

Nottingham Country Municipal Utility District

Harris County, Texas

Independent Auditor's Report and Financial Statements

September 30, 2021



Nottingham Country Municipal Utility District
September 30, 2021

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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, 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 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, 2021, 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, 2022

Nottingham Country Municipal Utility District

Management's Discussion and Analysis

September 30, 2021

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 recreational 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, 2021

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 the 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, 2021

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

	2021	2020
Current and other assets	\$ 12,327,959	\$ 14,118,667
Capital assets	18,237,073	16,759,365
Total assets	30,565,032	30,878,032
Deferred outflows of resources	0	9,009
Total assets and deferred outflows of resources	\$ 30,565,032	\$ 30,887,041
Long-term liabilities	\$ -	\$ 2,997,627
Other liabilities	1,029,384	536,545
Total liabilities	1,029,384	3,534,172
Net position:		
Net investment in capital assets	17,953,373	13,548,084
Restricted	114,239	343,776
Unrestricted	11,468,036	13,461,009
Total net position	\$ 29,535,648	\$ 27,352,869

The total net position of the District increased by \$2,182,779, or about 8 percent. The majority of the increase in net position is related to property taxes and service revenues exceeding services and depreciation 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, 2021

Summary of Changes in Net Position

	2021	2020
Revenues:		
Property taxes	\$ 3,248,920	\$ 3,264,977
Charges for services	2,547,980	2,625,054
Other revenues	79,373	321,466
Total revenues	5,876,273	6,211,497
Expenses:		
Services	2,886,179	3,279,353
Depreciation	674,283	720,621
Debt service	133,032	140,861
Total expenses	3,693,494	4,140,835
Change in net position	2,182,779	2,070,662
Net position, beginning of year	27,352,869	25,282,207
Net position, end of year	\$ 29,535,648	\$ 27,352,869

Financial Analysis of the District's Funds

The District's combined fund balances as of the end of the fiscal year ended September 30, 2021, were \$11,211,031, a decrease of \$2,276,003 from the prior year.

The general fund's fund balance decreased by \$2,042,328 due to service operations and capital outlay expenditures and transfers out exceeding property taxes and service revenues.

The debt service fund's fund balance decreased by \$233,675 because bond principal and interest requirements and contracted services expenditures were greater than property tax revenues generated and transfers in.

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 property taxes revenue being greater than anticipated, as well as water service and regional water fee revenues, and purchased services, regional water fees, professional fees, utilities, repairs and maintenance and capital outlay expenditures being less than anticipated. In addition, interfund transfers out were not included in the budget. The fund balance as of September 30, 2021, was expected to be \$12,662,388 and the actual end-of-year fund balance was \$11,145,162.

Nottingham Country Municipal Utility District
Management's Discussion and Analysis (Continued)
September 30, 2021

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)

	2021	2020
Land and improvements	\$ 422,593	\$ 422,593
Parks and recreation	3,909,970	3,912,179
Construction in progress	6,715,246	4,597,936
Water facilities	5,371,864	5,793,596
Wastewater facilities	1,817,400	2,033,061
Total capital assets	\$ 18,237,073	\$ 16,759,365

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

Construction in progress related to wastewater treatment plant improvements and Harvey mitigation for water plant No. 1 and water well No. 1 and upgrade of non potable water system and park trail lighting improvements	\$ 2,117,310
Park benches	20,747
Surge arrestor and chemical fee controllers at wastewater treatment plant	13,934
Total additions to capital assets	\$ 2,151,991

Debt

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

Long-term debt payable, beginning of year	\$ 2,997,627
Decreases in long-term debt	(2,997,627)
Long-term debt payable, end of year	\$ 0

Nottingham Country Municipal Utility District
Management's Discussion and Analysis (Continued)
September 30, 2021

At September 30, 2021, 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.

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 City complies with the requirements of Chapter 43, Texas Local Government Code, as amended, which includes voter approval. 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, 2021

	General Fund	Debt Service Fund	Total	Adjustments	Statement of Net Position
Assets					
Cash	\$ 254,515	\$ 27,324	\$ 281,839	\$ -	\$ 281,839
Certificates of deposit	3,155,000	-	3,155,000	-	3,155,000
Short-term investments	8,627,761	35,017	8,662,778	-	8,662,778
Receivables:					
Property taxes	39,174	15,730	54,904	-	54,904
Service accounts	131,410	-	131,410	-	131,410
Accrued penalty and interest	-	-	-	32,640	32,640
Accrued interest	9,388	-	9,388	-	9,388
Interfund receivable	-	7,473	7,473	(7,473)	-
Capital assets (net of accumulated depreciation):					
Land and improvements	-	-	-	422,593	422,593
Construction in progress	-	-	-	6,715,246	6,715,246
Infrastructure	-	-	-	7,189,264	7,189,264
Parks and recreation	-	-	-	3,909,970	3,909,970
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 12,217,248</u>	<u>\$ 85,544</u>	<u>\$ 12,302,792</u>	<u>\$ 18,262,240</u>	<u>\$ 30,565,032</u>

