OFFICIAL STATEMENT DATED OCTOBER 17, 2018

IN THE OPINION OF SPECIAL COUNSEL, BASED UPON AN ANALYSIS OF EXISTING LAWS, REGULATIONS, RULINGS AND COURT DECISIONS, AND ASSUMING, AMONG OTHER MATTERS, THE ACCURACY OF CERTAIN REPRESENTATIONS AND COMPLIANCE WITH CERTAIN COVENANTS, INTEREST ON THE BONDS IS EXCLUDED FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES UNDER SECTION 103 OF THE INTERNAL REVENUE CODE OF 1986. IN THE FURTHER OPINION OF BOND COUNSEL, INTEREST ON THE BONDS IS NOT A SPECIFIC PREFERENCE ITEM FOR PURPOSES OF THE FEDERAL ALTERNATIVE MINIMUM TAX. SPECIAL TAX COUNSEL EXPRESSES NO OPINION REGARDING ANY OTHER TAX CONSEQUENCES RELATING TO THE OWNERSHIP OR DISPOSITION OF, OR THE AMOUNT, ACCRUAL OR RECEIPT OF INTEREST ON, THE BONDS. SEE "TAX MATTERS" HEREIN.

The District has designated the Bonds as "qualified tax-exempt obligations" for purposes of the calculation of interest expense by financial institutions which may own the Bonds. See "TAX MATTERS -- Qualified Tax-Exempt Obligations for Financial Institutions."

NEW ISSUE	**RATINGS: (S&P– BAM) "AA" (stable outlook)**
BOOK-ENTRY ONLY	**(See "BOND INSURANCE" herein)**
CUSIP No. 397378	**Underlying Rating: None**

GREENWOOD UTILITY DISTRICT

(A political subdivision of the State of Texas located within Harris County, Texas)

$7,920,000

WATERWORKS AND SEWER SYSTEM COMBINATION UNLIMITED TAX AND REVENUE BONDS, SERIES 2018

Bonds Dated: November 1, 2018 **Due: August 1, as shown on inside cover**

The $7,920,000 Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 2018 (the "Bonds") are obligations solely of Greenwood Utility District (the "District") and are not obligations of the State of Texas; Harris County, Texas; the City of Houston, Texas; or any other political subdivision or agency. See "THE BONDS--Source of and Security for Payment."

Interest on the Bonds will accrue from November 1, 2018, will be payable February 1, 2019 and each August 1 and February 1 thereafter, and will be calculated on the basis of a 360-day year of twelve 30-day months. The Bonds are issuable only in fully registered form in principal denominations of $5,000 or integral multiples thereof initially registered solely in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), acting as securities depository for the Bonds, until DTC resigns or is discharged. The Bonds initially will be available to purchasers in book-entry form only. So long as Cede & Co. is the registered owner of the Bonds, as nominee for DTC, the Bonds shall be payable to Cede & Co., which will in turn, remit such amount to DTC participants for subsequent disbursement to the beneficial owners of the Bonds. See "THE BONDS--Book-Entry-Only System."

Principal of, interest on and the redemption price for the Bonds are payable by UMB Bank n.a., Austin, Texas or any successor paying agent/registrar (the "Paying Agent/Registrar"). Interest on the Bonds will be payable by check mailed on or before the interest payment date to registered owners (the "Registered Owners") shown on the records of the Paying Agent/Registrar on the fifteenth (15th) day of the month preceding each interest payment date or by such other customary banking arrangements as may be agreed upon by the Paying Agent/Registrar and the Registered Owner at the risk and expense of the Registered Owner. See "THE BONDS--Description."

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by **BUILD AMERICA MUTUAL ASSURANCE COMPANY**.

SEE INSIDE COVER PAGE FOR MATURITY SCHEDULE

BAM
BUILD AMERICA MUTUAL

The Bonds, when issued, will constitute valid and legally binding obligations of the District and will be payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District and from the Net Revenues (hereinafter defined) of the District's waterworks and sewer system. See "THE BONDS--Source of and Security for Payment." The Bonds are subject to special risk factors described herein. See "RISK FACTORS." **Neither the State of Texas, Harris County, Texas, the City of Houston, nor any political subdivision other than the District shall be obligated to pay the principal of and interest on the Bonds.**

The Bonds will be delivered when, as, and if issued by the District and accepted by the initial purchaser of the Bonds (the "Underwriter"), subject, amongst other things, to the approval of the Initial Bonds by the Attorney General of the State of Texas and by the approval of certain legal matters by Radcliffe Bobbitt Adams Polley PLLC, Houston, Texas, Bond Counsel and Orrick, Herrington & Sutcliffe LLP, Special Tax Counsel, Houston, Texas. Certain legal matters will be passed upon for the District by Orrick, Herrington & Sutcliffe LLP, Houston, Texas, Disclosure Counsel. Delivery of the Bonds is expected on November 20, 2018, in Austin, Texas.

MATURITY SCHEDULE

Bonds Dated: November 1, 2018 **Due: August 1, as shown below**

$1,580,000 Serial Bonds

Maturity	***Amount***	***Interest Rate***	***Initial Yield(a)***	***CUSIP (b)***	***Maturity***	***Amount***	***Interest Rate***	***Initial Yield(a)***	***CUSIP (b)***
2019	$155,000	3.00%	2.25%	397378 HB9	2025	130,000	5.50%	3.15%	397378 HH6
2020	105,000	3.00%	2.45%	397378 HC7	2026(c)	130,000	5.50%	3.17%	397378 HJ2
2021	110,000	3.00%	2.60%	397378 HD5	2027(c)	140,000	5.50%	3.20%	397378 HK9
2022	110,000	3.00%	2.75%	397378 HE3	2028(c)	145,000	5.50%	3.22%	397378 HL7
2023	120,000	5.50%	2.85%	397378 HF0	2029(c)	150,000	5.50%	3.24%	397378 HM5
2024	125,000	5.50%	3.00%	397378 HG8	2030(c)	160,000	5.50%	3.26%	397378 HN3

$6,340,000 Term Bonds

$335,000 Term Bonds, Due August 1, 2032 (c)(d), 5.000% Interest Rate, 3.400% Initial Yield (a)
CUSIP (b) 397378 HQ6

$375,000 Term Bonds, Due August 1, 2034 (c)(d), 5.000% Interest Rate, 3.500% Initial Yield (a)
CUSIP (b) 397378 HS2

$410,000 Term Bonds, Due August 1, 2036 (c)(d), 4.000% Interest Rate, 4.150% Initial Yield (a)
CUSIP (b) 397378 HU7

$455,000 Term Bonds, Due August 1, 2038 (c)(d), 4.000% Interest Rate, 4.200% Initial Yield (a)
CUSIP (b) 397378 HW3

$505,000 Term Bonds, Due August 1, 2040 (c)(d), 4.125% Interest Rate, 4.250% Initial Yield (a)
CUSIP (b) 397378 HY9

$4,260,000 Term Bonds, Due August 1, 2045 (c)(d), 4.250% Interest Rate, 4.350% Initial Yield (a)
CUSIP (b) 397378 JD3

(a) Initial yield represents the initial reoffering yield to the public which has been established by the Underwriter for public offerings and which subsequently may be changed. The initial yields indicated above represent the lower of the yields resulting when priced to maturity or to the first call date. Accrued interest from November 1, 2018 is to be added to the price.

(b) CUSIP Numbers have been assigned to the Bonds by CUSIP Global Services and are included solely for the convenience of the purchasers of the Bonds. Neither the District nor the Underwriter shall be responsible for the selection or correctness of the CUSIP Numbers set forth herein.

(c) Bonds maturing on or after August 1, 2026, are subject to redemption prior to maturity at the option of the District, as a whole or from time to time in part, on August 1, 2025, or on any date thereafter, at par plus accrued interest from the most recent interest payment date to the date fixed for redemption. See "THE BONDS–Optional Redemption."

(d) Term Bonds are also subject to mandatory redemption in part by lot or other customary method at a price of par plus accrued interest to the redemption date. See "THE BONDS–Mandatory Redemption."

Build America Mutual Assurance Company ("BAM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE" and "APPENDIX D--Specimen Municipal Bond Insurance Policy."

TABLE OF CONTENTS

USE OF INFORMATION IN OFFICIAL STATEMENT

No dealer, broker, salesman or other person has been authorized by the District or the Underwriter to give any information or to make any representations other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the District or the Underwriter.

This Official Statement is not to be used in connection with an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

All of the summaries of the statutes, orders, contracts, audited financial statements, engineering and other related reports set forth in this Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from the District, c/o Radcliffe Bobbitt Adams Polley PLLC, 2929 Allen Parkway, Suite 3450, Houston, Texas 77019-7120 upon payment of duplication costs.

This Official Statement contains, in part, estimates, assumptions and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates, assumptions or matters of opinion, or as to the likelihood that they will be realized. Any information and expressions of opinion herein contained are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the condition of the District or other matters described herein since the date hereof. The District has agreed to keep this Official Statement current by amendment or sticker to reflect material changes in the affairs of the District and, to the extent that information actually comes to its attention, the other matters described in this Official Statement until delivery of the Bonds to the Underwriter and thereafter only as specified in "PREPARATION OF OFFICIAL STATEMENT-- Updating the Official Statement" and "CONTINUING DISCLOSURE OF INFORMATION."

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this offering document.

SALE AND DISTRIBUTION OF THE BONDS

Prices and Marketability

The delivery of the Bonds is conditioned upon the receipt by the District of a certificate executed and delivered by the Underwriter prior to delivery of the Bonds stating the prices at which a substantial amount of the Bonds of each maturity has been sold to the public. For this purpose, the term "public" shall not include any person who is a bond house, broker or similar person acting in the capacity of underwriter or wholesaler. Otherwise, the District has no understanding with the Underwriter or control regarding the reoffering yields or prices of the Bonds. Information concerning reoffering yields or prices is the sole responsibility of the Underwriter.

THE PRICES AND OTHER TERMS RESPECTING THE OFFERING AND SALE OF THE BONDS MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER AFTER THE BONDS ARE RELEASED FOR SALE, AND THE BONDS MAY BE OFFERED AND SOLD AT PRICES OTHER THAN THE INITIAL OFFERING PRICES, INCLUDING SALES TO DEALERS WHO MAY SELL THE BONDS INTO INVESTMENT ACCOUNTS. IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The District has no control over trading of the Bonds in the secondary market. Moreover, there is no guarantee that a secondary market will be made in the Bonds. In such a secondary market, the difference between the bid and asked price of special district bonds may be greater than the difference between the bid and asked price of bonds of comparable maturity and quality issued by more traditional governmental entities, as bonds of such entities are more generally bought, sold or traded in the secondary market.

Securities Laws

No registration statement relating to the Bonds has been filed with the United States Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been registered or qualified under the securities laws of any other jurisdiction. The District assumes no responsibility for registration or qualification of the Bonds under the securities laws of any other jurisdiction in which the Bonds may be offered, sold or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions in such other jurisdictions.

Underwriter

After requesting competitive bids for the Bonds, the District accepted the bid resulting in the lowest net effective interest rate, which bid was tendered by SAMCO Capital Markets, Inc. (the "Underwriter") bearing the interest rates shown on the inside cover page hereof, at a price of 97.00% of the par value thereof plus accrued interest to the date of delivery which resulted in a net effective interest rate of 4.4823753% as calculated pursuant to Chapter 1204, Texas Government Code, as amended (the "IBA" method).

The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into unit investment trusts) and others at prices lower than the public offering price stated on the inside cover page hereof. The initial offering price may be changed from time to time by the Underwriter within the guidelines prescribed by applicable laws and regulations of the SEC.

Municipal Bond Rating

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") is expected to assign its municipal rating of "AA" (stable outlook) to the Bonds, as a result of a municipal bond insurance policy issued by Build America Mutual Assurance Company at the time of delivery of the Bonds (see "BOND INSURANCE" and "APPENDIX D–Specimen Municipal Bond Insurance Policy"). An explanation of the significance of such rating may be obtained from S&P. The rating reflects only the view of S&P and the District makes no representation as to the appropriateness of such rating.

The District can make no assurance that the S&P rating will continue for any period of time or that such rating will not be revised downward or withdrawn entirely by S&P if in the judgment of S&P circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

The District has made no application for an underlying municipal bond rating, nor is it expected that the District would have been successful in receiving an investment grade rating had such application been made.

SUMMARY

The following information is a summary of certain information contained herein and is qualified in its entirety by the more detailed information and financial statements appearing elsewhere in this Official Statement, reference to which is made for all purposes. This summary should not be detached and should be used in conjunction with more complete information contained herein.

