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized as expenditures when payment is due.

***Deferred Outflows and Inflows of Resources***

A deferred outflow of resources is a consumption of net position that is applicable to a future reporting period and a deferred inflow of resources is an acquisition of net position that is applicable to a future reporting period.

# Nottingham Country Municipal Utility District

## Notes to Financial Statements

### September 30, 2019

#### ***Interfund Transactions***

Transfers from one fund to another fund are reported as interfund receivables and payables if there is intent to repay the amount and if there is the ability to repay the advance on a timely basis.

Operating transfers represent legally authorized transfers from the fund receiving resources to the fund through which the resources are to be expended.

#### ***Pension Costs***

The District does not participate in a pension plan and, therefore, has no pension costs.

#### ***Use of 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 amounts of assets, liabilities, and deferred inflows and outflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

#### ***Investments and Investment Income***

Investments in certificates of deposit, mutual funds, U.S. Government and agency securities, and certain pooled funds, which have a remaining maturity of one year or less at the date of purchase, are recorded at amortized cost. All other investments are carried at fair value. Fair value is determined using quoted market values.

Investment income includes dividends and interest income and the net change for the year in the fair value of investments carried at fair value. Investment income is credited to the fund in which the investment is recorded.

#### ***Property Taxes***

An appraisal district annually prepares appraisal records listing all property within the District and the appraised value of each parcel or item as of January 1. Additionally, on January 1, a tax lien attaches to property to secure the payment of all taxes, penalty and interest ultimately imposed for the year on the property. After the District receives its certified appraisal roll from the appraisal district, the rate of taxation is set by the Board of the District based upon the aggregate appraisal value. Taxes are due and payable October 1 or when billed, whichever is later, and become delinquent after January 31 of the following year.

**Nottingham Country Municipal Utility District**  
**Notes to Financial Statements**  
**September 30, 2019**

In the governmental funds, property taxes are initially recorded as receivables and deferred inflows of resources at the time the tax levy is billed. Revenues recognized during the fiscal year ended September 30, 2019, include collections during the current period or within 60 days of year-end related to the 2018 and prior years' tax levies.

In the government-wide statement of net position, property taxes are considered earned in the budget year for which they are levied. For the District's fiscal year ended September 30, 2019, the 2018 tax levy is considered earned during the current fiscal year. In addition to property taxes levied, any delinquent taxes are recorded net of amounts considered uncollectible.

**Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an individual cost of \$5,000 or more and an estimated useful life of two years or more. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized.

Capital assets are depreciated using the straight-line method over their estimated useful lives, as follows:

	<b>Years</b>
Water production and distribution facilities	3-45
Wastewater collection and treatment facilities	3-45
Park improvements	3-45

**Deferred Amount on Debt Refundings**

In the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt in a debt refunding is deferred and amortized to interest expense using the effective interest rate method over the remaining life of the old debt or the life of the new debt, whichever is shorter. Such amounts are classified as deferred outflows or inflows of resources.

**Debt Issuance Costs**

Debt issuance costs, other than prepaid insurance, do not meet the definition of an asset or deferred outflows of resources since the costs are not applicable to a future period and, therefore, are recognized as an expense/expenditure in the period incurred.

**Nottingham Country Municipal Utility District**  
**Notes to Financial Statements**  
**September 30, 2019**

***Long-term Obligations***

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Premiums and discounts on bonds are recognized as a component of long-term liabilities and amortized over the life of the related debt using the effective interest rate method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize premiums and discounts on bonds 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 debt service expenditures.

***Net Position/Fund Balances***

Fund balances and net position are reported as restricted when constraints placed on them are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or are imposed by law through constitutional provisions or enabling legislation.

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

***Reconciliation of Government-wide and Fund Financial Statements***

Amounts reported for net position of governmental activities in the statement of net position and fund balances in the governmental funds balance sheet are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds.	\$ 16,469,023
Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.	54,679
Deferred amount on debt refundings for governmental activities are not financial resources and are not reported in the funds.	17,690
Penalty and interest on delinquent taxes is not receivable in the current period and is not reported in the funds.	29,180

**Nottingham Country Municipal Utility District**  
**Notes to Financial Statements**  
**September 30, 2019**

Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the funds.	\$ (10,440)
Long-term debt obligations are not due and payable in the current period and are not reported in the funds.	<u>(3,725,237)</u>
Adjustment to fund balances to arrive at net position.	<u>\$ 12,834,895</u>

Amounts reported for change in net position of governmental activities in the statement of activities are different from change in fund balances in the governmental funds statement of revenues, expenditures and changes in fund balances because:

Change in fund balances.	\$ 175,168
Governmental funds report capital outlays as expenditures. However, for government-wide financial statements, the cost of capitalized assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay expenditures exceeded depreciation and noncapitalized costs in the current year.	615,668
Governmental funds report principal payments on debt as expenditures. For the statement of activities, these transactions do not have any effect on net position.	735,000
Revenues that do not provide current financial resources are not reported as revenues for the funds but are reported as revenues in the statements of activities.	15,407
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 governmental funds.	<u>(13,381)</u>
Change in net position of governmental activities.	<u>\$ 1,527,862</u>

**Note 2: Deposits, Investments and Investment Income**

***Deposits***

Custodial credit risk is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The District's deposit policy for custodial credit risk requires compliance with the provisions of state law.