Nottingham Country Municipal Utility District
Statement of Net Position and Governmental Funds Balance Sheet (Continued)
September 30, 2021

	General Fund	Debt Service Fund	Total	Adjustments	Statement of Net Position
Liabilities					
Accounts payable	\$ 737,239	\$ 3,945	\$ 741,184	\$ -	\$ 741,184
Retainage payable	283,700	-	283,700	-	283,700
Customer deposits	4,500	-	4,500	-	4,500
Interfund payable	7,473	-	7,473	(7,473)	-
	<u>1,032,912</u>	<u>3,945</u>	<u>1,036,857</u>	<u>(7,473)</u>	<u>1,029,384</u>
Deferred Inflows of Resources					
Deferred property tax revenues	39,174	15,730	54,904	(54,904)	0
	<u>39,174</u>	<u>15,730</u>	<u>54,904</u>	<u>(54,904)</u>	<u>0</u>
Fund Balances/Net Position					
Fund balances:					
Restricted for debt service	-	65,869	65,869	(65,869)	-
Assigned to future capital expenditures	1,191,850	-	1,191,850	(1,191,850)	-
Unassigned	9,953,312	-	9,953,312	(9,953,312)	-
	<u>11,145,162</u>	<u>65,869</u>	<u>11,211,031</u>	<u>(11,211,031)</u>	<u>0</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 12,217,248</u>	<u>\$ 85,544</u>	<u>\$ 12,302,792</u>		
Net position:					
Net investment in capital assets				17,953,373	17,953,373
Restricted for debt service				114,239	114,239
Unrestricted				11,468,036	11,468,036
				<u>11,468,036</u>	<u>11,468,036</u>
Total net position				<u>\$ 29,535,648</u>	<u>\$ 29,535,648</u>

Nottingham Country Municipal Utility District
Statement of Activities and Governmental Funds Revenues,
Expenditures and Changes in Fund Balances
Year Ended September 30, 2021

	General Fund	Debt Service Fund	Total	Adjustments	Statement of Activities
Revenues					
Property taxes	\$ 2,496,231	\$ 769,279	\$ 3,265,510	\$ (16,590)	\$ 3,248,920
Water service	760,719	-	760,719	-	760,719
Sewer service	467,534	-	467,534	-	467,534
Regional water fee	1,319,727	-	1,319,727	-	1,319,727
Penalty and interest	19,308	34,086	53,394	591	53,985
Tap connection and inspection fees	4,150	-	4,150	-	4,150
Investment income	20,516	722	21,238	-	21,238
Total revenues	<u>5,088,185</u>	<u>804,087</u>	<u>5,892,272</u>	<u>(15,999)</u>	<u>5,876,273</u>
Expenditures/Expenses					
Service operations:					
Purchased services	1,161	-	1,161	-	1,161
Regional water fees	1,150,286	-	1,150,286	-	1,150,286
Professional fees	163,966	9,765	173,731	-	173,731
Contracted services	162,165	58,692	220,857	1,680	222,537
Utilities	168,799	-	168,799	-	168,799
Recreational facilities	146,909	-	146,909	12,015	158,924
Repairs and maintenance	732,172	-	732,172	105,162	837,334
Other expenditures	161,932	7,243	169,175	-	169,175
Tap connections	4,232	-	4,232	-	4,232
Capital outlay	2,270,848	-	2,270,848	(2,270,848)	-
Depreciation	-	-	-	674,283	674,283
Debt service:					
Principal retirement	-	3,065,000	3,065,000	(3,065,000)	-
Interest and fees	-	65,105	65,105	67,927	133,032
Total expenditures/expenses	<u>4,962,470</u>	<u>3,205,805</u>	<u>8,168,275</u>	<u>(4,474,781)</u>	<u>3,693,494</u>
Excess (Deficiency) of Revenues Over Expenditures					
	125,715	(2,401,718)	(2,276,003)	4,458,782	
Other Financing Sources (Uses)					
Interfund transfers in (out)	(2,168,043)	2,168,043	-	-	
Deficiency of Revenues and Transfers In Over Expenditures and Transfers Out					
	(2,042,328)	(233,675)	(2,276,003)	2,276,003	
Change in Net Position					
				2,182,779	2,182,779
Fund Balances/Net Position					
Beginning of year	13,187,490	299,544	13,487,034	-	27,352,869
End of year	<u>\$ 11,145,162</u>	<u>\$ 65,869</u>	<u>\$ 11,211,031</u>	<u>\$ 0</u>	<u>\$ 29,535,648</u>