- The District -

Issuer/Description	Greenwood Utility District (the "District") was created by Acts of the 61st Legislature of the State of Texas, Regular Session, 1969, codified as Article 8280-452, Texas Revised Civil Statutes, and operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended. The District contains approximately 851.669 acres. See "THE DISTRICT."
Location	Located approximately eleven miles northeast of downtown Houston and approximately one mile east of the City of Houston's city limits, the District is about one mile north of the intersection of U.S. Highway 90 and C.E. King Parkway. The District lies wholly within the exclusive extraterritorial jurisdiction of the City of Houston and within the boundaries of the Sheldon Independent School District. See "THE DISTRICT."
Authority	The rights, powers, privileges, authority and functions of the District are established by the general laws of the State of Texas pertaining to municipal utility districts, including particularly Chapters 49 and 54 of the Texas Water Code, as amended. See "THE DISTRICT–Authority."
Development	The District is being developed primarily as a single-family residential subdivision. As of September 2018, the District served 2,221 single-family homes, 281 homes under construction, 2 multi-family units, 14 commercial and 53 other accounts. Current building activity is taking place in Hidden Meadow, Sections 7, 8, 13 and 15; in Bavaria, Section 1 through 6; and in Evergreen Villas, Sections 1 through 3. See "DEVELOPMENT OF THE DISTRICT." Hurricane Harvey, which struck the Houston area on August 26, 2017, caused historic levels of rainfall and significant damage in the Houston area, with hundreds of homes and the District office building flooded within the District. Hurricane Harvey could have an adverse impact on the Houston region's economy, including business activity and development in the region. See "TAX PROCEDURES–Reappraisal of Property after Disaster" and "–Tax Payment Installments after Disaster;" "RISK FACTORS–Hurricane Harvey," "--Recent Extreme Weather Events; Hurricane Harvey," and "–Specific Flood Type Risks;" "THE SYSTEM–100 Year Flood Plain;" and APPENDIX B–Effect of Harvey on Tax Base."
Developers	The District is being developed by Century Land Holdings of Texas, LLC ("Century"), Camcorp Interests, Ltd. ("Camcorp"), Evergreen Villas, Ltd. ("Evergreen") and RES Development L.P. ("RES"), collectively, the "Developers". See "THE DEVELOPERS."

- The Bonds -

Description	The $7,920,000 Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 2018 (the "Bonds") bear interest at the rates per annum set forth on the inside cover page hereof, from November 1, 2018, and payable February 1, 2019 and each August 1 and February 1 thereafter until the earlier of maturity or prior redemption. The Bonds mature serially on August 1 in the years 2019 through 2030, both inclusive, in the principal amounts set forth on the inside cover page hereof (herein the "Serial Bonds") and on August 1 in the years 2032, 2034,

	2036, 2038, 2040 and 2045 (herein the "Term Bonds"). The Term Bonds are subject to mandatory redemption as described herein under "THE BONDS–Mandatory Redemption." The Bonds maturing on and after August 1, 2026, will be callable at the option of the District at par plus any unpaid accrued interest on any date on or after August 1, 2025. See "THE BONDS--Description" and "–Optional Redemption."
Source of Payment	Principal of and interest on the Bonds are payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District and from the Net Revenues (hereinafter defined) of the District's waterworks, sanitary sewer and drainage system (the "System"). The Bonds are obligations of the District and are not obligations of Harris County, Texas; the City of Houston, Texas; the State of Texas; or any political subdivision other than the District. See "THE BONDS--Source of and Security for Payment."
Use of Proceeds	Proceeds of the Bonds will be used to reimburse two developers for water, sewer and drainage facilities serving Hidden Meadow, Sections 6, 13 and 15 and Bavaria Sections 1, 4, 5 and 6; clearing and grubbing for Hidden Grove, Evergreen Villas Section 1, Hidden Meadows Phase II and Sections 13, 15, 16 and 17; paving for Hidden Meadows Sections 6, 13 and 15; and associated engineering and technical services. Proceeds will also be used for an upgrade to Water Plant No. 2; land purchase and appraisal fees; two years' interest on funds advanced by developers; and to pay the costs of issuance of the Bonds. See "THE BONDS — Use of Proceeds."
Qualified Tax-Exempt Obligations	The District will designate the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b) of the Internal Revenue Code of 1986, as amended, and will represent that the total amount of tax-exempt bonds (including the Bonds) issued by it during the calendar year 2018 is not reasonably expected to exceed $10,000,000. See "TAX MATTERS--Qualified Tax-Exempt Obligations."
Payment Record	The District has never defaulted on the payment of any bond obligation. See "DISTRICT DEBT."
Book-Entry Only System	The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC"), pursuant to the Book-Entry Only System described herein. Beneficial ownership of the Bonds may be acquired in principal denominations of $5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of and redemption penalty premium, if any, and interest on the Bonds will be payable by the UMB Bank n.a., the initial Paying Agent/Registrar to Cede & Co. and Cede & Co. will make distribution of the amounts so paid to the beneficial owners of the Bonds (see "THE BONDS--Book-Entry-Only System").
Legal Opinion	Radcliffe Bobbitt Adams Polley PLLC, Houston, Texas, Bond Counsel. See "LEGAL MATTERS."
Tax Opinion	Orrick, Herrington & Sutcliffe LLP, Houston, Texas, Special Tax Counsel. See "TAX MATTERS."
Disclosure Counsel	Orrick, Herrington & Sutcliffe, LLP, Houston, Texas.
Financial Advisor	Blitch Associates, Inc., Houston, Texas.

Municipal Bond Rating and Municipal Bond Insurance	S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") is expected to assign a municipal rating of "AA" (stable outlook) as a result of a municipal bond insurance policy issued by Build America Mutual Assurance Company. The District has made no application for an underlying municipal bond rating, nor is it expected that the District would have been successful in receiving an investment grade rating had such application been made. See "SALE AND DISTRIBUTION OF THE BONDS–Municipal Bond Rating," "BOND INSURANCE" and "APPENDIX D–Specimen Municipal Bond Insurance Policy."

RISK FACTORS

THE PURCHASE AND OWNERSHIP OF THE BONDS ARE SUBJECT TO SPECIAL RISK FACTORS AND ALL PROSPECTIVE PURCHASERS ARE URGED TO EXAMINE CAREFULLY THE ENTIRE OFFICIAL STATEMENT WITH RESPECT TO THE INVESTMENT SECURITY OF THE BONDS, INCLUDING PARTICULARLY THE SECTION CAPTIONED "RISK FACTORS."

[Remainder of page intentionally left blank]

- Financial Highlights -
(Unaudited)

2018 Taxable Assessed Valuation (100% of Market Value)		$257,951,989	(a)
Estimated Taxable Valuation as of September 1, 2018		$303,634,748	(b)
Direct Debt			
Outstanding Bonds (As of October 1, 2018)		$20,240,000	
The Bonds		7,920,000	
Total Direct Debt		$28,160,000	
Estimated Overlapping Debt		14,776,700	(c)
Direct and Estimated Overlapping Debt		$42,936,700	
Direct Debt Ratios:	***Est. 9/1/2018 A.V.***	***2018 A.V.***	
Direct Debt to Value	9.27%	10.92%	
Direct & Estimated Overlapping Debt to Value	14.14%	16.65%	
2017 Tax Rate per $100 of Assessed Value			
Debt Service		$0.750	
Maintenance		0.000	
Total		$0.750	
	Current	***Total***	
2017 Tax Collection Percentage	97.37%	100.29%	
Five-Year Average (2013/2017) Collection Percentage	96.95%	102.01%	
Average Annual Debt Service Requirements (2019/45)		$1,793,915	
Maximum Annual Debt Service Requirements (2045)		$1,813,950	
Tax Rate Required to pay such Requirements at 97% Collection	***Est. 9/1/2018 A.V.***	***2018 A.V.***	
Average (2019/2045)	$0.610	$0.717	
Maximum (2045)	$0.616	$0.725	
Fund Balances as of September 19, 2018 (Cash & Investments)			
General Fund		$2,457,866	
Debt Service Fund		$1,375,780	
Capital Projects Fund		$2,643,001	

(a) Certified by the Harris County Appraisal District (the "Appraisal District"). See "TAX PROCEDURES."
(b) Provided by the Appraisal District for informational purposes only; represents the estimate of the taxable value of all taxable property located within the District as of September 1, 2018. This estimated value is provided for informational purposes only. Taxes will be levied against the final assessed valuation in the District following the resolution of protests and other adjustments. See "TAX PROCEDURES."
(c) See "DISTRICT DEBT--Estimated Overlapping Debt."

GREENWOOD UTILITY DISTRICT
$7,920,000
WATERWORKS AND SEWER SYSTEM COMBINATION
UNLIMITED TAX AND REVENUE BONDS, SERIES 2018

This Official Statement of Greenwood Utility District (the "District") is provided to furnish certain information with respect to the sale by the District of its $7,920,000 Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 2018 (the "Bonds"). The Bonds are issued pursuant to the Texas Constitution, the general laws of the State of Texas and an order authorizing the issuance of the Bonds (the "Bond Order") adopted by the Board of Directors of the District (the "Board"), Article XVI, Section 59 of the Texas Constitution and Chapters 49 and 54 of the Texas Water Code, as amended. See "THE BONDS."

This Official Statement includes descriptions of the Bonds, the Bond Order and certain other information about the District. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document, copies of which may be obtained by contacting the District, c/o Radcliffe Bobbitt Adams Polley PLLC, located at 2929 Allen Parkway, Suite 3450, Houston, Texas 77019-7120.

THE BONDS

Description

The following is a description of some of the terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Bond Order. A copy of the Bond Order may be obtained upon request to the District and payment of the applicable copying charges.

The Bonds will mature on August 1 of the years and in principal amounts, and will bear interest from November 1, 2018, at the rates per annum, set forth on the inside cover page of this Official Statement. Interest on the Bonds will be payable on February 1, 2019, and semiannually thereafter on each August 1 and February 1 thereafter until the earlier of maturity or redemption. Principal of and interest on the Bonds will be payable to Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"), by the paying agent/registrar, initially UMB Bank n.a., Austin, Texas (the "Paying Agent/Registrar"). Cede & Co. will make distribution of the principal and interest so paid to the beneficial owners of the Bonds. For so long as DTC shall continue to serve as securities depository for the Bonds, all transfers of beneficial ownership interest will be made by book-entry only and no investor or other party purchasing, selling or otherwise transferring beneficial ownership of the Bonds is to receive, hold or deliver any Bond certificate.

If at any time, DTC ceases to hold the Bonds as securities depository, then principal of the Bonds will be payable to the registered owner at maturity or redemption upon presentation and surrender at the principal payment office of the Paying Agent/Registrar. Interest on the Bonds will be payable by check, dated as of the interest payment date, and mailed by the Paying Agent/Registrar to the registered owners as shown on the records of the Paying Agent/Registrar at the close of business on the 15th day of the month next preceding the interest payment date (the "Record Date"). The Bonds of each maturity will be issued in fully-registered form only in the principal amount of $5,000 or any integral multiple thereof.

If the specified date for any payment of principal (or redemption price) or interest on the Bonds shall be a Saturday, Sunday or legal holiday or equivalent (other than a moratorium) for banking institutions generally in the City of Houston, Texas, such payment may be made on the next succeeding date which is not one of the foregoing days without additional interest and with the same force and effect as if made on the specified date for such payments.

Use of Proceeds

Proceeds of the Bonds will be used to reimburse two developers for water, sewer and drainage facilities serving Hidden Meadow, Sections 6, 13 and 15 and Bavaria Sections 1, 4, 5 and 6; clearing and grubbing for Hidden Grove, Evergreen Villas Section 1, Hidden Meadows Phase II and Sections 13, 15, 16 and 17; paving for Hidden Meadows Sections 6, 13 and 15; and associated engineering and technical services. Proceeds will also be used for an upgrade to Water Plant No. 2; land purchase and appraisal fees; two years' interest on funds advanced by developers; and to pay the costs of issuance of the Bonds.