**Nottingham Country Municipal Utility District**  
**Notes to Financial Statements**  
**September 30, 2019**

State law requires collateralization of all deposits with federal depository insurance; a surety bond; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities of the State of Texas; or certain collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States.

At September 30, 2019, none of the District's bank balances were exposed to custodial credit risk.

**Investments**

The District may legally invest in obligations of the United States or its agencies and instrumentalities, direct obligations of Texas or its agencies or instrumentalities, collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States, other obligations guaranteed as to principal and interest by the State of Texas or the United States or their agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States, obligations of states, agencies and counties and other political subdivisions with an investment rating not less than "A," insured or collateralized certificates of deposit, and certain bankers' acceptances, repurchase agreements, mutual funds, commercial paper, guaranteed investment contracts and investment pools.

The District's investment policy may be more restrictive than the Public Funds Investment Act.

The District invests in TexPool and TexSTAR, external investment pools that are not registered with the Securities and Exchange Commission. The State Comptroller of Public Accounts of the State of Texas has oversight of TexPool. A Board of Directors, made up of participants and representatives of the administrator and investment manager, has oversight of TexSTAR. The District's investments may be redeemed at any time.

At September 30, 2019, the District had the following investments and maturities:

Type	Maturities in Years				
	Amortized Cost	Less Than 1	1-5	6-10	More Than 10
TexPool	\$ 5,828,599	\$ 5,828,599	\$ -	\$ -	\$ -
TexSTAR	<u>1,633,418</u>	<u>1,633,418</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 7,462,017</u>	<u>\$ 7,462,017</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**Nottingham Country Municipal Utility District**  
**Notes to Financial Statements**  
**September 30, 2019**

**Interest Rate Risk.** As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy does not allow investments in certain mortgage-backed securities, collateralized mortgage obligations with a final maturity date in excess of 10 years and interest rate indexed collateralized mortgage obligations. The external investment pools are presented as investments with a maturity of less than one year because they are redeemable in full immediately.

**Credit Risk.** Credit Risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At September 30, 2019, the District's investments in TexPool and TexSTAR were rated "AAAm" by Standard and Poor's.

***Summary of Carrying Values***

The carrying values of deposits and investments shown previously are included in the balance sheet at September 30, 2019, as follows:

Carrying value:		
Deposits	\$	5,325,662
Investments		7,462,017
Total	\$	12,787,679

Included in the following statement of net position captions:

Cash	\$	4,253,537
Certificates of deposit		1,072,125
Short-term investments		7,462,017
Total	\$	12,787,679

***Investment Income***

Investment income of \$283,962 for the year ended September 30, 2019, consisted of interest income.

**Note 3: Capital Assets**

A summary of changes in capital assets for the year ended September 30, 2019, is presented as follows.

**Nottingham Country Municipal Utility District**  
**Notes to Financial Statements**  
**September 30, 2019**

<b>Governmental Activities</b>	<b>Balances, Beginning of Year</b>	<b>Additions</b>	<b>Balances, End of Year</b>
Capital assets, non-depreciable:			
Land and improvements	\$ 422,593	\$ -	\$ 422,593
Parks and recreation	3,642,007	-	3,642,007
Construction in progress	2,677,859	1,194,625	3,872,484
Total capital assets, non-depreciable	<u>6,742,459</u>	<u>1,194,625</u>	<u>7,937,084</u>
Capital assets, depreciable:			
Water production and distribution facilities	14,203,499	-	14,203,499
Wastewater collection and treatment facilities	7,781,968	130,582	7,912,550
Parks and recreation	133,327	-	133,327
Total capital assets, depreciable	<u>22,118,794</u>	<u>130,582</u>	<u>22,249,376</u>
Less accumulated depreciation:			
Water production and distribution facilities	(7,459,521)	(478,843)	(7,938,364)
Wastewater collection and treatment facilities	(5,422,437)	(228,850)	(5,651,287)
Parks and recreation	(125,940)	(1,846)	(127,786)
Total accumulated depreciation	<u>(13,007,898)</u>	<u>(709,539)</u>	<u>(13,717,437)</u>
Total governmental activities, net	<u>\$ 15,853,355</u>	<u>\$ 615,668</u>	<u>\$ 16,469,023</u>

**Note 4: Long-term Liabilities**

Changes in long-term liabilities for the year ended September 30, 2019, were as follows:

<b>Governmental Activities</b>	<b>Balances, Beginning of Year</b>	<b>Decreases</b>	<b>Balances, End of Year</b>	<b>Amounts Due in One Year</b>
Bonds payable:				
General obligation bonds	\$ 4,535,000	\$ 735,000	\$ 3,800,000	\$ 735,000
Less discounts on bonds	85,375	8,260	77,115	-
Add premiums on bonds	3,464	1,112	2,352	-
Total governmental activities long-term liabilities	<u>\$ 4,453,089</u>	<u>\$ 727,852</u>	<u>\$ 3,725,237</u>	<u>\$ 735,000</u>

**Nottingham Country Municipal Utility District**  
**Notes to Financial Statements**  
**September 30, 2019**

**General Obligation Bonds**

	<b>Refunding Series 2011</b>	<b>Series 2011A</b>
Amounts outstanding, September 30, 2019	\$715,000	\$3,085,000
Interest rates	3.75% to 4.00%	2.50% to 3.50%
Maturity dates, serially beginning/ending	September 1, 2020/2021	September 1, 2020/2027
Interest payment dates	March 1/ September 1	March 1/ September 1
Callable dates*	September 1, 2018	September 1, 2019

\*Or any date thereafter; callable at par plus accrued interest to the date of redemption.

**Annual Debt Service Requirements**

The following schedule shows the annual debt service requirements to pay principal and interest on general obligation bonds outstanding at September 30, 2019.

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2020	\$ 735,000	\$ 125,275	\$ 860,275
2021	730,000	101,462	831,462
2022	375,000	76,013	451,013
2023	375,000	64,762	439,762
2024	385,000	53,513	438,513
2025-2027	1,200,000	83,000	1,283,000
Total	<u>\$ 3,800,000</u>	<u>\$ 504,025</u>	<u>\$ 4,304,025</u>

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

Bonds voted	\$ 79,250,000
Bonds sold	29,250,000
Refunding bonds voted	5,000,000
Refunding bond authorization used	1,925,000

**Nottingham Country Municipal Utility District**  
**Notes to Financial Statements**  
**September 30, 2019**

**Note 5: Significant Bond Resolution and Commission Requirements**

The Bond Resolutions require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due. During the year ended September 30, 2019, the District levied an ad valorem debt service tax at the rate of \$0.0900 per \$100 of assessed valuation, which resulted in a tax levy of \$850,347 on the taxable valuation of \$944,830,465 for the 2018 tax year. The interest and principal requirements paid from the tax revenues and available resources were \$885,850.

**Note 6: Maintenance Taxes**

At an election held May 6, 2017, voters authorized a maintenance tax not to exceed \$0.50 per \$100 valuation on all property within the District subject to taxation. During the year ended September 30, 2019, the District levied an ad valorem maintenance tax at the rate of \$0.2500 per \$100 of assessed valuation, which resulted in a tax levy of \$2,362,077 on the taxable valuation of \$944,830,465 for the 2018 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the District.

**Note 7: Regional Water Authority**

The District is within the boundaries of the West Harris County Regional Water Authority (the Authority), which was created by the Texas Legislature. The Authority was created to provide a regional entity to acquire surface water and build the necessary facilities to convert from groundwater to surface water in order to meet conversion requirements mandated by the Harris-Galveston Subsidence District, which regulates groundwater withdrawal. As of September 30, 2019, the Authority was billing the District \$2.95 per 1,000 gallons of water pumped from its wells. The District is billing each user of District water for any purpose \$3.25 per 1,000 gallons of water. The amount charged by the Authority is subject to future increases.

**Note 8: Equipment Lease Agreement**

On March 20, 2017, the District entered into an agreement to lease wastewater treatment plant equipment, including two bypass aerobic digesters from AUC Group, L.P. Monthly lease payments of \$5,900 commenced on the first day of the month following substantial completion of the leased equipment, and continued for an initial term of 18 months. The monthly payments changed to \$4,000 per month for any additional months beyond the initial term during the current year. The District made 12 monthly lease payments totaling \$55,600 in the current year.

**Nottingham Country Municipal Utility District**  
**Notes to Financial Statements**  
**September 30, 2019**

**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 for which the District carries commercial insurance. The District has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts in the past three fiscal years.

## **Required Supplementary Information**

**Nottingham Country Municipal Utility District**  
**Budgetary Comparison Schedule – General Fund**  
**Year Ended September 30, 2019**

	<b>Original Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues</b>			
Property taxes	\$ 2,373,418	\$ 2,350,818	\$ (22,600)
Water service	827,000	756,992	(70,008)
Sewer service	440,000	470,290	30,290
Regional water fee	1,006,654	1,088,401	81,747
Penalty and interest	50,000	44,441	(5,559)
Tap connection and inspection fees	-	2,425	2,425
Investment income	100,000	266,935	166,935
Other income	-	500	500
Total revenues	<u>4,797,072</u>	<u>4,980,802</u>	<u>183,730</u>
<b>Expenditures</b>			
Service operations:			
Purchased services	1,000	1,239	(239)
Regional water fees	918,913	1,159,667	(240,754)
Professional fees	236,500	168,956	67,544
Contracted services	137,000	132,356	4,644
Utilities	269,000	230,380	38,620
Recreational facilities	135,000	166,729	(31,729)
Repairs and maintenance	672,400	941,341	(268,941)
Other expenditures	151,058	160,274	(9,216)
Lease expenditures	17,700	55,600	(37,900)
Capital outlay	<u>7,029,525</u>	<u>1,716,336</u>	<u>5,313,189</u>
Total expenditures	<u>9,568,096</u>	<u>4,732,878</u>	<u>4,835,218</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(4,771,024)	247,924	5,018,948
<b>Fund Balance, Beginning of Year</b>	<u>11,855,734</u>	<u>11,855,734</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u>\$ 7,084,710</u>	<u>\$ 12,103,658</u>	<u>\$ 5,018,948</u>