Nottingham Country Municipal Utility District

Notes to Financial Statements

September 30, 2021

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, as amended, 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, 2021

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, 2021

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, 2021

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, 2021

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, 2021, include collections during the current period or within 60 days of fiscal year-end related to the 2020 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, 2021, the 2020 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:

	Years
Water production and distribution facilities	3-45
Wastewater collection and treatment facilities	3-45
Park improvements	3-45

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.

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.

Nottingham Country Municipal Utility District
Notes to Financial Statements
September 30, 2021

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.	\$ 18,237,073
Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.	54,904
Penalty and interest on delinquent taxes is not receivable in the current period and is not reported in the funds.	32,640
Adjustment to fund balances to arrive at net position.	<u>\$ 18,324,617</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.	\$ (2,276,003)
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.	1,477,708

Nottingham Country Municipal Utility District
Notes to Financial Statements
September 30, 2021

Governmental funds report principal payments on debt as expenditures. For the statement of activities, these transactions do not have any effect on net position.	\$ 3,065,000
Revenues collected in the current year, which have previously been reported in the statement of activities, are reported as revenues in the governmental funds.	(15,999)
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>(67,927)</u>
Change in net position of governmental activities.	<u><u>\$ 2,182,779</u></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.

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, 2021, 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

Nottingham Country Municipal Utility District
Notes to Financial Statements
September 30, 2021

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 Texas CLASS, an external investment pool that is not registered with the Securities and Exchange Commission. A Board of Trustees, elected by the participants, has oversight of Texas CLASS. The District's investments may be redeemed at any time. Texas CLASS attempts to minimize its exposure to market and credit risk through the use of various strategies and credit monitoring techniques and limits its investments in any issuer to the top two ratings issued by nationally recognized statistical rating organizations.

At September 30, 2021, the District had the following investments and maturities:

Type	Maturities in Years				
	Fair Value	Less Than 1	1-5	6-10	More Than 10
Texas CLASS	\$ 8,662,778	\$ 8,662,778	\$ 0	\$ 0	\$ 0

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 pool is presented as an investment with a maturity of less than one year because it is 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, 2021, the District's investments in Texas CLASS 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, 2021, as follows:

Carrying value:	
Deposits	\$ 3,436,839
Investments	8,662,778
Total	\$ 12,099,617

Nottingham Country Municipal Utility District
Notes to Financial Statements
September 30, 2021

Included in the following statement of net position captions:

Cash	\$	281,839
Certificates of deposit		3,155,000
Short-term investments		8,662,778
Total	\$	12,099,617

Investment Income

Investment income of \$21,238 for the year ended September 30, 2021, consisted of interest income.

Fair Value Measurements

The District has the following recurring fair value measurements as of September 30, 2021:

- Pooled investments of \$8,662,778 are valued at fair value per share of the pool's underlying portfolio.

Note 3: Capital Assets

A summary of changes in capital assets for the year ended September 30, 2021, is presented as follows:

Governmental Activities	Balances, Beginning of Year	Additions	Balances, End of Year
Capital assets, non-depreciable:			
Land and improvements	\$ 422,593	\$ -	\$ 422,593
Parks and recreation	3,642,008	-	3,642,008
Construction in progress	4,597,936	2,117,310	6,715,246
Total capital assets, non-depreciable	8,662,537	2,117,310	10,779,847
Capital assets, depreciable:			
Water production and distribution facilities	14,203,498	-	14,203,498
Wastewater collection and treatment facilities	7,912,550	13,934	7,926,484
Parks and recreation	418,838	20,747	439,585
Total capital assets, depreciable	22,534,886	34,681	22,569,567

Nottingham Country Municipal Utility District
Notes to Financial Statements
September 30, 2021

Governmental Activities (Continued)	Balances, Beginning of Year	Additions	Balances, End of Year
Less accumulated depreciation:			
Water production and distribution facilities	\$ (8,409,902)	\$ (421,732)	\$ (8,831,634)
Wastewater collection and treatment facilities	(5,879,489)	(229,595)	(6,109,084)
Parks and recreation	(148,667)	(22,956)	(171,623)
	<u>(14,438,058)</u>	<u>(674,283)</u>	<u>(15,112,341)</u>
Total accumulated depreciation			
	<u>\$ 16,759,365</u>	<u>\$ 1,477,708</u>	<u>\$ 18,237,073</u>