The estimated costs outlined below have been provided by A & S Engineers, Inc., Houston, Texas, the District's consulting engineer (the "Engineer"), and reflect those costs approved by the Texas Commission on Environmental Quality ("TCEQ"). *Amounts indicated below may not add due to rounding.*

Construction Costs	
Developer Items	
Hidden Grove Sec 1 Clearing & Grubbing	$15,497
Hidden Meadow Phase II Clearing & Grubbing	81,655
Hidden Meadow Sect 13, 15, 16 & 17 Clearing & Grubbing	54,640
Bavaria Sec 6 Clearing & Grubbing	23,400
Hidden Meadow Sec 6 Water, Sewer & Drainage	816,955
Hidden Meadow Sec 6 Paving	21,250
Hidden Meadow Sec 13 & 15 Water, Sewer & Drainage	632,156
Hidden Meadow Sec 13 & 15 Paving	28,836
Bavaria Sec 1 Water, Sewer, Drainage & Detention	331,222
Bavaria Sec 4 & 5 Water, Sewer & Drainage	1,026,501
Bavaria Sec 6 Water, Sewer & Drainage	623,891
Engineering & Technical Services	1,150,356
Total Developer Items	$4,806,359
District Items:	
Water Plant No. 2 Upgrade	$410,000
Contingency (10%)	41,000
Land Purchase Costs	1,211,429
Land Appraisal Fee	18,500
Total District Items	$1,680,929
Total Construction Costs	$6,487,288
Non-Construction Costs	
Legal Fees	$198,000
Financial Advisor	101,700
Developer Interest (5.50%)	773,274
TCEQ Fee	19,800
Discount (3.00%)	237,600
Attorney General (0.10%)	7,920
Bond Application Report	70,000
Cost of Issuance	24,418
Total Non-Construction Costs	$1,432,712
The Bonds	$7,920,000

In the instance that approved estimated amounts exceed actual costs, the difference comprises a surplus which may be expended for uses approved by the TCEQ. In the instance that actual costs exceed previously approved estimated amounts and contingencies, additional TCEQ approval and the issuance of additional bonds may be required. The Engineer has advised the District that the proceeds of the sale of the Bonds should be sufficient to pay the costs of the above-described facilities; however, the District cannot and does not guarantee the sufficiency of such funds for such purposes.

Mandatory Redemption

The Bonds maturing August 1 in the years 2032, 2034, 2036, 2038, 2040 and 2045 (the "Term Bonds") are subject to mandatory redemption in part prior to maturity in the amounts and on the dates set out below, at a price equal to the principal amount to be redeemed plus accrued interest to the redemption date:

Redemption Date		***Principal Amount***
	$335,000 Term Bonds Due August 1, 2032	
August 1, 2031		$165,000
August 1, 2032 (maturity)		170,000
	$37,000 Term Bonds Due August 1, 2034	
August 1, 2033		$185,000
August 1, 2034 (maturity)		190,000
	$410,000 Term Bonds Due August 1, 2036	
August 1, 2035		$200,000
August 1, 2036 (maturity)		210,000
	$455,000 Term Bonds Due August 1, 2038	
August 1, 2037		$220,000
August 1, 2038 (maturity)		235,000
	$505,000 Term Bonds Due August 1, 2040	
August 1, 2039		$245,000
August 1, 2040 (maturity)		260,000
	$4,260,000 Term Bonds Due August 1, 2045	
August 1, 2041		$265,000
August 1, 2042		290,000
August 1, 2043		305,000
August 1, 2044		1,660,000
August 1, 2045 (maturity)		1,740,000

The particular Term Bonds to be mandatorily redeemed shall be selected by lot or other customary random selection method. The principal amount of the Term Bonds of a maturity required to be redeemed pursuant to the operation of such mandatory redemption requirements shall be reduced, at the option of and as determined by the District, by the principal amount of any Term Bonds of such maturity which, at least 45 days prior to such mandatory redemption, (1) shall have been acquired by the District and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the District, or (3) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory redemption requirement.

Optional Redemption

The District reserves the right, at its option, to redeem the Bonds maturing on or after August 1, 2025, in whole or in part in principal amounts of $5,000 or any integral multiple thereof on August 1, 2024, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. If less than all of the Bonds are to be redeemed, the Paying Agent/Registrar shall select by lot those Bonds to be redeemed.

At least thirty (30) days prior to the date fixed for any such redemption a written notice of such redemption shall be given to the registered owner of each Bond or a portion thereof being called for redemption by depositing such notice in the United States mail, first class, postage prepaid, addressed to each such registered owner at his address shown on the registration books of the Paying Agent/Registrar; provided, however, that the failure to receive such notice shall not affect the validity or effectiveness of the proceedings for the redemption of any Bond. By the date fixed for any such redemption due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Bonds or the portions thereof which are to be so redeemed, plus accrued interest to the date fixed for redemption. If a portion of any Bond shall be redeemed, a substitute Bond having the same maturity date, bearing interest at the same rate, in any integral multiple of $5,000, and in aggregate principal amount equal to the unredeemed position thereof, will be issued to the registered owner upon the surrender of the Bonds being redeemed, at the expense of the District, all as provided for in the Bond Order.

Book-Entry-Only System

This section describes how ownership of the Bonds are to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by DTC, while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

The District cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for the Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is a holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through DTC Participants, which will receive a credit for such purchases on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct or Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interest in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the District or Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, Paying Agent/Registrar or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or Paying Agent/Registrar, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the District or Paying Agent/Registrar. Under such circumstances, in the event that a successor securities depository is not obtained, Bonds are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bonds will be printed and delivered.

Use of Certain Terms in Other Sections of this Official Statement. In reading this Official Statement it should be understood that while the Bonds are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Bond Order will be given only to DTC. Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the District, the Financial Advisor, nor the Underwriter.

Registration and Transfer

The Bonds will be transferable only on the bond register kept by the Paying Agent/Registrar upon surrender and reissuance. The Bonds are exchangeable for an equal aggregate principal of Bonds of the same maturity and of any authorized denomination upon surrender of the Bonds to be exchanged at the principal office of the Paying Agent/Registrar in Austin, Texas. No service charge will be made for any registration, transfer or exchange of Bonds, but the District or the Paying Agent/Registrar may require payment of a sum sufficient to cover any tax or governmental charge payable in connection therewith. Neither the District nor the Paying Agent/Registrar is required to issue, transfer or exchange any Bond during the period beginning at the opening of business on a Record Date and ending at the close of business on the next succeeding interest payment date or to transfer or exchange any Bond selected for redemption, in whole or in part, beginning 15 calendar days prior to the date of the first mailing of any notice of redemption and ending at the close of business on the date of such mailing, or to transfer or exchange any Bond called for redemption during the thirty (30) day period prior to the date fixed for redemption of such Bond.

Ownership

The District, the Paying Agent/Registrar and any agent of either may treat the person in whose name any Bond is registered as the absolute owner of such Bond for the purpose of receiving payment of the principal and the interest thereon, and for all other purposes, whether or not such Bond is overdue. Neither the District, the Paying Agent/Registrar nor any agent of either shall be bound by any notice or knowledge to the contrary. All payments made to the person deemed to be the owner of any Bond in accordance with the Bond Order shall be valid and effective and shall discharge the liability of the District and the Paying Agent/Registrar for such Bond to the extent of the sums paid.

Source of and Security for Payment

The Bonds and the Outstanding Bonds (as hereinafter defined) (together with any additional unlimited tax or combination unlimited tax bonds as may hereafter be issued) are payable as to principal and interest from the proceeds of a continuing, direct, annual ad valorem tax without legal limitation as to rate or amount, levied against all taxable property located within the District. In the Bond Order, the District covenants to levy annually a tax sufficient in amount to pay principal of and interest on the Bonds, full allowance being made for delinquencies and costs of collection. Collected taxes will be placed in the District's debt service fund and used solely to pay principal and interest on the Bonds, the Outstanding Bonds and on any additional bonds payable from taxes which may be issued. See "Issuance of Additional Debt" below.

The Bonds are further payable from and secured by a pledge of and lien on certain Net Revenues, if any, of the District's waterworks, sanitary sewer and drainage system (the "System"). "Net Revenues" are defined in the Bond Order as all income or increment which may grow out of the ownership and operation of the District's System, less such funds as reasonably may be required to provide for the administration, efficient operation and adequate maintenance of the District's plants, facilities and improvements. It is not expected that the Net Revenues from the District's System will ever be used to pay debt service on the Bonds. The Net Revenues are dependent upon the sale of water and sewer services to users in the District, and no Net Revenues will be available if the costs of administering the District and the operations and maintenance costs of the System exceed the gross revenues from such sales.

Replacement of Paying Agent/Registrar

Provision is made in the Bond Order for the replacement of the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the District, the new paying agent/registrar shall act in the same capacity as the previous Paying Agent/Registrar. In order to act as Paying Agent/Registrar for the Bonds, any paying agent/registrar selected by the District shall be a national or state banking institution, organized and doing business under the laws of the United States of America or of any State, authorized under such laws to exercise trust powers, and subject to supervision or examination by federal or state authority.

Authority for Issuance

A total of $83,420,000 in unlimited tax and revenue bonds for waterworks, sanitary sewer and drainage facilities was authorized at elections held within the District for that purpose on December 23, 1969, March 1, 1997, March 3, 2003 and September 11, 2004. After issuance of the Bonds, an aggregate of $49,945,000 principal amount of unlimited tax and revenue bonds will remain authorized but unissued. Additionally, unlimited tax refunding bonds in the amount of 150% of the remaining outstanding bonds have been authorized by the District's voters. See "Issuance of Additional Debt." Pursuant to an election held in and for the District on November 3, 2015, the District also has $3,105,000 in authorized but unissued bonds for parks and recreational facility purposes.

The Bonds are issued pursuant to the Bond Order; Chapters 49 and 51 of the Texas Water Code, as amended; Chapter 1201, Texas Government Code, as amended; and Article XVI, Section 59 of the Texas Constitution.

Outstanding Debt

The District has previously issued and has outstanding its $3,155,000 Unlimited Tax Bonds, Series 2010 (the "Series 2010 Bonds"); $5,900,000 Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds, Series 2015 (the "Series 2015 Refunding Bonds"); $5,155,000 Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 2015 (the "Series 2015 Bonds"); $7,195,000 Waterworks and Sewer System Combination Unlimited Tax Bonds, Series 2017 (the "Series 2017 Bonds"); and $2,410,000 Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds, Series 2018 (the "Series 2018 Refunding Bonds").

As of October 1, 2018, $260,000 of the Series 2010 Bonds; $5,570,000 of the Series 2015 Refunding Bonds; $4,915,000 of the Series 2015 Bonds ; $7,085,000 of the Series 2017 Bonds; and $2,410,000 of the 2018 Refunding Bonds remain outstanding (collectively, the "Outstanding Bonds"). All other previously issued bonds of the District have been retired. The District has timely made all payments due on the Outstanding Bonds.

Issuance of Additional Debt

The District may issue additional bonds to provide those improvements for which the District was created. Following the issuance of the Bonds, $49,945,000 unlimited tax and revenue bonds for waterworks, sanitary sewer and drainage facilities authorized by the District's voters will remain unissued. Pursuant to an election held in and for the District on November 3, 2015, the District also has $3,105,000 in authorized but unissued bonds for parks and recreational facility purposes. The District expects to sell up to $12,000,000 in additional bonds within the next year.

According to the District's Engineer, the remaining authorized but unissued bonds will be sufficient to replace and renovate the utility system within the District for the next ten to fifteen years. Depending upon increases in assessed valuation of taxable property within the District and the amount, maturity schedule and time of issuance of such additional bonds, increases in the District's annual tax rate may be required to provide for the payment of the principal of and interest on such additional bonds and the Bonds. Additional tax bonds and/or tax and revenue bonds may be voted in the future. The Board is further empowered to borrow money for any lawful purpose and pledge the revenues of the waterworks and sewer system therefor and to issue bond anticipation notes and tax anticipation notes.

The Bond Order imposes no limitation on the amount of additional bonds which may be issued by the District. Any additional bonds issued by the District may be on a parity with the Bonds, and may dilute the security of the Bonds.

Defeasance

The Bond Order provides that the obligation of the District to make money available to pay the principal of and interest on the Bonds may be terminated by the deposit of money and/or non-callable direct or indirect obligations of the United States of America, sufficient for such purpose, in the manner described in the Bond Order.

Mutilated, Lost, Stolen or Destroyed Bonds

The District has agreed to replace mutilated, destroyed, lost or stolen Bonds upon surrender of the mutilated Bonds to the Paying Agent/Registrar, or receipt of satisfactory evidence of such destruction, loss or theft, and receipt by the District and Paying Agent/Registrar of security or indemnity as may be required by either of them to hold them harmless. The District may require payment of taxes, governmental charges and other expenses in connection with any such replacement.

Annexation and Consolidation

Under Texas law, the territory within the District may be annexed by the City of Houston, Texas (the "City") without the consent of the District. However, the City may annex the District only if (a) the City holds an election in the area to be annexed at which the qualified voters of the area may vote on the question of annexation and a majority of the votes received at the election approve the annexation, and (b) if the registered voters of the area do not own more than 50% of the land in the area, the City obtains consent to annex the area through a petition signed by more than 50% of the owners of land in the area. If annexation by the City does occur, the District would be abolished within 90 days after annexation. If the District is abolished, the City must assume the assets, functions and obligations of the District, including the Bonds. No representation is made concerning the likelihood of annexation of the ability of the City to make debt service payments should annexation occur.