**Nottingham Country Municipal Utility District**  
**Notes to Required Supplementary Information**  
**September 30, 2019**

***Budgets and Budgetary Accounting***

An annual operating budget is prepared for the general fund by the District's consultants. The budget reflects resources expected to be received during the year and expenditures expected to be incurred. The Board of Directors is required to adopt the budget prior to the start of its fiscal year. The budget is not a spending limitation (a legally restricted appropriation). The original budget of the general fund was not amended during fiscal 2019.

The District prepares its annual operating budget on a basis consistent with accounting principles generally accepted in the United States of America. The Budgetary Comparison Schedule – General Fund presents the original and revised budget amounts, if revised, compared to the actual amounts of revenues and expenditures for the current year.

## **Other Information**

**Nottingham Country Municipal Utility District**  
**Other Schedules Included Within This Report**  
**September 30, 2019**

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

- [X] Notes Required by the Water District Accounting Manual  
See "Notes to Financial Statements," Pages 12-24
- [X] Schedule of Services and Rates
- [X] Schedule of General Fund Expenditures
- [X] Schedule of Temporary Investments
- [X] Analysis of Taxes Levied and Receivable
- [X] Schedule of Long-term Debt Service Requirements by Years
- [X] Changes in Long-term Bonded Debt
- [X] Comparative Schedule of Revenues and Expenditures – General Fund and Debt Service Fund –  
Five Years
- [X] Board Members, Key Personnel and Consultants

**Nottingham Country Municipal Utility District**  
**Schedule of Services and Rates**  
**Year Ended September 30, 2019**

1. Services provided by the District:

<input checked="" type="checkbox"/> Retail Water	<input type="checkbox"/> Wholesale Water	<input type="checkbox"/> Drainage
<input checked="" type="checkbox"/> Retail Wastewater	<input type="checkbox"/> Wholesale Wastewater	<input type="checkbox"/> Irrigation
<input checked="" 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 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 1,000 Gallons Over Minimum</u>	<u>Usage Levels</u>
Water:	\$ 16.00	8,000	N	\$ 1.60	8,001 to 20,000
				\$ 1.90	20,001 to No Limit
Wastewater:	\$ 16.00	0	Y		
Regional water fee:	\$ 3.25	1	N	\$ 3.25	1,001 to No Limit

Does the District employ winter averaging for wastewater usage? Yes  No

Total charges per 10,000 gallons usage (including fees): Water \$ 51.70 Wastewater \$ 16.00

b. Water and wastewater retail connections:

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFC*</u>
Unmetered	-	-	x1.0	-
≤ 3/4"	1,559	1,552	x1.0	1,552
1"	634	625	x2.5	1,563
1 1/2"	112	112	x5.0	560
2"	43	43	x8.0	344
3"	1	1	x15.0	15
4"	1	1	x25.0	25
6"	-	-	x50.0	-
8"	1	1	x80.0	80
10"	-	-	x115.0	-
Total water	2,351	2,335		4,139
Total wastewater	2,234	2,220	x1.0	2,220

3. Total water consumption (in thousands) during the fiscal year:

Gallons pumped into the system:	402,396
Gallons billed to customers:	374,468
Water accountability ratio (gallons billed/gallons pumped):	93.06%

\*"ESFC" means equivalent single-family connections

**Nottingham Country Municipal Utility District**  
**Schedule of General Fund Expenditures**  
**Year Ended September 30, 2019**

<b>Personnel (including benefits)</b>		\$	-
<b>Professional Fees</b>			
Auditing	\$	19,100	
Legal		113,954	
Engineering		35,002	
Financial advisor		900	
		<u>900</u>	168,956
<b>Purchased Services for Resale</b>			
Bulk water and wastewater service purchases			1,239
<b>Regional Water Fee</b>			1,159,667
<b>Contracted Services</b>			
Bookkeeping		34,215	
General manager		-	
Appraisal district		-	
Tax collector		-	
Security		-	
Other contracted services		98,141	
		<u>98,141</u>	132,356
<b>Utilities</b>			230,380
<b>Repairs and Maintenance</b>			941,341
<b>Administrative Expenditures</b>			
Directors' fees		11,100	
Office supplies		59,659	
Insurance		36,086	
Other administrative expenditures		53,429	
		<u>53,429</u>	160,274
<b>Capital Outlay</b>			
Capitalized assets		1,325,207	
Expenditures not capitalized		391,129	
		<u>391,129</u>	1,716,336
<b>Tap Connection Expenditures</b>			-
<b>Solid Waste Disposal</b>			-
<b>Fire Fighting</b>			-
<b>Parks and Recreation</b>			166,729
<b>Lease Expenditures</b>			55,600
<b>Other Expenditures</b>			-
			<u>-</u>
Total expenditures			<u><u>\$ 4,732,878</u></u>