Note 4: Long-term Liabilities

Changes in long-term liabilities for the year ended September 30, 2021, were as follows:

Governmental Activities	Balances, Beginning of Year	Decreases	Balances, End of Year	Amounts Due in One Year
Bonds payable:				
General obligation bonds	\$ 3,065,000	\$ 3,065,000	\$ -	\$ -
Less discounts on bonds	68,571	68,571	-	-
Add premiums on bonds	1,198	1,198	-	-
	<u>\$ 2,997,627</u>	<u>\$ 2,997,627</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total governmental activities long-term liabilities				

On April 22, 2021, the District early redeemed all outstanding principal of the Refunding Series 2011 and Series 2011A bonds in the amount of \$3,065,000.

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, 2021

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, 2021, the District levied an ad valorem debt service tax at the rate of \$0.0800 per \$100 of assessed valuation, which resulted in a tax levy of \$765,102 on the taxable valuation of \$956,377,658 for the 2020 tax year. The interest requirements paid from the tax revenues and were \$65,105. The remaining tax revenues were used to early redeem the remaining debt.

Note 6: Maintenance Taxes

At an election held May 6, 2017, voters authorized a maintenance tax not to exceed \$0.50 per \$100 of assessed valuation on all property within the District subject to taxation. During the year ended September 30, 2021, the District levied an ad valorem maintenance tax at the rate of \$0.2600 per \$100 of assessed valuation, which resulted in a tax levy of \$2,486,582 on the taxable valuation of \$956,377,658 for the 2020 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, 2021, the Authority was billing the District \$3.45 per 1,000 gallons of water pumped from its wells. The District is billing each user of District water for any purpose \$3.80 per 1,000 gallons of water. The amount charged by the Authority is subject to future increases.

Note 8: Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. The District has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts in the past three fiscal years.

Nottingham Country Municipal Utility District

Notes to Financial Statements

September 30, 2021

Note 9: Uncertainties

As a result of the spread of the SARS-CoV-2 virus and the incidence of COVID-19, economic uncertainties have arisen which may negatively affect the financial position and results of operations of the District. The duration of these uncertainties and the ultimate financial effects resulting therefrom cannot be reasonably estimated at this time.

Required Supplementary Information

Nottingham Country Municipal Utility District
Budgetary Comparison Schedule – General Fund
Year Ended September 30, 2021

	Original Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$ 2,382,932	\$ 2,496,231	\$ 113,299
Water service	823,700	760,719	(62,981)
Sewer service	471,820	467,534	(4,286)
Regional water fee	1,391,300	1,319,727	(71,573)
Penalty and interest	20,000	19,308	(692)
Tap connection and inspection fees	-	4,150	4,150
Investment income	45,500	20,516	(24,984)
Other income	2,500	-	(2,500)
	<u>5,137,752</u>	<u>5,088,185</u>	<u>(49,567)</u>
Expenditures			
Service operations:			
Purchased services	50,000	1,161	48,839
Regional water fees	1,391,300	1,150,286	241,014
Professional fees	205,000	163,966	41,034
Contracted services	182,004	162,165	19,839
Utilities	215,000	168,799	46,201
Recreational facilities	158,500	146,909	11,591
Repairs and maintenance	897,000	732,172	164,828
Other expenditures	168,550	161,932	6,618
Tap connections	-	4,232	(4,232)
Capital outlay	2,395,500	2,270,848	124,652
	<u>5,662,854</u>	<u>4,962,470</u>	<u>700,384</u>
Excess (Deficiency) of Revenues Over Expenditures	(525,102)	125,715	650,817
Other Financing Uses			
Interfund transfers out	-	(2,168,043)	(2,168,043)
Deficiency of Revenues and Transfers In Over Expenditures and Transfers Out	(525,102)	(2,042,328)	(1,517,226)
Fund Balance, Beginning of Year	<u>13,187,490</u>	<u>13,187,490</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 12,662,388</u>	<u>\$ 11,145,162</u>	<u>\$ (1,517,226)</u>

Nottingham Country Municipal Utility District
Notes to Required Supplementary Information
September 30, 2021

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 2021.