The District has the right to consolidate with other districts and, in connection therewith, to provide for the consolidation of its water and sewer system (the “System”) with the water and sewer systems of the district or districts with which it is consolidating. Should any such consolidation occur, the net revenues from the operation of the consolidated system would be applied to the payment of principal, interest, redemption price and bank charges on the combination unlimited tax and revenue bonds of the District, if any, and of the district or districts with which the District is consolidated without prejudice to any series of bonds, except that bonds with subordinate liens on net revenues shall continue to be subordinate. No representations are made that the District will ever consolidate its utility system with other systems.

Amendments to the Bond Order

The District may, without the consent of or notice to any registered owners, amend the Bond Order in any manner not detrimental to the interests of the registered owners, including the curing of any ambiguity, inconsistency or formal defect or omission therein. In addition, the District may, with the written consent of the registered owners of a majority in aggregate principal amount of the Bonds then outstanding affected thereby, amend, add to or rescind any of the provisions of the Bond Order; provided that, without the consent of the registered owners of all of the Bonds affected, no such amendment, addition or rescission may (a) extend the time or times of payment of the principal of and interest (or accrual of interest) on the Bonds, or reduce the principal amount thereof or the rate of interest thereon or in any other way modify the terms of payment of the principal of or interest on the Bonds, (b) give preference of any Bond over any other Bond, or (c) extend any waiver of default to subsequent defaults. In addition, a state, consistent with federal law, may in the exercise of its police power make such modifications in the terms and conditions of contractual covenants relating to the payment of indebtedness of a political subdivision as are reasonable and necessary for attainment of an important public purpose.

Registered Owners' Remedies and Effects of Bankruptcy

The Bond Order provides that, in the event the District defaults in the observance or performance of any covenant in the Bond Order, including payment when due of the principal of and interest on the Bonds, any registered owner may apply for a writ of mandamus from a court of competent jurisdiction requiring the Board or other officers of the District to observe or perform any covenants, obligations or conditions prescribed by the Bond Order. Such right is in addition to other rights of the registered owners of the Bonds that may be provided by the laws of the State of Texas.

The Bond Order does not provide additional remedies to a registered owner. Specifically, the Bond Order does not provide for appointment of a trustee to protect and enforce the interests of the registered owners or for the acceleration of maturity of the Bonds upon the occurrence of a default in the District's obligations. Consequently, the remedy of mandamus may have to be relied upon from year to year by the registered owners.

Under Texas law, no judgment obtained against the District may be enforced by execution or a levy against the District's public purpose property. The registered owners cannot themselves foreclose on taxable property within the District or sell property within the District in order to pay principal of and interest on the Bonds. In addition, the enforceability of the rights and remedies of the registered owners may be subject to limitation pursuant to federal bankruptcy laws or other similar laws affecting the rights of creditors of political subdivisions.

Bankruptcy Limitation to Registered Owners' Rights

The enforceability of the rights and remedies of the registered owners may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. Subject to the requirements of Texas law, the District may voluntarily proceed under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. Sections 901-946, if the District: (1) is generally authorized to file for federal bankruptcy protection by State law; (2) is insolvent or unable to meet its debts as they mature; (3) desires to effect a plan to adjust such debt; and (4) has either obtained the agreement of or negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiation is impracticable. Under Texas law, a municipal utility district such as the District must obtain approval of the TCEQ prior to filing for bankruptcy. The TCEQ must investigate the financial condition of the District and will authorize the District to proceed only if the TCEQ determines that the District has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

If the District decides in the future to proceed voluntarily under the Federal Bankruptcy Code, the District would develop and file a plan for the adjustment of its debts, and the Bankruptcy Court would confirm the District's plan if: (1) the plan complies with the applicable provisions of the Federal Bankruptcy Code; (2) all payments to be made in connection with the plan are fully disclosed and reasonable; (3) the District is not prohibited by law from taking any action necessary to carry out the plan; (4) administrative expenses are paid in full; and (5) the plan is in the best interests of creditors and is feasible. If such a plan were confirmed by the bankruptcy court, it could, among other things, affect a registered owner by reducing or eliminating the amount of indebtedness, deferring or rearranging the debt service schedule, reducing or eliminating the interest rate, modifying or abrogating collateral or security arrangements, substituting (in whole or in part) other securities, and otherwise compromising and modifying the rights and remedies of such registered owner's claim against the District.

Legal Investment and Eligibility to Secure Public Funds in Texas

Pursuant to Chapter 1201, Texas Government Code, and Section 49.186 Texas Water Code, the Bonds, whether rated or unrated, are (a) legal investments for banks, trust companies, building and loan associations, savings and loan associations, insurance companies of all kinds and types, fiduciaries, and trustees, and (b) legal investments and lawful security for the public funds of the State, and all agencies, subdivisions, and instrumentalities of the State, including all counties, cities, towns, villages, school districts, and other political subdivisions or public agencies of the State of Texas. The Bonds are also eligible under the Public Funds Collateral Act, Chapter 2257, Texas Government Code, to secure deposits of public funds of the State of Texas or any political subdivision or public agency of the State of Texas and are lawful and sufficient security for those deposits to the extent of their market value.

Most political subdivisions in the State of Texas are required to adopt investment guidelines under the Public Funds Investment Act, Chapter 2256, Texas Government Code, and such political subdivisions may impose a requirement consistent with such act that the Bonds have a rating of not less than "A" or its equivalent to be legal investments for such entity's funds. The District makes no representation that the Bonds will be acceptable to banks, savings and loan associations or public entities for investment purposes or to secure deposits of public funds. The District has made no investigation of other laws, regulations or investment criteria which might apply to or otherwise limit the suitability of the Bonds for investment or collateral purposes. Prospective purchasers are urged to carefully evaluate the investment quality of the Bonds as to the suitability of the Bonds for investment or collateral purposes.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company ("BAM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard and Poor's Financial Services LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of June 30, 2018 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $519.5 million, $99.3 million and $420.2 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE."

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at buildamerica.com/creditinsights/. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at buildamerica.com/obligor/. BAM will produce an Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

THE DISTRICT

Description

The District was created as a water control and improvement district by Acts of the 61st Legislature of the State of Texas, Regular Session, 1969, codified as Article 8280-452, Texas Revised Civil Statutes, effective June 11, 1969. On May 14, 1979, by order of the Texas Water Commission, predecessor to the TCEQ, the District was converted to a municipal utility district, vested with all of the rights, privileges, authority, and functions conferred by the general laws of the State applicable to municipal utility districts, including without limitation those conferred by Chapters 49 and 54, Texas Water Code, as amended. The District is empowered to purchase, construct, operate, acquire, own, and maintain all water and wastewater facilities, improvements and the control and diversion of storm water, as well as parks and recreational facilities. The District is additionally empowered to establish, operate and maintain a fire department, independently or with one or more other conservation and reclamation districts, and to issue bonds for such purposes, after approval by the City of Houston and the TCEQ and the District's voters of the District's plans in such regard. The District is subject to the continuing supervisory jurisdiction of the TCEQ.

Management of the District

The District is governed by the Board of Directors, consisting of five directors, which has management control over and management supervision of all affairs of the District. Three of the Directors reside within the District; the other Directors own property within the District, but reside elsewhere. Directors are elected to serve four-year staggered terms. Elections are held within the District in May of each odd-numbered year. The current members and officers of the Board are as follows:

Name	***Title***	***Term Expires***
Billy O’Neill	President	2019
Gary Flight	Vice President	2021
John Wisener	Secretary	2021
Robert Primeaux	Assistant Secretary	2019
David Alamia	Director	2021

Consultants and Other Services

The District contracts for the services indicated below:

Auditor - The District's annual financial statements as of December 31, 2017 have been prepared by McCall Gibson Swedlund Barfoot PLLC, Certified Public Accountants. See "APPENDIX A" for a copy of the District's December 31, 2017 audited financial statements.
Bond Counsel - The District employs Radcliffe Bobbitt Adams Polley PLLC, Houston, Texas, as Bond Counsel in connection with the issuance of the Bonds. The legal fees to be paid to Bond Counsel for services rendered in connection with the issuance of the Bonds are based on a percentage of Bonds actually issued and sold; and therefore, such fees are contingent on the sale and delivery of the Bonds. See "LEGAL MATTERS.”

Financial Advisor - The District's financial advisor is Blitch Associates, Inc., Houston, Texas.

Engineer - The consulting engineer for the District is A & S Engineers, Inc., Houston, Texas.

Operator - The District’s System is operated by Municipal District Services, Cypress, Texas.

Bookkeeper - The District’s bookkeeper is Municipal Accounts & Consulting, L.P., Houston, Texas.

Tax Assessor/Collector - The District's Tax Assessor/Collector is Assessments of the Southwest, Inc., Friendswood, Texas.

THE DEVELOPERS

The Role of Developers

In general, the activities of a developer in a municipal utility district, such as the District, include purchasing the land within a district, designing the subdivision, designing the utilities and streets to be constructed in the subdivision, designing any community facilities to be built, defining a marketing program and building schedule, securing necessary governmental approvals and permits for development, arranging for the construction of roads and the installation of utilities, and selling improved lots and commercial reserves to builders and other developers or other third parties. A developer can be required to pay up to 30% of the cost of constructing certain water, wastewater and drainage facilities in a district pursuant to the rules of the TCEQ. The relative success or failure of a developer to perform such activities in development of the property within a district may have a profound effect on the security of the bonds issued by a district. A developer is generally under no obligation to a district to develop the property which it owns in a district. Furthermore, there is no restriction on a developer's right to sell any or all of the land which the developer owns within a district.

Description of the Developers

The District is being developed by Century Land Holdings of Texas, LLC ("Century"), Camcorp Interests, Ltd. ("Camcorp"), Evergreen Villas, Ltd. ("Evergreen") and RES Development L.P. ("RES"), collectively, the "Developers".

Century is responsible for the development of the remaining Hidden Meadow subdivisions in the District and has completed development of Hidden Meadow Sections 1 through 6, consisting of 508 lots.

Camcorp is responsible for the development of the Bavaria and has completed development of Bavaria Sections 1 through 6.

Evergreen is responsible for the development of Evergreen Villas and has completed Section 1.

RES is responsible for the development of Tidwell Lakes and has completed Sections 1, 2 and 9.

Development Within The District

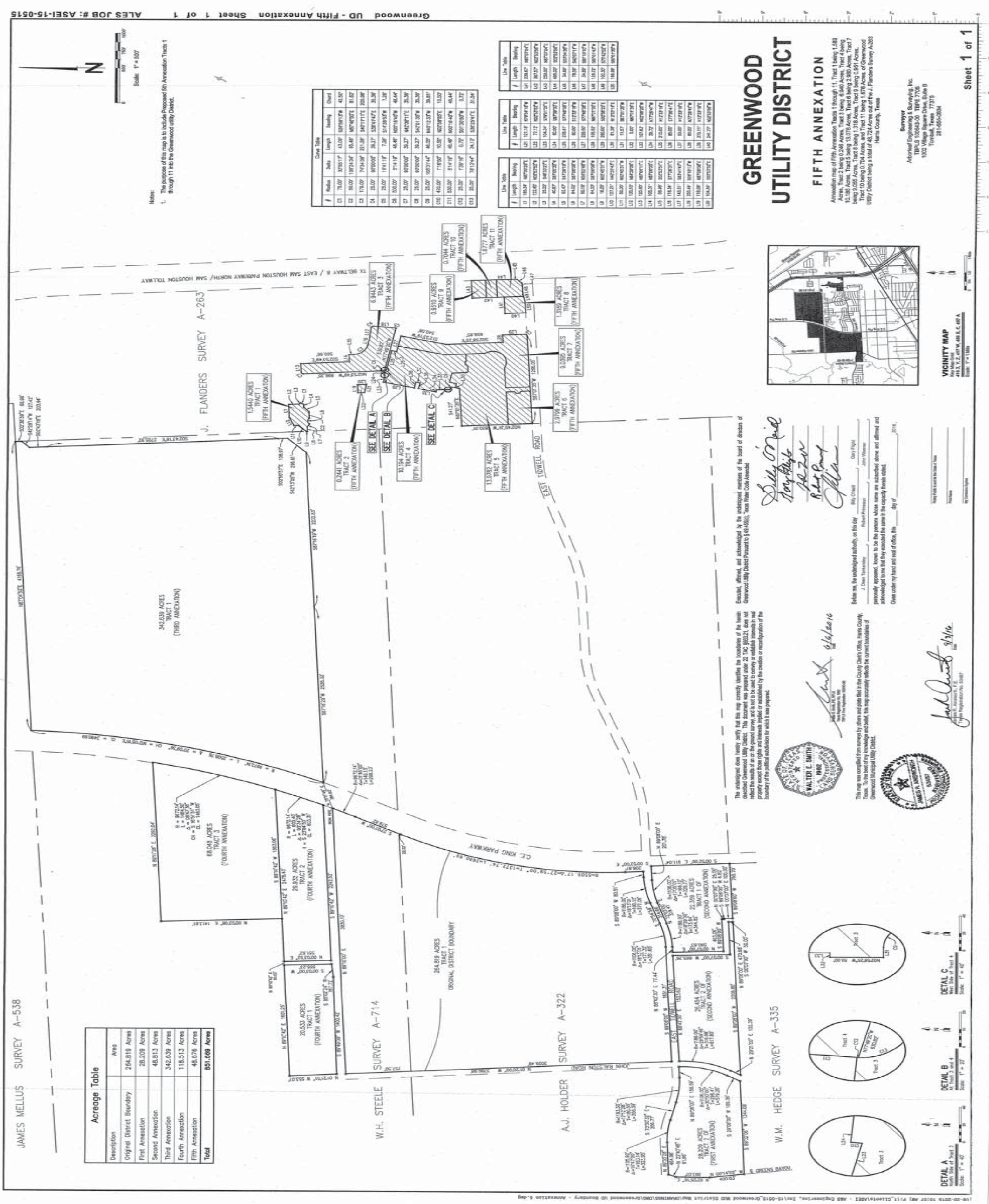
The District is being developed primarily as a single-family residential subdivision. As of September 2018, the District served 2,221 single-family homes, 281 homes under construction, 2 multi-family units, 14 commercial and 53 other accounts. Current building activity is taking place in Hidden Meadow, Sections 7, 8, 13 and 15; in Bavaria, Section 1 through 6; and in Evergreen Villas, Sections 1 through 3.