**Nottingham Country Municipal Utility District**  
**Schedule of Temporary Investments**  
**September 30, 2019**

	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Face Amount</b>	<b>Accrued Interest Receivable</b>
<b>General Fund</b>				
Certificates of Deposit				
No. 66000064	2.10%	09/07/20	\$ 828,125	\$ 1,000
No. 4166300	2.00%	09/25/20	244,000	-
TexPool	2.14%	Demand	5,625,297	-
TexSTAR	2.11%	Demand	1,633,418	-
			<u>8,330,840</u>	<u>1,000</u>
<b>Debt Service Fund</b>				
TexPool	2.14%	Demand	<u>203,302</u>	<u>0</u>
Totals			<u><u>\$ 8,534,142</u></u>	<u><u>\$ 1,000</u></u>

**Nottingham Country Municipal Utility District**  
**Analysis of Taxes Levied and Receivable**  
**Year Ended September 30, 2019**

	<b>Maintenance Taxes</b>	<b>Debt Service Taxes</b>
<b>Receivable, Beginning of Year</b>	\$ 30,947	\$ 14,064
Additions and corrections to prior years' taxes	(4,119)	(3,271)
Adjusted receivable, beginning of year	26,828	10,793
 <b>2018 Original Tax Levy</b>	 2,226,831	 801,659
Additions and corrections	135,246	48,688
Adjusted tax levy	2,362,077	850,347
Total to be accounted for	2,388,905	861,140
Tax collections: Current year	(2,346,435)	(843,061)
Prior years	(4,383)	(1,487)
Receivable, end of year	\$ 38,087	\$ 16,592

**Receivable, by Years**

2018	\$ 15,642	\$ 7,286
2017	5,876	2,115
2016	2,651	954
2015	3,726	1,416
2014	1,323	662
2013	1,717	995
2012	1,072	291
2011	1,523	602
2010	1,418	635
2009	1,473	672
2008	1,160	412
2007	292	231
2006	214	321
Receivable, end of year	\$ 38,087	\$ 16,592

**Nottingham Country Municipal Utility District**  
**Analysis of Taxes Levied and Receivable (Continued)**  
**Year Ended September 30, 2019**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Property Valuations</b>				
Land	\$ 226,822,311	\$ 226,148,076	\$ 225,994,519	\$ 204,067,953
Improvements	793,370,424	818,781,008	816,697,127	750,719,976
Personal property	12,852,498	12,021,445	12,355,775	12,166,944
Exemptions	<u>(88,214,768)</u>	<u>(84,174,934)</u>	<u>(82,976,248)</u>	<u>(69,007,051)</u>
Total property valuations	<u>\$ 944,830,465</u>	<u>\$ 972,775,595</u>	<u>\$ 972,071,173</u>	<u>\$ 897,947,822</u>
<b>Tax Rates per \$100 Valuation</b>				
Debt service tax rates	\$ 0.0900	\$ 0.0900	\$ 0.0900	\$ 0.0950
Maintenance tax rates*	<u>0.2500</u>	<u>0.2500</u>	<u>0.2500</u>	<u>0.2500</u>
Total tax rates per \$100 valuation	<u>\$ 0.3400</u>	<u>\$ 0.3400</u>	<u>\$ 0.3400</u>	<u>\$ 0.3450</u>
<b>Tax Levy</b>	<u>\$ 3,212,424</u>	<u>\$ 3,307,437</u>	<u>\$ 3,305,042</u>	<u>\$ 3,097,917</u>
<b>Percent of Taxes Collected to Taxes Levied**</b>				
	<u>99%</u>	<u>99%</u>	<u>99%</u>	<u>99%</u>

\*Maximum tax rate approved by voters: \$0.50 on May 6, 2017

\*\*Calculated as taxes collected for a tax year divided by taxes levied for that tax year.