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, 2021

(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 12-23
- [X] Schedule of Services and Rates
- [X] Schedule of General Fund Expenditures
- [X] Schedule of Temporary Investments
- [X] Analysis of Taxes Levied and Receivable
- [] Schedule of Long-term Debt Service Requirements by Years – Not Applicable
- [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, 2021

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 \$ 1.90	8,001 to 20,000 20,001 to No Limit
Wastewater:	\$ 16.00	0	Y		
Regional water fee:	\$ 3.80	1	N	\$ 3.80	1,001 to No Limit
Does the District employ winter averaging for wastewater usage?					Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Total charges per 10,000 gallons usage (including fees):				Water \$ 57.20	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"	633	630	x2.5	1,575
1 1/2"	115	115	x5.0	575
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	2,353	2,343		4,166
Total wastewater	2,236	2,228	x1.0	2,228

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

Gallons pumped into the system:	413,710
Gallons billed to customers:	401,871
Water accountability ratio (gallons billed/gallons pumped):	97.14%

*"ESFC" means equivalent single-family connections

Nottingham Country Municipal Utility District
Schedule of General Fund Expenditures
Year Ended September 30, 2021

Personnel (including benefits)		\$	-
Professional Fees			
Auditing	\$	20,100	
Legal		106,275	
Engineering		37,591	
Financial advisor		-	163,966
		<hr/>	
Purchased Services for Resale			
Bulk water and wastewater service purchases			1,161
Regional Water Fee			1,150,286
Contracted Services			
Bookkeeping		37,518	
General manager		-	
Appraisal district		-	
Tax collector		-	
Security		-	
Other contracted services		124,647	162,165
		<hr/>	
Utilities			168,799
Repairs and Maintenance			732,172
Administrative Expenditures			
Directors' fees		12,000	
Office supplies		18,187	
Insurance		42,432	
Other administrative expenditures		89,313	161,932
		<hr/>	
Capital Outlay			
Capitalized assets		2,151,991	
Expenditures not capitalized		118,857	2,270,848
		<hr/>	
Tap Connection Expenditures			4,232
Solid Waste Disposal			-
Fire Fighting			-
Parks and Recreation			146,909
Lease Expenditures			-
Other Expenditures			-
			<hr/>
Total expenditures		\$	<u><u>4,962,470</u></u>

Nottingham Country Municipal Utility District
Schedule of Temporary Investments
September 30, 2021

	Interest Rate	Maturity Date	Face Amount	Accrued Interest Receivable
General Fund				
Certificates of Deposit				
No. 50000034651	0.20%	06/24/22	\$ 245,000	\$ 131
No. 91300011935019	0.70%	10/26/21	240,000	1,556
No. 12665	0.50%	12/10/21	240,000	967
No. 440011725	0.30%	02/16/22	245,000	455
No. 4191332	0.30%	11/04/21	240,000	580
No. 2000000274	0.25%	05/26/22	245,000	215
No. 36001700	0.55%	12/10/21	240,000	1,063
No. 3216000566	0.25%	03/23/22	245,000	320
No. 30028005	0.35%	01/12/22	245,000	613
No. 323683	0.35%	02/22/22	245,000	531
No. 6000046869	0.75%	10/26/21	240,000	1,667
No. 1001100451	0.35%	11/04/21	240,000	677
No. 6550110882	0.35%	01/12/22	245,000	613
Texas CLASS	0.04%	Demand	<u>8,627,761</u>	<u>-</u>
			11,782,761	9,388
Debt Service Fund				
Texas CLASS	0.04%	Demand	<u>35,017</u>	<u>-</u>
Totals			<u><u>\$ 11,817,778</u></u>	<u><u>\$ 9,388</u></u>

Nottingham Country Municipal Utility District
Analysis of Taxes Levied and Receivable
Year Ended September 30, 2021

	Maintenance Taxes	Debt Service Taxes
Receivable, Beginning of Year	\$ 50,856	\$ 20,638
Additions and corrections to prior years' taxes	<u>(2,033)</u>	<u>(731)</u>
Adjusted receivable, beginning of year	<u>48,823</u>	<u>19,907</u>
2020 Original Tax Levy	2,260,447	695,522
Additions and corrections	<u>226,135</u>	<u>69,580</u>
Adjusted tax levy	<u>2,486,582</u>	<u>765,102</u>
Total to be accounted for	2,535,405	785,009
Tax collections: Current year	(2,473,143)	(760,967)
Prior years	<u>(23,088)</u>	<u>(8,312)</u>
Receivable, end of year	<u><u>\$ 39,174</u></u>	<u><u>\$ 15,730</u></u>