Status of Development

Current status of development within the District as of September 1, 2018 is summarized below:

	Acreage	*Platted Lots or ESFCs*	*Complete*
Residential			
Parkway, Sections 1-3	112.81	654	631
Greenwood Mobile Home Park	13.04	106	75
King Ranch Trailer Park	30.00	170	170
Hidden Meadow, Section 1/6, 13 & 15	137.40	616	616
Hidden Meadow, Section 7	14.70	69	67
Hidden Meadow, Section 8	17.85	122	122
Hidden Meadow, Section 9	14.62	99	0
Hidden Meadow, Section 10	12.98	41	12
Hidden Meadow, Section 12	6.92	31	12
C.E. King Residential Lots	52.00	6	6
Bavaria, Sections 1/6	109.90	730	730
Evergreen, Section 1	23.80	124	124
Evergreen, Section 2	21.41	143	143
Evergreen, Section 3	21.51	136	136
Tidwell Lakes	48.68	165	150
	637.62	3,212	2,994
Multi-Family/Commercial			
Southlake Villa Apts (228 Units)	8.41	92	92
Various Commercial Tracts	4.41	85	85
Carroll Elementary School	13.18	26	26
Out of District			
8529 C E King/12333 Ticonderoga		29	29
8514 C E King		21	21
District Facilities		5	5
		3,470	3,252

Boundary Map of the District



Land Use Plan of the District

Photographs Taken in the District (September 2018)


AutoZone
AutoZone


Popeyes
Popeyes

DISTRICT DEBT

Debt Statement

2018 Taxable Assessed Valuation (100% of Market Value)		$257,951,989	(a)
Estimated Taxable Valuation as of September 1, 2018		$303,634,748	(b)
Direct Debt			
Outstanding Bonds (As of October 1, 2018)		$20,240,000	
The Bonds		7,920,000	
Total Direct Debt		$28,160,000	
Estimated Overlapping Debt		14,776,700	(c)
Direct and Estimated Overlapping Debt		$42,936,700	
Direct Debt Ratios:	***Est. 9/1/2018 A.V.***	***2018 A.V.***	
Direct Debt to Value	9.27%	10.92%	
Direct & Estimated Overlapping Debt to Value	14.14%	16.65%	
Average Annual Debt Service Requirements (2019/45)		$1,793,915	
Maximum Annual Debt Service Requirements (2045)		$1,813,950	
Fund Balances as of September 19, 2018 (Cash & Investments)			
General Fund		$2,457,866	
Debt Service Fund		$1,375,880	
Capital Projects Fund		$2,643,001	

(a) Certified by the Harris County Appraisal District (the "Appraisal District"). See "TAX PROCEDURES."
(b) Provided by the Appraisal District for informational purposes only; represents the estimate of the taxable value of all taxable property located within the District as of September 1, 2018. This estimated value is provided for informational purposes only. Taxes will be levied against the final assessed valuation in the District following resolution of protests and other adjustments. See "TAX PROCEDURES."
(c) See "Estimated Overlapping Debt," below.

Estimated Overlapping Debt

The following table indicates the indebtedness, defined as outstanding bonds payable from ad valorem taxes, of governmental entities within which the District is located and the estimated percentages and amounts of such indebtedness attributable to property within the District. This information is based upon data secured from the individual jurisdiction and/or the Texas Municipal Reports. Such figures do not indicate the tax burden levied by the applicable taxing jurisdictions for operation and maintenance or for other purposes. See "TAX DATA--Estimated Overlapping Taxes."

Jurisdiction	*Debt As Of Oct. 1, 2018*	*Overlapping Percent*	*Overlapping Amount*
Harris County (a)(b)	$2,299,408,022	0.042%	$965,751
Harris Co Department of Education	6,555,000	0.042%	2,753
Harris Co Flood Control District	83,075,000	0.042%	34,892
Harris Co Hospital District	59,490,000	0.042%	24,986
Port of Houston Authority	593,754,397	0.042%	249,377
San Jacinto Community College District	381,881,805	0.356%	1,359,499
Sheldon Independent School District	368,979,996	3.290%	12,139,442
Estimated Overlapping Debt			$14,776,700
The District (including the Bonds)			28,160,000
Total Direct & Estimated Overlapping Debt			$42,936,700

(a) Includes $248,650,000 Toll Tax and Subordinate Lien Road Bonds, which have historically been paid from revenues but not taxes.
(b) Includes $443,095,000 Flood Control Contract Bonds, payable from Harris County tax funds.

Debt Service Schedule

The following sets forth the debt service requirements on the District's Outstanding Bonds and the Bonds (*Note: Totals may not add due to rounding*):

Year	***Outstanding Debt Service***	***Principal***	***Interest***	***Total D/S***	***Grand Total Debt Service***
2019	$1,365,055	$155,000	$260,161	$415,161	$1,780,216
2020	1,353,160	105,000	342,231	447,231	1,800,391
2021	1,352,195	110,000	339,081	449,081	1,801,276
2022	1,350,493	110,000	335,781	445,781	1,796,274
2023	1,351,413	120,000	332,481	452,481	1,803,894
2024	1,352,903	125,000	325,881	450,881	1,803,784
2025	1,347,660	130,000	319,006	449,006	1,796,666
2026	1,351,278	130,000	311,856	441,856	1,793,134
2027	1,348,023	140,000	304,703	444,706	1,792,729
2028	1,353,010	145,000	297,006	442,006	1,795,016
2029	1,346,260	150,000	289,031	439,031	1,785,291
2030	1,347,498	160,000	280,781	440,781	1,788,279
2031	1,347,510	165,000	271,981	436,981	1,784,491
2032	1,350,910	170,000	263,731	433,731	1,784,641
2033	1,342,885	185,000	255,231	440,231	1,783,116
2034	1,343,710	190,000	245,981	435,981	1,779,691
2035	1,346,855	200,000	236,481	436,481	1,783,336
2036	1,348,275	210,000	228,481	438,481	1,786,756
2037	1,342,955	220,000	220,081	440,081	1,783,036
2038	1,335,955	235,000	211,281	446,281	1,782,236
2039	1,352,230	245,000	201,881	446,881	1,799,111
2040	1,351,310	260,000	191,775	451,775	1,803,085
2041	1,353,500	265,000	181,050	446,050	1,799,550
2042	1,345,000	290,000	169,788	459,788	1,804,788
2043	1,344,000	305,000	157,463	462,463	1,806,463
2044	0	1,660,000	144,500	1,804,500	1,804,500
2045	0	1,740,000	73,950	1,813,950	1,813,950
	$33,724,040	$7,920,000	$6,791,661	$14,711,661	$48,435,701

Average Annual Debt Service (2019/2045)	$ 1,793,915
Maximum Annual Debt Service (2045)	$ 1,813,950

TAX PROCEDURES

Authority To Levy Taxes

The Board is authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District in sufficient amount to pay the principal of and interest on the District's Outstanding Bonds, the Bonds and any additional bonds payable from taxes which the District may hereafter issue, and to pay the expenses of assessing and collecting such taxes. The Board also is authorized to levy and collect annual ad valorem taxes for the administration, operation and maintenance of the District and its properties and for the payment of certain contractual obligations other than bonds if such taxes are authorized by vote of the District's electors at an election. The District has not been authorized by the voters to levy a maintenance tax.

Exempt Property

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes, and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District; however, no effort is expected to be made to levy taxes against tangible or intangible personal property not devoted to commercial or industrial use. Principal categories of exempt real property include property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; non-profit cemeteries; certain household goods, family supplies and personal effects; and certain property owned by qualified charitable, religious, veterans, youth, fraternal, or educational organizations. Property owned by a disabled veteran or by the spouse or certain children of a deceased disabled veteran or a veteran who died while on active duty is exempt to between $5,000 and $12,000 depending on the disability rating of the veteran. State law further mandates a complete exemption for the residential homestead of disabled veterans determined to be 100% disabled by the U.S. Department of Veterans Affairs. Subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled such exemption on the same property to which the disabled veteran's exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. Also, the surviving spouse of a member of the armed forces who was killed in action is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. Subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. Finally, the surviving spouse of a first responder who is killed or fatally injured in the line of duty is entitled to an exemption of the total appraised value of the surviving spouse's residence homestead if the surviving spouse has not remarried since the first responder's death, and said property was the first responder's residence homestead at the time of death. Such exemption would be transferred to a subsequent residence homestead of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received.

If approved by the Board or through a process of petition and referendum by the District's voters, residence homesteads of certain persons who are disabled or at least 65 years old are exempt to the extent of $3,000 or such higher amount, as the Board or the District's voters may approve. The District's tax assessor is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax-supported debt incurred prior to adoption of the exemption by the District. The District currently grants a $3,000 homestead exemption to persons who are 65 years of age or older and to disabled homestead owners.

The Board also may exempt up to 20% of the market value of residential homesteads from ad valorem taxation. Such exemption would be in addition to any other applicable exemptions provided by law. However, if ad valorem taxes have previously been pledged for the payment of debt and the granting of the homestead exemption would impair the obligation or the contract by which the debt was created, then the Board may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged. The Board currently grants no percentage homestead exemption.

Harris County may designate all or part of the area within the District as a reinvestment zone, and the District, Harris County, Sheldon Independent School District, San Jacinto Community College District or the City of Houston may thereafter enter into tax abatement agreements with owners of real property within the zone. The tax abatement agreements may exempt from ad valorem taxation by the applicable taxing jurisdiction, for a period of up to 10 years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed, on the condition that the property owner make specified improvements or repairs to the property in conformity with a comprehensive plan. According to the District's Tax Assessor/Collector, none of the area within the District has been designated as a reinvestment zone to date.

Appraisal of Taxable Property

The Texas Property Tax Code (the "Property Tax Code") establishes an appraisal district and an appraisal review board in each county of the State of Texas. The appraisal district is governed by a board of directors which is elected by the governing bodies of cities, towns, the county, school districts and, if entitled to vote, the conservation and reclamation districts that participate in the appraisal district, and of the county. The board of directors selects a chief appraiser to manage the appraisal office of the appraisal district. All taxing units within Harris County, including the District, are included in the Harris County Appraisal District (the "Appraisal District"). The Appraisal District is responsible for appraising property within the District, subject to review by the Harris County Appraisal Review Board (the "Appraisal Review Board"). The appraisal roll approved by the Appraisal Review Board must be used by the District in establishing its tax rolls and tax rate. The valuation and assessment of taxable property within the District is governed by the Property Tax Code.

Assessment and Levy

Generally, all taxable property in the District (other than any qualifying agricultural or timber land) must be appraised at 100% of market value as of January 1 of each tax year, subject to review and approval by the Appraisal Review Board. However, houses held for sale by a developer or builder which remain unoccupied, are not leased or rented, and produce no income are required to be assessed at the price for which they would sell as a unit to a purchaser who would continue the owner's business. Valuation of houses at inventory level in future years could reduce the assessed value of developer and builder house inventory within the District. Certain land may be appraised at less than market value under the Property Tax Code. Upon application of a landowner, land which qualifies as "open-space land" is appraised based on the category of land, agriculture and hunting or recreational leases. Once an appraisal roll is prepared and approved by the Appraisal Review Board, it is used by the District in establishing its tax rate.