<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
\$ 199,641,103	\$ 184,555,974	\$ 153,864,140	\$ 153,972,326	\$ 153,438,631	\$ 157,544,490
665,752,872	594,807,169	584,088,031	588,112,944	577,493,218	557,651,458
9,807,724	11,041,730	7,184,432	9,272,399	9,642,665	11,197,361
(62,315,932)	(61,897,523)	(55,851,881)	(56,269,894)	(54,619,987)	(51,047,474)
<u>\$ 812,885,767</u>	<u>\$ 728,507,350</u>	<u>\$ 689,284,722</u>	<u>\$ 695,087,775</u>	<u>\$ 685,954,527</u>	<u>\$ 675,345,835</u>
\$ 0.1250	\$ 0.1450	\$ 0.1450	\$ 0.1500	\$ 0.1600	\$ 0.1600
<u>0.2500</u>	<u>0.2500</u>	<u>0.2500</u>	<u>0.2450</u>	<u>0.2350</u>	<u>0.2350</u>
<u>\$ 0.3750</u>	<u>\$ 0.3950</u>				
<u>\$ 3,048,323</u>	<u>\$ 2,877,601</u>	<u>\$ 2,722,661</u>	<u>\$ 2,745,597</u>	<u>\$ 2,709,520</u>	<u>\$ 2,667,616</u>
<u>99%</u>	<u>99%</u>	<u>99%</u>	<u>99%</u>	<u>99%</u>	<u>99%</u>

**Nottingham Country Municipal Utility District**  
**Analysis of Taxes Levied and Receivable (Continued)**  
**Year Ended September 30, 2019**

Tax rate for any other special districts which (a) encompass less than a county; (b) provide water, wastewater collection, drainage or roads to property in the District; and (c) tax property in the District.

<u>Name of Special District(s)</u>	<u>Service Provided</u>	<u>Tax Rate</u>
N/A	N/A	\$ N/A
Total rate(s) of special district(s)		\$ N/A

Tax rate for all overlapping jurisdictions. Include any taxing entities which overlap 10 percent or more of the District.

<u>Tax Jurisdiction</u>	<u>Tax Rate</u>
a. County <u>Harris (and related entities)</u>	\$ 0.63517
b. City _____	-
c. School district <u>Katy Independent School District</u>	1.51660
d. Special districts not included above:	
<u>Harris County Emergency Services District No. 48</u>	0.10000
_____	-
_____	-
e. Total special district (from top of this page)	-
f. Total District tax rate (from previous page)	<u>0.34000</u>
g. Total overlapping tax rate (sum of a. - f.)	<u><u>\$ 2.59177</u></u>

**Nottingham Country Municipal Utility District**  
**Schedule of Long-term Debt Service Requirements by Years**  
**September 30, 2019**

Due During Fiscal Years Ending September 30	Refunding Series 2011		
	Principal Due September 1	Interest Due March 1, September 1	Total
2020	\$ 360,000	\$ 27,700	\$ 387,700
2021	355,000	14,200	369,200
Totals	\$ 715,000	\$ 41,900	\$ 756,900

**Nottingham Country Municipal Utility District**  
**Schedule of Long-term Debt Service Requirements by Years (Continued)**  
**September 30, 2019**

Due During Fiscal Years Ending September 30	Series 2011A		
	Principal Due September 1	Interest Due March 1, September 1	Total
2020	\$ 375,000	\$ 97,575	\$ 472,575
2021	375,000	87,262	462,262
2022	375,000	76,013	451,013
2023	375,000	64,762	439,762
2024	385,000	53,513	438,513
2025	400,000	41,000	441,000
2026	400,000	28,000	428,000
2027	400,000	14,000	414,000
Totals	\$ 3,085,000	\$ 462,125	\$ 3,547,125

**Nottingham Country Municipal Utility District**  
**Schedule of Long-term Debt Service Requirements by Years (Continued)**  
**September 30, 2019**

Due During Fiscal Years Ending September 30	Annual Requirements For All Series		
	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2020	\$ 735,000	\$ 125,275	\$ 860,275
2021	730,000	101,462	831,462
2022	375,000	76,013	451,013
2023	375,000	64,762	439,762
2024	385,000	53,513	438,513
2025	400,000	41,000	441,000
2026	400,000	28,000	428,000
2027	400,000	14,000	414,000
Totals	<u>\$ 3,800,000</u>	<u>\$ 504,025</u>	<u>\$ 4,304,025</u>

**Nottingham Country Municipal Utility District**  
**Changes in Long-term Bonded Debt**  
**Year Ended September 30, 2019**

	<b>Bond Issues</b>		
	<b>Refunding Series 2011</b>	<b>Series 2011A</b>	<b>Totals</b>
Interest rates	3.75% to 4.00%	2.50% to 3.50%	
Dates interest payable	March 1/ September 1	March 1/ September 1	
Maturity dates	September 1, 2020/2021	September 1, 2020/2027	
Bonds outstanding, beginning of current year	\$ 1,075,000	\$ 3,460,000	\$ 4,535,000
Retirements, principal	<u>360,000</u>	<u>375,000</u>	<u>735,000</u>
Bonds outstanding, end of current year	<u>\$ 715,000</u>	<u>\$ 3,085,000</u>	<u>\$ 3,800,000</u>
Interest paid during current year	<u>\$ 43,900</u>	<u>\$ 106,950</u>	<u>\$ 150,850</u>

Paying agent's name and address:

**Series 2011** - The Bank of New York Mellon Trust Company, N.A., Dallas, Texas

**Series 2011A** - The Bank of New York Mellon Trust Company, N.A., Dallas, Texas

Bond authority:

	<b>Tax Bonds</b>	<b>Other Bonds</b>	<b>Refunding Bonds</b>
Amount authorized by voters	\$ 79,250,000	0	\$ 5,000,000
Amount issued	<u>\$ 29,250,000</u>	<u>0</u>	<u>\$ 1,925,000</u>
Remaining to be issued	<u>\$ 50,000,000</u>	<u>0</u>	<u>\$ 3,075,000</u>

Debt service fund cash and temporary investment balances as of September 30, 2019: \$ 340,764

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 538,003

**Nottingham Country Municipal Utility District**  
**Comparative Schedule of Revenues and Expenditures – General Fund**  
**Five Years Ended September 30,**

	Amounts				
	2019	2018	2017	2016	2015
<b>General Fund</b>					
<b>Revenues</b>					
Property taxes	\$ 2,350,818	\$ 2,438,788	\$ 2,420,534	\$ 2,237,469	\$ 2,039,046
Water service	756,992	823,572	836,224	797,196	793,959
Sewer service	470,290	468,367	458,690	439,446	439,156
Regional water fee	1,088,401	1,128,502	1,067,801	939,738	849,053
Penalty and interest	44,441	58,336	52,433	23,914	33,282
Tap connection and inspection fees	2,425	33,149	19,550	34,280	141,942
Investment income	266,935	163,247	60,240	23,094	11,167
Other income	500	1,300	-	-	-
Total revenues	<u>4,980,802</u>	<u>5,115,261</u>	<u>4,915,472</u>	<u>4,495,137</u>	<u>4,307,605</u>
<b>Expenditures</b>					
Service operations:					
Purchased services	1,239	45,668	1,056	757	1,322
Regional water fees	1,159,667	1,203,125	987,036	966,664	885,282
Professional fees	168,956	215,038	241,632	195,806	206,176
Contracted services	132,356	142,992	135,322	135,562	129,940
Utilities	230,380	264,819	246,219	281,591	265,671
Recreational facilities	166,729	169,626	194,589	206,444	135,099
Repairs and maintenance	941,341	1,157,164	849,166	857,706	733,349
Other expenditures	160,274	196,576	162,277	139,641	143,340
Tap connections	-	13,829	9,425	13,135	46,819
Lease expenditures	55,600	70,800	29,800	-	-
Capital outlay	1,716,336	1,205,275	689,179	196,828	680,487
Total expenditures	<u>4,732,878</u>	<u>4,684,912</u>	<u>3,545,701</u>	<u>2,994,134</u>	<u>3,227,485</u>
<b>Excess of Revenues Over Expenditures</b>	<u>247,924</u>	<u>430,349</u>	<u>1,369,771</u>	<u>1,501,003</u>	<u>1,080,120</u>
<b>Other Financing Sources</b>					
Insurance reimbursement proceeds	-	493,621	-	-	-
Interfund transfers in	-	-	-	363,789	-
Total other financing sources	<u>0</u>	<u>493,621</u>	<u>0</u>	<u>363,789</u>	<u>0</u>
<b>Excess of Revenue and Other Financing Sources Over Expenditures and Other Financing Uses</b>	247,924	923,970	1,369,771	1,864,792	1,080,120
<b>Fund Balance, Beginning of Year</b>	<u>11,855,734</u>	<u>10,931,764</u>	<u>9,561,993</u>	<u>7,697,201</u>	<u>6,617,081</u>
<b>Fund Balance, End of Year</b>	<u>\$ 12,103,658</u>	<u>\$ 11,855,734</u>	<u>\$ 10,931,764</u>	<u>\$ 9,561,993</u>	<u>\$ 7,697,201</u>
<b>Total Active Retail Water Connections</b>	<u>2,335</u>	<u>2,337</u>	<u>2,338</u>	<u>2,334</u>	<u>2,421</u>
<b>Total Active Retail Wastewater Connections</b>	<u>2,220</u>	<u>2,224</u>	<u>2,226</u>	<u>2,224</u>	<u>2,222</u>

**Percent of Fund Total Revenues**

<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
47.2 %	47.7 %	49.3 %	49.8 %	47.3 %
15.2	16.1	17.0	17.7	18.4
9.4	9.2	9.3	9.8	10.2
21.8	22.1	21.7	20.9	19.7
0.9	1.1	1.1	0.5	0.8
0.1	0.6	0.4	0.8	3.3
5.4	3.2	1.2	0.5	0.3
0.0	0.0	-	-	-
<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
0.0	0.9	0.0	0.0	0.0
23.3	23.5	20.1	21.5	20.6
3.4	4.2	4.9	4.4	4.8
2.7	2.8	2.7	3.0	3.0
4.6	5.2	5.0	6.3	6.2
3.3	3.3	4.0	4.6	3.1
18.9	22.6	17.3	19.1	17.0
3.2	3.8	3.3	3.1	3.3
-	0.3	0.2	0.3	1.1
1.1	1.4	0.6	-	-
34.5	23.6	14.0	4.3	15.8
<u>95.0</u>	<u>91.6</u>	<u>72.1</u>	<u>66.6</u>	<u>74.9</u>
<u>5.0 %</u>	<u>8.4 %</u>	<u>27.9 %</u>	<u>33.4 %</u>	<u>25.1 %</u>