Receivable, by Years

2020	\$ 13,439	\$ 4,135
2019	6,072	2,186
2018	5,652	2,035
2017	2,472	890
2016	1,700	612
2015	1,493	567
2014	1,323	662
2013	1,169	678
2012	1,072	622
2011	1,051	643
2010	1,008	686
2009	1,057	719
2008	1,160	743
2007	292	231
2006	<u>214</u>	<u>321</u>
Receivable, end of year	<u><u>\$ 39,174</u></u>	<u><u>\$ 15,730</u></u>

Nottingham Country Municipal Utility District
Analysis of Taxes Levied and Receivable (Continued)
Year Ended September 30, 2021

	2020	2019	2018	2017
Property Valuations				
Land	\$ 230,239,873	\$ 228,293,938	\$ 226,822,311	\$ 226,148,076
Improvements	804,592,571	808,579,502	793,370,424	818,781,008
Personal property	14,132,764	13,794,145	12,852,498	12,021,445
Exemptions	<u>(92,587,550)</u>	<u>(89,634,411)</u>	<u>(88,214,768)</u>	<u>(84,174,934)</u>
 Total property valuations	 <u>\$ 956,377,658</u>	 <u>\$ 961,033,174</u>	 <u>\$ 944,830,465</u>	 <u>\$ 972,775,595</u>
 Tax Rates per \$100 Valuation				
Debt service tax rates	\$ 0.0800	\$ 0.0900	\$ 0.0900	\$ 0.0900
Maintenance tax rates*	<u>0.2600</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>\$ 0.3400</u>
 Tax Levy	 <u>\$ 3,251,684</u>	 <u>\$ 3,267,513</u>	 <u>\$ 3,212,424</u>	 <u>\$ 3,307,437</u>
 Percent of Taxes Collected to Taxes Levied**	 <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.

2016	2015	2014	2013	2012	2011
\$ 225,994,519	\$ 204,067,953	\$ 199,641,103	\$ 184,555,974	\$ 153,864,140	\$ 153,972,326
816,697,127	750,719,976	665,752,872	594,807,169	584,088,031	588,112,944
12,355,775	12,166,944	9,807,724	11,041,730	7,184,432	9,272,399
<u>(82,976,248)</u>	<u>(69,007,051)</u>	<u>(62,315,932)</u>	<u>(61,897,523)</u>	<u>(55,851,881)</u>	<u>(56,269,894)</u>
<u>\$ 972,071,173</u>	<u>\$ 897,947,822</u>	<u>\$ 812,885,767</u>	<u>\$ 728,507,350</u>	<u>\$ 689,284,722</u>	<u>\$ 695,087,775</u>
\$ 0.0900	\$ 0.0950	\$ 0.1250	\$ 0.1450	\$ 0.1450	\$ 0.1500
<u>0.2500</u>	<u>0.2500</u>	<u>0.2500</u>	<u>0.2500</u>	<u>0.2500</u>	<u>0.2450</u>
<u>\$ 0.3400</u>	<u>\$ 0.3450</u>	<u>\$ 0.3750</u>	<u>\$ 0.3950</u>	<u>\$ 0.3950</u>	<u>\$ 0.3950</u>
<u>\$ 3,305,042</u>	<u>\$ 3,097,917</u>	<u>\$ 3,048,323</u>	<u>\$ 2,877,601</u>	<u>\$ 2,722,661</u>	<u>\$ 2,745,597</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, 2021

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.

Name of Special District(s)	Service Provided	Tax Rate
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.

Tax Jurisdiction	Tax Rate
a. County <u>Harris (and related entities)</u>	\$ 0.604193
b. City _____	-
c. School district <u>Katy Independent School District</u>	1.388800
d. Special districts not included above:	
<u>Harris County Emergency Services District No. 48</u>	0.099394
_____	-
_____	-
e. Total special district (from top of this page)	-
f. Total District tax rate (from previous page)	<u>0.340000</u>
g. Total overlapping tax rate (sum of a. - f.)	<u>\$ 2.432387</u>

Nottingham Country Municipal Utility District
Changes in Long-term Bonded Debt
Year Ended September 30, 2021

	Bond Issues		
	Refunding Series 2011	Series 2011A	Totals
Interest rates	3.75%	2.75% to 3.25%	
Dates interest payable	March 1/ September 1	March 1/ September 1	
Bonds outstanding, beginning of current year	\$ 355,000	\$ 2,710,000	\$ 3,065,000
Retirements, principal	355,000	2,710,000	3,065,000
Bonds outstanding, end of current year	\$ 0	\$ 0	\$ 0
Interest paid during current year	\$ 9,112	\$ 55,993	\$ 65,105