The Property Tax Code requires the Appraisal District to implement a plan for periodic reappraisal of property to update appraised values. The plan must provide for appraisal of all real property in the Appraisal District at least once every three (3) years. It is not known what frequency of reappraisal will be utilized by the Appraisal District or whether reappraisals will be conducted on a zone or county-wide basis. The District at its expense has the right to obtain from the Appraisal District a current estimate of appraised values within the District or an estimate of any new property or improvements within the District. While such current estimate of appraised values may serve to indicate the rate and extent of growth of taxable values within the District, it cannot be used for establishing a tax rate within the District until such time as the Appraisal District chooses formally to include such values on its appraisal roll.

The chief appraiser must give written notice to each owner if the appraised value of his property is greater than it was in the preceding year, if the appraised value of the property is greater than the value rendered by the property owner, or if the property was not on the appraisal roll in the preceding year. In addition, the chief appraiser must give written notice to each property owner whose property was reappraised in the current year or if ownership of the property changed during the preceding year. The Appraisal Review Board has the ultimate responsibility for determining the value of all taxable property within the District; however, any owner who has timely filed notice with the Appraisal Review Board may appeal the final determination by the Appraisal Review Board by filing suit in Texas district court. Prior to such appeal and prior to the delinquency date, however, the owner must pay the tax due on the amount of value of the property involved that is not in dispute or the amount of tax paid in the prior year, whichever is greater, or the amount of tax due under the order from which the appeal is taken. In the event of such suit, the value of the property is determined by the court, or a jury if requested by any party. Additionally, the District is entitled to challenge certain matters before the Appraisal Review Board, including the level of appraisals of a certain category of property, the exclusion of property from the appraisal records, or the grant in whole or in part of a partial exemption. The District may not, however, protest a valuation of individual property.

The rate of taxation is set by the Board of the District based upon the valuation of property within the District as of the preceding January 1 and based upon the amount required to be raised for debt service, maintenance purposes and authorized contractual obligations.

The District is responsible for the levy and collection of its taxes and will continue to do so unless the Board or the qualified voters of the District or of Harris County at an election held for such purpose determines to transfer such functions to the Appraisal District or another taxing unit.

The District is required to publish a notice of, and hold a public hearing on the tax rate proposed to be levied in the current year. The notice must set forth a comparison of the tax rate proposed for the current year to the tax rate set in the preceding year. If the proposed combined debt service, operation and maintenance and contract tax rates imposes a tax more than 1.08 times the amount of tax imposed in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead, disregarding any homestead exemption available to the disabled or persons 65 years of age or older, the qualified voters of the taxing jurisdiction by petition of ten percent of the registered voters in the taxing jurisdiction may require that an election be held to determine whether to reduce the operation and maintenance tax to the rollback tax rate.

Collection

Taxes are due on receipt of the tax bill and generally become delinquent after January 31 of the following year. However, a person over 65 years of age is entitled by law to pay current taxes on his residence homestead in installments or to defer taxes without penalty during the time he owns and occupies the property as his residence homestead. The date of the delinquency of a tax bill may be postponed if the tax bill is mailed after January 10. Delinquent taxes are subject to a 6% penalty for the first month of delinquency, 1% for each month thereafter to June 30 and 12% total if any taxes are unpaid on July 1. Delinquent taxes also accrue interest at the rate of 1% per month during the period they remain outstanding. In addition, if the District engages an attorney for collection of delinquent taxes, the Board may impose a further penalty not to exceed 20% on all taxes, penalty and interest unpaid on July 1.

Taxes levied by the District are a personal obligation of the person who owns or acquires the property on January 1 of the year for which the tax is imposed. The District has a statutory lien for unpaid taxes on real property against which the taxes are assessed. In the event a taxpayer fails to make timely payment of taxes due the District, the District may file suit to foreclose its lien securing payment of the tax, to enforce personal liability for the tax, or both. The District's tax lien is on a parity with the tax liens of the other state and local jurisdictions levying taxes on property within the District. Whether a lien of the United States is on a parity with or takes priority over a tax lien of the District is determined by applicable federal law. In the absence of such federal law, the District's tax lien takes priority over a lien of the United States. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other federal, state and local taxing jurisdictions, by effects of the foreclosure sale price attributable to market conditions, by taxpayer redemption rights, or by bankruptcy proceedings which restrain the collection of a taxpayer's debts.

Reappraisal of Property after Disaster

The Texas Tax Code provides that the governing body of a taxing unit located within an area declared to be a disaster area by the governor of the State of Texas may authorize reappraisal of all property damaged in the disaster at its market value immediately after the disaster. For reappraised property, the taxes are pro-rated for the year in which the disaster occurred. The taxing unit assesses taxes prior to the date the disaster occurred based upon market value as of January

1 of that year. Beginning on the date of the disaster and for the remainder of the year, the taxing unit assesses taxes on the reappraised market value of the property. Although the Texas governor declared Harris County (and therefore the District) a disaster area after Hurricane Harvey, the District did not authorize a reappraisal of property in the District.

Tax Payment Installments after Disaster

Certain qualified taxpayers, including owners of residential homesteads, located within a natural disaster area and whose property has been damaged as a direct result of the disaster, are entitled to enter into a tax payment installment agreement with a taxing jurisdiction such as the District if the tax payer pays at least one-fourth of the tax bill imposed on the property by the delinquency date. The remaining taxes may be paid without penalty or interest in three equal installments within six months of the delinquency date. The District does not anticipate that taxpayers in the District, if any, that choose to pay taxes in installments as a result of Hurricane Harvey will have a material effect on the District's finances or its ability to pay debt service on the Bonds.

[Remainder of page intentionally left blank]

TAX DATA

General

All taxable property within the District is subject to the assessment, levy and collection by the District of a continuing, direct annual ad valorem tax, without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Outstanding Bonds, the Bonds, and any future tax-supported bonds which may be issued from time to time as may be authorized. Taxes are levied by the District each year against the District's assessed valuation as of January 1 of that year. Taxes become due October 1 of such year, or when billed, and generally become delinquent after January 31 of the following year. The Board covenants in the Bond Order to assess and levy for each year that all or any part of the Bonds remain outstanding and unpaid a tax ample and sufficient to produce funds to pay the principal and interest on the Bonds when due. The actual rate of such tax will be determined from year to year as a function of the District's tax base, its debt service requirements and available funds.

Tax Collection History

The following table indicates the collection history for taxes assessed by the District:

Tax Year	*Assessed Valuation*	*Tax Rate(a)*	*Tax Levy*	*Percent Current*	*Percent Total*	*Yr End Sept 30*	
2004	$25,149,280	$1.045	$266,012	78.37%	100.37%	2005	
2005	24,653,573	1.045	261,235	78.92%	100.84%	2006	
2006	26,019,856	1.045	273,073	82.22%	96.82%	2007	
2007	51,669,397	1.045	533,262	88.84%	95.79%	2008	
2008	67,071,329	1.045	692,550	91.60%	98.71%	2009	
2009	59,754,082	1.060	634,905	92.81%	103.03%	2010	
2010	60,579,174	1.060	642,873	95.36%	102.25%	2011	
2011	57,783,342	1.060	613,281	85.69%	90.34%	2012	(b)
2012	59,809,854	1.075	642,154	91.05%	97.44%	2013	(b)
2013	69,492,492	0.990	691,222	95.84%	109.56%	2014	
2014	81,189,908	0.990	796,129	96.76%	100.22%	2015	
2015	112,628,293	0.900	1,014,782	97.66%	101.35%	2016	
2016	136,001,043	0.750	1,018,196	97.10%	98.63%	2017	
2017	182,395,456	0.750	1,367,966	97.37%	100.29%	2018	

(a) Tax rates are for debt service purposes only; no maintenance tax has been authorized by District voters.
(b) Lower collection percentages due to a major taxpayer's not paying taxes until year ended 9/30/2014.

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per $100 of assessed valuation which would be required to meet certain debt service requirements if no growth in the District's tax base occurs beyond the 2018 Taxable Value ($257,951,989) or alternatively, beyond the Estimated Taxable Value as of September 1, 2018 ($303,634,748). The calculations assume collection of 97% of taxes levied and the sale of no additional bonds (other than the Bonds) by the District.

Average Annual Debt Service Requirements (2019/2045)	$1,793,915
Tax Rate of $0.717 on the 2018 Taxable Value produces	$1,794,030
Tax Rate of $0.610 on the Estimated Taxable Value as of September 1, 2018 produces	$1,796,607
Maximum Annual Debt Service Requirements (2045)	$1,813,950
Tax Rate of $0.725 on the 2018 Taxable Value produces	$1,814,047
Tax Rate of $0.616 on the Estimated Taxable Value as of September 1, 2018 produces	$1,814,278

Estimated Overlapping Taxes

Property within the District is subject to taxation by several taxing authorities in addition to the District. Under Texas law, a tax lien attaches to property on January 1 of the tax year, to secure the payment of all taxes, penalty, and interest for that year. The tax lien on property in favor of the District is on a parity with tax liens of other taxing jurisdictions. In addition to ad valorem taxes required to make debt service payments on bonded debt of the District and of such other jurisdictions, certain taxing jurisdictions are authorized by Texas law to assess, levy, and collect ad valorem taxes for operation, maintenance, administrative, and/or general revenue purposes.

Taxing Entities	***2017 Tax Rates***
Harris County	$0.418010
Harris Co. Department of Education	0.005195
Harris Co. Emergency Services District No. 2	0.025970
Harris Co. Emergency Services District No. 60	0.049300
Harris Co. Flood Control District	0.028310
Harris Co. Hospital District	0.171100
Port of Houston Authority	0.012560
San Jacinto Community College District	0.183335
Sheldon Independent School District	1.410000
Overlapping Taxes	$2.307510
The District (2018 Tax Rate)	0.750000
Total Direct & Overlapping Taxes	$3.057510

Principal Taxpayers

Name of Taxpayer	*Type of Property*	*2017 Taxable Ass'd Value*	*% of Total*	*2016 Taxable Ass'd Value*	*% of Total*
Camillo A 1 Property Owner	Lots/Houses	$22,475,273	12.32%	$13,553,378	9.96%
Camillo Properties Ltd	Acreage/Homes	14,092,191	7.73%	11,536,907	8.48%
DM South Lake Villas Ltd	Multi-Family	7,547,758	4.14%	7,012,843	5.16%
Camillo Houses No. 2 LLC	Homes	4,546,813	2.49%	4,713,170	3.46%
Century Land Holdings of TX	Acreage/Lots	3,621,399	1.99%	2,696,372	1.98%
Camillo Houses No. 6 LLC	Homes	2,824,491	1.55%	2,062,460	1.52%
Camillo B Houses No. 3 LLC	Homes	2,589,581	1.42%	2,294,409	1.69%
Centerpoint Energy Houston	Electric Utility	2,277,277	1.25%	1,642,918	1.21%
Logan A Boggs	Mobile Home Park	2,000,000	1.10%	1,220,927	0.90%
Evergreen Villas Ltd	Acreage	1,961,261	1.08%	1,361,795	1.00%
Total--Top Ten		$63,936,044	35.06%	$48,095,179	35.36%

Analysis of Tax Base

Based on information provided to the District by its Tax Assessor/Collector, the following represents the composition of property comprising the tax roll valuations for each of the years indicated:

	2017 Amount	*2017 %'s*	*2016 Amount*	*2016 %'s*
Land	$47,588,212	22.33%	$38,048,201	23.18%
Improvements	160,520,837	75.32%	121,916,061	74.29%
Personal Property	5,021,770	2.36%	4,153,972	2.53%
Subtotal	$213,130,819		$164,118,234	
Less: Exemptions	(30,957,155)		(27,943,333)	
Total Taxable Value	$182,173,664		$136,174,901	
	2015 Amount	*2015 %'s*	*2014 Amount*	*2014 %'s*
Land	$32,684,399	24.28%	$27,470,567	27.88%
Improvements	97,331,499	72.30%	67,325,930	68.34%
Personal Property	4,609,024	3.42%	3,723,908	3.78%
Subtotal	$134,624,922		$98,520,405	
Less: Exemptions	(21,949,609)		(17,329,830)	
Total Taxable Value	$112,675,313		$81,190,575	

Note: Values shown above may reflect original certified amounts and may differ from those shown elsewhere herein.