**Nottingham Country Municipal Utility District**  
**Comparative Schedule of Revenues and Expenditures – Debt Service Fund**  
**Five Years Ended September 30,**

	Amounts				
	2019	2018	2017	2016	2015
<b>Debt Service Fund</b>					
<b>Revenues</b>					
Property taxes	\$ 844,548	\$ 880,320	\$ 871,788	\$ 851,180	\$ 1,021,273
Penalty and interest	21,953	36,028	30,857	25,469	29,804
Investment income	17,027	8,963	4,492	2,530	1,277
Total revenues	<u>883,528</u>	<u>925,311</u>	<u>907,137</u>	<u>879,179</u>	<u>1,052,354</u>
<b>Expenditures</b>					
Current:					
Professional fees	6,045	6,877	6,700	8,513	4,657
Contracted services	60,475	58,694	58,712	58,168	57,944
Other expenditures	2,414	5,070	4,628	4,758	4,733
Debt service:					
Principal retirement	735,000	715,000	700,000	685,000	670,000
Interest and fees	152,350	172,963	197,963	215,963	227,163
Total expenditures	<u>956,284</u>	<u>958,604</u>	<u>968,003</u>	<u>972,402</u>	<u>964,497</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(72,756)	(33,293)	(60,866)	(93,223)	87,857
<b>Fund Balance, Beginning of Year</b>	<u>416,410</u>	<u>449,703</u>	<u>510,569</u>	<u>603,792</u>	<u>515,935</u>
<b>Fund Balance, End of Year</b>	<u>\$ 343,654</u>	<u>\$ 416,410</u>	<u>\$ 449,703</u>	<u>\$ 510,569</u>	<u>\$ 603,792</u>

**Percent of Fund Total Revenues**

<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
95.6 %	95.1 %	96.1 %	96.8 %	97.1 %
2.5	3.9	3.4	2.9	2.8
1.9	1.0	0.5	0.3	0.1
<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
0.7	0.7	0.7	1.0	0.4
6.8	6.3	6.5	6.6	5.5
0.3	0.6	0.5	0.5	0.4
83.2	77.3	77.2	77.9	63.7
<u>17.2</u>	<u>18.7</u>	<u>21.8</u>	<u>24.6</u>	<u>21.6</u>
<u>108.2</u>	<u>103.6</u>	<u>106.7</u>	<u>110.6</u>	<u>91.6</u>
<u>(8.2) %</u>	<u>(3.6) %</u>	<u>(6.7) %</u>	<u>(10.6) %</u>	<u>8.4 %</u>

**Nottingham Country Municipal Utility District**  
**Board Members, Key Personnel and Consultants**  
**Year Ended September 30, 2019**

Complete District mailing address:	Nottingham Country Municipal Utility District c/o Allen Boone Humphries Robinson LLP 3200 Southwest Freeway, Suite 2600 Houston, Texas 77027
District business telephone number:	713.860.6400
Submission date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	August 19, 2019
Limit on fees of office that a director may receive during a fiscal year:	\$ 7,200

Board Members	Term of Office Elected & Expires	Fees*	Expense Reimbursements	Title at Year-end
Ronald E. Hudson	Elected 05/16- 05/20	\$ 3,000	\$ 2,979	President
Vaughan Brown	Elected 05/16- 05/20	2,850	2,664	Vice President
Alan Wiggins	Elected 05/18- 05/22	2,700	1,813	Secretary
Wade K. Skelton	Appointed 08/19- 05/22	300	35	Assistant Vice President
Dennis Moon	Elected 05/18- 05/22	1,050	236	Assistant Secretary
John Wheeler	Elected 05/18- 06/19	1,200	227	Resigned

\*Fees are the amounts actually paid to a director during the District's fiscal year.

**Nottingham Country Municipal Utility District**  
**Board Members, Key Personnel and Consultants (Continued)**  
**Year Ended September 30, 2019**

<b>Consultants</b>	<b>Date Hired</b>	<b>Fees and Expense Reimbursements</b>	<b>Title</b>
Allen Boone Humphries Robinson LLP	07/28/03	\$ 148,580	General Counsel
AVANTA Services	01/18/93	36,670	Bookkeeper
BKD, LLP	09/21/98	19,100	Auditor
Harris County Appraisal District	Legislative Action	23,810	Appraiser
IDS Engineering Group	09/15/03	191,751	Engineer
KGA/DeForest Design, LLC	01/05/06	27,182	Landscape Architect
Masterson Advisors LLC	05/21/18	900	Financial Advisor
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	03/16/92	6,045	Delinquent Tax Attorney
Si Environmental LLC	05/15/12	800,474	Operator
Tax Tech, Inc.	01/01/08	36,665	Tax Assessor/ Collector
<b>Investment Officer</b>			
Pamela Logsdon	09/17/01	N/A	Bookkeeper