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:

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

Debt service fund cash and temporary investment balances as of September 30, 2021: \$ 62,341

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 0

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

	Amounts				
	2021	2020	2019	2018	2017
General Fund					
Revenues					
Property taxes	\$ 2,496,231	\$ 2,387,951	\$ 2,350,818	\$ 2,438,788	\$ 2,420,534
Water service	760,719	822,823	756,992	823,572	836,224
Sewer service	467,534	467,419	470,290	468,367	458,690
Regional water fee	1,319,727	1,334,812	1,088,401	1,128,502	1,067,801
Penalty and interest	19,308	19,850	25,541	56,390	49,619
Tap connection and inspection fees	4,150	-	2,425	33,149	19,550
Investment income	20,516	121,740	266,935	163,247	60,240
Other income	-	135,371	19,400	3,246	2,814
Total revenues	<u>5,088,185</u>	<u>5,289,966</u>	<u>4,980,802</u>	<u>5,115,261</u>	<u>4,915,472</u>
Expenditures					
Service operations:					
Purchased services	1,161	1,043	1,239	45,668	1,056
Regional water fees	1,150,286	1,310,823	1,159,667	1,203,125	987,036
Professional fees	163,966	165,455	168,956	215,038	241,632
Contracted services	162,165	151,629	132,356	142,992	135,322
Utilities	168,799	210,624	230,380	264,819	246,219
Recreational facilities	146,909	167,520	166,729	169,626	194,589
Repairs and maintenance	732,172	933,414	941,341	1,157,164	849,166
Other expenditures	161,932	147,077	160,274	196,576	162,277
Tap connections	4,232	-	-	13,829	9,425
Lease expenditures	-	36,000	55,600	70,800	29,800
Capital outlay	2,270,848	1,090,961	1,716,336	1,205,275	689,179
Total expenditures	<u>4,962,470</u>	<u>4,214,546</u>	<u>4,732,878</u>	<u>4,684,912</u>	<u>3,545,701</u>
Excess of Revenues Over Expenditures	<u>125,715</u>	<u>1,075,420</u>	<u>247,924</u>	<u>430,349</u>	<u>1,369,771</u>
Other Financing Sources (Uses)					
Insurance reimbursement proceeds	-	-	-	493,621	-
Recovery from governmental agency	-	8,412	-	-	-
Interfund transfers out	(2,168,043)	-	-	-	-
Total other financing sources (uses)	<u>(2,168,043)</u>	<u>8,412</u>	<u>0</u>	<u>493,621</u>	<u>0</u>
Excess (Deficiency) of Revenue and Other Financing Sources Over Expenditures and Other Financing Uses	<u>(2,042,328)</u>	<u>1,083,832</u>	<u>247,924</u>	<u>923,970</u>	<u>1,369,771</u>
Fund Balance, Beginning of Year	<u>13,187,490</u>	<u>12,103,658</u>	<u>11,855,734</u>	<u>10,931,764</u>	<u>9,561,993</u>
Fund Balance, End of Year	<u>\$ 11,145,162</u>	<u>\$ 13,187,490</u>	<u>\$ 12,103,658</u>	<u>\$ 11,855,734</u>	<u>\$ 10,931,764</u>
Total Active Retail Water Connections	<u>2,343</u>	<u>2,337</u>	<u>2,335</u>	<u>2,337</u>	<u>2,338</u>
Total Active Retail Wastewater Connections	<u>2,228</u>	<u>2,223</u>	<u>2,220</u>	<u>2,224</u>	<u>2,226</u>

Percent of Fund Total Revenues

2021	2020	2019	2018	2017
49.0 %	45.1 %	47.2 %	47.7 %	49.3 %
15.0	15.6	15.2	16.1	17.0
9.2	8.8	9.4	9.2	9.3
25.9	25.2	21.8	22.1	21.7
0.4	0.4	0.9	1.1	1.1
0.1	-	0.1	0.6	0.4
0.4	2.3	5.4	3.2	1.2
-	2.6	0.0	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	0.0	0.0	0.9	0.0
22.6	24.8	23.3	23.5	20.1
3.2	3.1	3.4	4.2	4.9
3.2	2.9	2.7	2.8	2.7
3.3	4.0	4.6	5.2	5.0
2.9	3.2	3.3	3.3	4.0
14.4	17.6	18.9	22.6	17.3
3.2	2.8	3.2	3.8	3.3
0.1	-	-	0.3	0.2
-	0.7	1.1	1.4	0.6
<u>44.6</u>	<u>20.6</u>	<u>34.5</u>	<u>23.6</u>	<u>14.0</u>
<u>97.5</u>	<u>79.7</u>	<u>95.0</u>	<u>91.6</u>	<u>72.1</u>
<u>2.5 %</u>	<u>20.3 %</u>	<u>5.0 %</u>	<u>8.4 %</u>	<u>27.9 %</u>