THE SYSTEM

Regulation

The waterworks, sanitary sewer and drainage facilities serving land within the District (the "System") have been designed in conformance with accepted engineering practices and the requirements of certain governmental agencies having regulatory or supervisory jurisdiction over the construction and operation of such facilities including, among others, the TCEQ, the City of Houston and the Harris County Engineering Department. During construction, facilities are subject to inspection by the District's Engineer and the foregoing governmental agencies.

Operation of the District's System is subject to regulation by, among others, the United States Environmental Protection Agency (the “EPA”) and the TCEQ. In many cases, regulations promulgated by these agencies have become effective only recently and are subject to further development and revision.

Description of the System

According to the District’s Engineer, the total number of connections projected for the District at full development of approximately 851.669 acres located in the District is 3,741 equivalent connections to serve the projected population of approximately 13,100 persons. A description of the primary components of the System follows and is based upon information supplied by the Engineer based on drawings and data furnished by others.

Proceeds of the sale of the Outstanding Bonds were used to finance the construction or acquisition of underground water supply, water distribution lines, a water transmission line, wastewater collection lines, lift stations, detention facilities and stormwater drainage facilities to serve single-family lots in the District and a small number of multi-family units, along with church, commercial and school properties in the District. The major trunk sewers and distribution lines were previously constructed to serve existing and future development; other lines will be added as development occurs.

- Wastewater System -

The District jointly owns, with Parkway Utility District (“Parkway”), a wastewater treatment plant (“WWTP”) rated at 950,000 gallons per day (“gpd”) that is operated by the District. Parkway presently owns 558,790 gpd of the total capacity and the District owns 391,210 gpd. The two districts have a contractual agreement whereby each district pays a fair share of capital improvements and operating costs. See “Contracts,” below.

A fully developed wastewater collection system for the area north of Tidwell Road was constructed using proceeds of the Outstanding Bonds. Sewer mains along Tidwell Road were sized to accommodate ultimate development of the District. A 24" gravity sanitary sewer extends to the east along Tidwell Road to the WWTP. Additional sewer laterals will be constructed in the future as needed to serve development. A wastewater treatment plant expansion is planned to occur to support future development.

The District has a lease/purchase agreement to utilize capacity within an existing wastewater treatment plant (“Tidwell Lakes WWTP”) owned by a private utility. The District is currently constructing a force main which will allow the District to send flow to either the District’s WWTP or the Tidwell Lakes WWTP. This will provide sufficient capacity to support ongoing development within the District until the WWTP expansion is complete.

- Water System -

The District currently owns a complete water plant, with a 1,150 gallon per minute water well, a total of 740,000 gallons of ground storage tank capacity, 35,000 gallons of hydropneumatic tank capacity, three booster pumps, chloramination facilities, electrical controls and appurtenant equipment. Proceeds from previous bond sales funded the construction of Water Plant No. 2, which includes 640,000 gallons of ground storage tank capacity, 30,000 gallons of hydropneumatic tank capacity, emergency power generator, and piping/electrical improvements. The system has sufficient capacity for additional development.

The District also has a water transmission facility that receives water from the City of Houston. Receiving water from the City of Houston satisfies the District's requirement to reduce its withdrawal of ground water. The District's water transmission facility can also pressurize the water distribution system on an emergency basis.

Although the District contracts with the City of Houston for potable water, at the rate of $3.064 per thousand gallons, to supply 80% of the District's needs, the existing water plant remains in operation to supply water for the balance of its needs, to supply water during periods of peak demands, and to provide reliability in the event transfer of water from City lines is interrupted for any reason.

Water mains were constructed within the boundaries of the District and were sized to accommodate future development. Lateral lines were constructed to serve the developed areas; additional lines must be constructed to serve areas to be developed in the future.

The District has an existing metered interconnect with Parkway. The interconnect line along Tidwell Road transfers treated water purchased from the City of Houston into the District's water distribution systems and to each other when supply is interrupted in either district.

- Stormwater Drainage -

All developed areas within the District have underground storm sewers that eventually discharge into an open channel drainage system. The storm sewer system was developed using proceeds of the Outstanding Bonds. Harris County has operation of some of the underground storm sewers; the Harris County Flood Control District maintains the open channel drainage system.

According to the District's Engineer, the current Federal Emergency Management Agency Flood Insurance Rate Map (Panel 0705, Map No. 48201C0705L, effective date, June 18, 2007), which covers the land located in the District, indicates that no portion of the District is located within the flood plain of any water course. Further, Harris County uses the more stringent of the Federal Emergency Management Agency's Flood Insurance Rate Map and the Tropical Storm Allison Recovery Plan map. The only portion of the District located in the 100-year flood plain is the WWTP, the water transmission facility and the District's office. All vital electrical and other equipment is elevated a minimum of 18 inches above the base flood elevation.

100-Year Flood Plain

"Flood Insurance Rate Map" or "FIRM" means an official map of a community on which the Federal Emergency Management Agency (FEMA) has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the 100-year flood plain, is depicted on these maps. The "100-year flood plain" (or 1% chance of probable inundation) as shown on the FIRM is the estimated geographical area that would be flooded by a rain storm of such intensity to statistically have a one percent chance of occurring in any given year. Generally speaking, homes must be built above the 100-year flood plain in order to meet local regulatory requirements and to be eligible for federal flood insurance. An engineering or regulatory determination that an area is above the 100-year flood plain is not an assurance that homes built in such area will not be flooded, and a number of neighborhoods in the greater Houston area that are above the 100-year flood plain have flooded multiple times in the last several years.

Rate Order

The District's utility rate order, subject to change from time to time by the Board, is summarized in part below and became effective on July 1, 2018:

-Water Rates-

Residential	
First 1,000 gallons	$17.00 minimum
Next 2,000 gallons	$2.40/1,000 gallons
Next 1,000 gallons	$2.65/1,000 gallons
Next 2,000 gallons	$4.05/1,000 gallons
Next 3,000 gallons	$4.60/1,000 gallons
Next 17,000 gallons	$5.95/1,000 gallons
Over 26,000 gallons	$6.00/1,000 gallons
Multi-Family	
First 4,000 gallons	$34.70 minimum for each dwelling unit
Next 6,000 gallons	$4.54/1,000 gallons
Over 10,000 gallons	$5.07/1,000 gallons
Commercial	
First 4,000 gallons	$32.03 minimum
Next 6,000 gallons	$4.00/1,000 gallons
Next 15,000 gallons	$5.07/1,000 gallons
Over 25,000 gallons	$5.61/1,000 gallons

In addition, each customer will pay 110% of the City of Houston water rate per 1,000 gallons, which water rate is currently $3.064 per 1,000 gallons.

-Sewer Rates-
(Based on water consumption)

Residential	
First 1,000 gallons	$28.00 minimum
Over 1,000 gallons	$0.25/1,000 gallons
Multi-family	
First 1,000 gallons	$28.00 for each dwelling unit
Over 1,000 gallons	$0.50/1,000 gallons
Commercial	
All gallons used	$2.41/1,000 gallons

Contracts

The District is a party to several contracts and agreements, summarized in part below. Copies of such contracts and agreements may be obtained from the District upon request.

-Waste Disposal Agreements-

The District is a party to a wastewater treatment agreement entered into on December 20, 1998. Under such agreement, Parkway owns approximately 558,790 gpd of the 950,000 gpd Greenwood Regional Wastewater Treatment Plant. The District operates the plant and the agreement calls for each district to share capital project costs and fixed operating costs in relation to their respective ownership interests, with variable operating costs being paid in proportion to the number of gallons billed by each district to their respective customers.

-Water Facility Agreement-

The District is a party to a water facilities agreement executed on July 16, 1997. Under such agreement, the District and Parkway equally own water facilities to receive water from the City of Houston and transmit such water to the two districts. The District operates the facilities and the agreement calls for each district to equally share capital project costs, with operating and maintenance costs being paid in proportion to the amount of water pumped from such facilities to the respective districts.

[Remainder of page intentionally left blank]

Historical Operations of the General Operating Fund

The following statement sets forth in condensed form the historical operations of the District's General Operating Fund. Accounting principles customarily employed in the determination of net revenues have been observed and in all instances exclude depreciation. Such information has been prepared based upon information obtained from the District's audited financial statements (except for the eight month period ended August 31, 2018, based on bookkeeping reports), reference to which is made for further and complete information.

	1/1/2018 to			*Fiscal Year Ended December 31,*		
	8/31/18(a)	*2017*	*2016*	*2015*	*2014*	*2013*
Revenues						
Water Service	$1,194,457	$1,601,044	$1,384,068	$1,172,280	$1,034,981	$969,146
Sewer Service	625,252	884,737	772,825	661,722	592,728	525,036
Tap Connections	487,966	312,026	519,195	359,396	350,320	139,445
Other Revenues	282,367	174,936	141,302	123,400	110,011	75,409
Total Revenues	$2,590,042	$2,972,743	$2,817,390	$2,316,798	$2,088,967	$1,710,230
Expenses						
Professional Fees	$293,384	$290,341	$226,289	$279,431	$232,372	$193,694
Contracted Services	463,983	540,811	471,864	460,270	390,189	328,497
Purchased Water Svc	553,989	574,522	471,769	442,294	371,904	327,308
Purchased Sewer Svc	380,629	500,558	326,246	262,399	214,079	189,703
Utilities	24,590	35,092	35,623	21,987	21,567	11,520
Repairs/Maintenance	424,173	311,671	312,703	168,382	131,182	141,074
Other Expenses	416,500	454,348	424,338	435,647	399,827	210,608
Total Expenditures	$2,557,248	$2,707,343	$2,268,832	$2,070,410	$1,761,120	$1,402,404
Net Revenue	$32,794	$265,400	$548,558	$246,388	$327,847	$307,826
Lease-purchase WWTP	(12,000)	(257,670)	0	0	0	0
Hurricane Harvey Exp.	(21,949)	0	0	0	0	0
Capital Outlay	(232,400)	(168,227)	(48,144)	(93,292)	(818)	0
Fund Balance, Jan 1		2,746,786	2,246,372	2,093,276	1,766,247	1,458,421
Fund Balance, Dec 31		$2,586,289	$2,746,786	$2,246,372	$2,093,276	$1,766,247
Cash/Inv., Dec 31 (b)		$2,569,951	$2,548,233	$2,980,761	$1,856,446	$1,607,633
Cash as % of Expense		94.93%	112.31%	143.97%	105.41%	114.63%
Customers at Dec 31		2,106	2,002	1,649	1,419	1,168

(a) Unaudited figures; summarized from bookkeeping report.
(b) Exclusive of customer deposits and, for the fiscal year ended December 31, 2015, exclusive of $2,039,386 due to developers

RISK FACTORS

General

The Bonds, which are obligations of the District and are not obligations of the State of Texas, Harris County, Texas, the City of Houston, Texas or any other political subdivision, will be secured primarily by a continuing, direct, annual ad valorem tax, without legal limitation as to rate or amount, levied on all taxable property within the District. The ultimate security for payment of the principal of and interest on the Bonds depends on the ability of the District to collect from the property owners within the District all taxes levied against the property, or in the event of foreclosure, on the value of the taxable property with respect to taxes levied by the District and by other taxing authorities. At this point in the development of the District, the potential increase in taxable values of property is directly related to the demand for residential and commercial development, not only because of general economic conditions, but also due to particular factors discussed below.

Hurricane Harvey

The Houston area, including Harris County, sustained widespread wind and rain damage and flooding as a result of Hurricane Harvey's landfall along the Texas gulf coast on August 25, 2017 and historic levels of rainfall during the succeeding four days.

According to the District's Operator and Engineer, hundreds of homes within the District and the District office building were flooded. See "APPENDIX B–Effect of Harvey Upon Tax Base."

On or about August 23, 2017, in anticipation of Harvey's landfall, Governor Greg Abbott issued a proclamation declaring a state of disaster in numerous counties located along the Texas gulf coast, including Harris County. The Texas Tax Code provides that the governing body of a taxing unit located within an area declared to be a disaster area by the governor of the State of Texas may authorize reappraisal of all property damaged in the disaster at its market value immediately after the disaster. The Board has not authorized a reappraisal of property located within the District. The District is not bound by a reappraisal of property that is authorized by another taxing unit and not authorized by the District.

Hurricane Harvey is expected to have a significant short-term impact on the Houston region's economy. It may also have an adverse long-term impact on business activity and development in the region, especially if further destructive weather events occur in the near term. The District does not have a reliable estimate of how many homes damaged by Hurricane Harvey remain unrepaired.

Recent Extreme Weather Events; Hurricane Harvey

The greater Houston area, including the District, is subject to occasional severe weather events, including tropical storms and hurricanes. If the District were to sustain damage to its facilities requiring substantial repair or replacement, or if substantial damage were to occur to taxable property within the District as a result of such a weather event, the investment security of the Bonds could be adversely affected.