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

	Amounts				
	2021	2020	2019	2018	2017
Debt Service Fund					
Revenues					
Property taxes	\$ 769,279	\$ 860,211	\$ 844,548	\$ 880,320	\$ 871,788
Penalty and interest	34,086	28,751	21,953	36,028	30,857
Investment income	722	4,473	17,027	8,963	4,492
Total revenues	<u>804,087</u>	<u>893,435</u>	<u>883,528</u>	<u>925,311</u>	<u>907,137</u>
Expenditures					
Current:					
Professional fees	9,765	9,263	6,045	6,877	6,700
Contracted services	58,692	58,538	60,475	58,694	58,712
Other expenditures	7,243	7,969	2,414	5,070	4,628
Debt service:					
Principal retirement	3,065,000	735,000	735,000	715,000	700,000
Interest and fees	65,105	126,775	152,350	172,963	197,963
Total expenditures	<u>3,205,805</u>	<u>937,545</u>	<u>956,284</u>	<u>958,604</u>	<u>968,003</u>
Deficiency of Revenues Over Expenditures	(2,401,718)	(44,110)	(72,756)	(33,293)	(60,866)
Other Financing Sources					
Interfund transfers in	<u>2,168,043</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deficiency of Revenues and Transfers In Over Expenditures and Transfers Out	(233,675)	(44,110)	(72,756)	(33,293)	(60,866)
Fund Balance, Beginning of Year	<u>299,544</u>	<u>343,654</u>	<u>416,410</u>	<u>449,703</u>	<u>510,569</u>
Fund Balance, End of Year	<u>\$ 65,869</u>	<u>\$ 299,544</u>	<u>\$ 343,654</u>	<u>\$ 416,410</u>	<u>\$ 449,703</u>

Percent of Fund Total Revenues

2021	2020	2019	2018	2017
95.7 %	96.3 %	95.6 %	95.1 %	96.1 %
4.2	3.2	2.5	3.9	3.4
0.1	0.5	1.9	1.0	0.5
<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
1.2	1.0	0.7	0.7	0.7
7.3	6.5	6.8	6.3	6.5
0.9	0.9	0.3	0.6	0.5
381.2	82.3	83.2	77.3	77.2
<u>8.1</u>	<u>14.2</u>	<u>17.2</u>	<u>18.7</u>	<u>21.8</u>
<u>398.7</u>	<u>104.9</u>	<u>108.2</u>	<u>103.6</u>	<u>106.7</u>
<u><u>(298.7) %</u></u>	<u><u>(4.9) %</u></u>	<u><u>(8.2) %</u></u>	<u><u>(3.6) %</u></u>	<u><u>(6.7) %</u></u>

Nottingham Country Municipal Utility District
Board Members, Key Personnel and Consultants
Year Ended September 30, 2021

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):	May 19, 2020		
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 05/20- 05/24	\$ 2,700	\$ 1,338	President
Vaughan Brown	Elected 05/20- 05/24	2,850	1,506	Vice President
Alan Wiggins	Elected 05/18- 05/22	3,150	1,561	Secretary
Wade K. Skelton	Appointed 08/19- 05/22	1,650	84	Assistant Vice President
Dennis Moon	Elected 05/18- 05/22	1,650	63	Assistant Secretary

*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, 2021

Consultants	Date Hired	Fees and Expense Reimbursements	Title
Allen Boone Humphries Robinson LLP	07/28/03	\$ 114,676	General Counsel
BKD, LLP	09/21/98	20,100	Auditor
Harris County Appraisal District	Legislative Action	23,479	Appraiser
IDS Engineering Group	09/15/03	133,595	Engineer
KGA/DeForest Design, LLC	01/05/06	40,340	Landscape Architect
Masterson Advisors LLC	05/21/18	3,500	Financial Advisor
Municipal Accounts & Consulting, L.P.	05/18/20	40,063	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	03/16/92	9,765	Delinquent Tax Attorney
Si Environmental LLC	05/15/12	705,457	Operator
Tax Tech, Inc.	01/01/08	36,263	Tax Assessor/ Collector
Investment Officers			
Mark M. Burton and Ghia Lewis	06/15/20	N/A	Bookkeepers