The greater Houston area, including the District, has experienced three storms exceeding a 0.2% probability (i.e. "500-year flood" events) since 2015. The most recent event was Hurricane Harvey, which made landfall along the Texas Gulf Coast on August 25, 2017, and brought historic levels of rainfall during the successive four days.

If a future weather event significantly damaged all or part of the improvements within the District, the assessed value of property within the District could be substantially reduced, which could result in a decrease in tax revenues and/or necessitate an increase the District's tax rate. An increase in the District's tax rate could cause demand for homes in the District to decline, which could reduce the home values in the District. Further, there can be no assurance that a casualty loss to taxable property within the District will be covered by insurance (or that property owners will even carry flood or other casualty insurance), that any insurance company will fulfill its obligation to provide insurance proceeds, or that insurance proceeds will be used to rebuild or repair any damaged improvements within the District. Even if insurance proceeds are available and improvements are rebuilt, there could be a lengthy period in which assessed values within the District could be adversely affected.

Specific Flood Type Risks

Ponding (or Pluvial) Flood: Ponding, or pluvial, flooding occurs when heavy rainfall creates a flood event independent of an overflowing water body, typically in relatively flat areas. Intense rainfall can exceed the drainage capacity of a drainage system, which may result in water within the drainage system becoming trapped and diverted onto streets and nearby property until it is able to reach a natural outlet. Ponding can also occur in a flood pool upstream or behind a dam, levee or reservoir.

Riverine (or Fluvial) Flood: Riverine, or fluvial, flooding occurs when water levels rise over the top of river, bayou or channel banks due to excessive rain from tropical systems making landfall and/or persistent thunderstorms over the same area for extended periods of time. The damage from a riverine flood can be widespread. The overflow can affect smaller rivers and streams downstream, or may sheet-flow over land. Flash flooding is a type of riverine flood that is characterized by an intense, high velocity torrent of water that occurs in an existing river channel with little to no notice. Flash flooding can also occur even if no rain has fallen, for instance, after a levee, dam or reservoir has failed or experienced an uncontrolled release, or after a sudden release of water by a debris or ice jam. In addition, planned or unplanned controlled releases from a dam, levee or reservoir also may result in flooding in areas adjacent to rivers, bayous or drainage systems downstream.

Economic Factors and Interest Rates

A substantial percentage of the taxable value of the District results from the current market value of single-family residences and of developed lots which are currently being marketed by the Developer for sale to homebuilders for the construction of primary residences. The market value of such homes and lots is related to general economic conditions in Houston, the State of Texas and the nations and those conditions can affect the demand for residences. Demand for lots of this type and the construction of residential dwellings thereon can be significantly affected by factors such as interest rates, credit availability (see "Credit Market and Liquidity in the Financial Markets," below), construction costs and the prosperity and demographic characteristics of the urban center toward which the marketing of lots is directed. Decreased levels of construction activity would tend to restrict the growth of property values in the District or could adversely impact such values.

Credit Markets and Liquidity in the Financial Markets

Interest rates and the availability of mortgage and development funding have a direct impact on the construction activity, particularly short-term interest rates at which developers are able to obtain financing for development costs. Interest rate levels may affect the ability of a landowner with undeveloped property to undertake and complete construction activities within the District. Because of the numerous and changing factors affecting the availability of funds, particularly liquidity in the national credit markets, the District is unable to assess the future availability of such funds for continued construction within the District. In addition, since the District is located approximately 26 miles from the central downtown business district of the City of Houston, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the Houston metropolitan and regional economies and national credit and financial markets. A continued downturn in the economic conditions of Houston and further decline in the nation's real estate and financial markets could continue to adversely affect development and home-building plans in the District and restrain the growth of the District's property tax base.

National Economy

Nationally, there has been a significant downturn in new housing construction, resulting in a decline in housing market values in recent years. The Houston area, which includes the District, has experienced reduced levels of home construction. The District cannot predict what impact, if any, a continued or renewed downturn in the local and national housing and financial markets may have on the Houston area market and specifically, the District.

Factors Affecting Taxable Values and Tax Payments

Economic Factors*:* The growth of taxable values in the District is directly related to the vitality of the housing development and commercial building industry in the Houston metropolitan area. The housing and building industry has historically been a cyclical industry, affected by both short and long-term interest rates, availability of mortgage and development funds, labor conditions and general economic conditions. During the late 1980's, an oversupply of single-family residential housing in the Houston metropolitan market and the general downturn in the Houston economy adversely affected the local residential development and construction industries. In addition to a decline in housing demand, mortgage foreclosure by private banks and government and financial institutions depressed housing prices and the value of residential real estate in the Houston metropolitan area. The Houston economy is still somewhat dependent on energy prices and a precipitous decline in such prices could result in additional adverse effects on the Houston economy.

Maximum Impact on District Rates: Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of District property owners to pay their taxes. The 2018 taxable value is $257,951,989 and the Estimated Value as of September 1, 2018 is $303,634,748. See "TAX DATA." After issuance of the Bonds, the maximum annual debt service requirement (2045) is $1,813,950 and the average annual debt service requirements (2019/2045) is $1,793,915. Assuming no increase or decrease from the above valuation and no use of funds other than tax collections, tax rates of $0.725 and $0.717 per $100 assessed valuation at a 97% collection rate against the 2018 taxable value, respectively, would be necessary to pay such debt service requirements on the maximum annual and average annual debt service requirements. Alternatively, using the Estimated Value as of September 1, 2018, such rates would be $0.616 and $0.610 respectively. The Board has levied a tax rate of $0.750 for debt service purposes for tax year 2018. See "DISTRICT DEBT--Debt Service Schedule" and the note following "TAX DATA--Tax Rate Calculations."

Overlapping Tax Rates

Consideration should be given to the total tax burden of all overlapping jurisdictions imposed upon property located within the District as contrasted with property located in comparable real estate developments to gauge the relative tax burden on property within the District. The combination of the District's and the overlapping taxing entities' tax rates is higher than the combined tax rates levied upon certain other comparable developments in the market area.

Consequently, an increase in the District's tax rate above those anticipated above may have an adverse impact on future development or the construction of additional taxable improvements in the District. See "DISTRICT DEBT--Estimated Overlapping Debt" and "TAX DATA--Estimated Overlapping Taxes."

Tax Collection Limitations

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other state and local taxing authorities on the property against which taxes are levied, and such lien may be enforced by foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by (a) collection procedures, (b) a bankruptcy court's stay of tax collection procedures against a taxpayer, or (c) market conditions limiting the proceeds from a foreclosure sale of taxable property. While the District has a lien on taxable property within the District for taxes levied against such property, such lien can be foreclosed only in a judicial proceeding. Because ownership of the land within the District may become highly fragmented among a number of taxpayers, attorney's fees and other costs of collecting any such taxpayer's delinquencies could substantially reduce the net proceeds to the District from a tax foreclosure sale. Finally, any bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to the Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes against such taxpayer.

Registered Owners' Remedies

If the District defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Bond Order, or defaults in the observation or performance of any other covenants, conditions or obligations set forth in the Bond Order, the registered owners have the statutory right of a writ of mandamus issued by a court of competent jurisdiction requiring the District and its officials to observe and perform the covenants, obligations or conditions prescribed in the Bond Order. Except for mandamus, the Bond Order does not specifically provide for remedies to protect and enforce the interests of the registered owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Further, there is no trust indenture or trustee, and all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. Statutory language authorizing local governments such as the District to sue and be sued does not waive the local government's sovereign immunity from suits for money damages, so that in the absence of other waivers of such immunity by the Texas Legislature, a default by the District in its covenants in the Bond Order may not be reduced to a judgment for money damages. If such judgment against the District were obtained, it could not be enforced by direct levy and execution against the District's property. Further, the registered owners cannot themselves foreclose on the property of the District or sell property within the District to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the registered owners may further be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions, such as the District.

Bankruptcy Limitation to Registered Owners' Rights

The enforceability of the rights and remedies of Registered Owners may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. Subject to the requirements of Texas law discussed below, a political subdivision such as the District may voluntarily file a petition for relief from creditors under Chapter 9 of the Federal Bankruptcy Code, 11 USC sections 901-946. The filing of such petition would automatically stay the enforcement of Registered Owner's remedies, including mandamus and the foreclosure of tax liens upon property within the District discussed above. The automatic stay would remain in effect until the federal bankruptcy judge hearing the case dismisses the petition, enters an order granting relief from the stay or otherwise allows creditors to proceed against the petitioning political subdivisions.

If a petitioning district were allowed to proceed voluntarily under Chapter 9 of the Federal Bankruptcy Code, it could file a plan for an adjustment of its debts. If such a plan were confirmed by the bankruptcy court, it could, among other things, affect a Registered Owner by reducing or eliminating the amount of indebtedness, deferring or rearranging the debt service schedule, reducing or eliminating the interest rate, modifying or abrogating collateral or security arrangements, substituting (in whole or in part) other securities, and otherwise compromising and modifying the rights and remedies of the Registered Owner's claim against a district.

Environmental Regulation and Air Quality

Wastewater treatment and water supply facilities are subject to stringent and complex environmental laws and regulations. Facilities must comply with environmental laws at the federal, state, and local levels. These laws and regulations can restrict or prohibit certain activities that affect the environment in many ways such as:

- Requiring permits for construction and operation of water supply wells and wastewater treatment facilities;
- Restricting the manner in which wastes are released into the air, water, or soils;
- Restricting or regulating the use of wetlands or other property;

- Requiring action to prevent or mitigate pollution;
- Imposing substantial liabilities for pollution resulting from facility operations.

Compliance with environmental laws and regulations can increase the cost of planning, designing, constructing and operating water production and wastewater treatment facilities. Sanctions against a municipal utility district or other utility district ("Utility Districts") for failure to comply with environmental laws and regulations may include a variety of civil and criminal enforcement measures, including assessment of monetary penalties, imposition of remedial requirements, and injunctive relief as to future compliance of and the ability to operate the Utility District's water supply, wastewater treatment, and drainage facilities. Environmental laws and regulations can also impact an area's ability to grow and develop. The following is a discussion of certain environmental concerns that relate to Utility Districts, including the District. It should be noted that changes in environmental laws and regulations occur frequently, and any changes that result in more stringent and costly requirements could materially impact a utility District.

Air Quality/Greenhouse Gas Issues. Air quality control measures required by the United States Environmental Protection Agency (the "EPA") and the TCEQ may impact new industrial, commercial and residential development in Houston and adjacent areas. Under the Clean Air Act ("CAA") Amendments of 1990, the eight-county Houston-Galveston Bay area ("HGB area") — Harris, Galveston, Brazoria, Chambers, Fort Bend, Waller, Montgomery and Liberty counties — was originally designated by the EPA as a moderate ozone nonattainment area under the "8-hour" ozone standard of 80 parts per billion ("ppb") ("the 1997 Ozone Standard"). Such areas are required to demonstrate progress in reducing ozone concentrations each year until the EPA's "8-hour" ozone standards are met. To provide for reductions in ozone concentrations, the EPA and the TCEQ have imposed increasingly stringent limits on sources of air emissions and require any new source of significant air emissions to provide for a net reduction of air emissions. On June 15, 2007, the Governor of the State of Texas requested a voluntary reclassification of the HGB area to a severe ozone nonattainment area under the 1997 Ozone Standard, with an attainment date of June 15, 2019. On October 1, 2008, the EPA granted this request. The severe classification gives the HGB area more time to reach attainment under the 1997 Ozone Standards. It is possible that additional controls will be necessary to allow the HGB area to reach attainment by June 15, 2019. These additional controls could have a negative impact on the HGB area's economic growth and development.

In 2008, the EPA lowered the ozone standard to 75 ppb (the "2008 Ozone Standard"), and designated the HGB area as a marginal ozone nonattainment area. The HGB was required to reach attainment under the 2008 Ozone Standard no later than July 20, 2018, but is currently designated as a moderate nonattainment area under such standard. Because the HGB area has failed to demonstrate progress in reducing ozone concentrations and failed to meet EPA's standards, the EPA may impose a moratorium on the awarding of federal highway construction grants and other federal grants for certain public works construction projects, as well as severe emissions offset requirements on new major sources of air emissions for which construction has not already commenced.

On October 1, 2015, the EPA lowered the ozone standard to 70 ppb (the "2015 Ozone Standard"). On May 1, 2018, the EPA designated the HGB area as a marginal ozone nonattainment area under the 2015 Ozone Standards. The HGB designation became effective on August 3, 2018. A designation of nonattainment for ozone or any pollutant can negatively impact business due to the additional permitting/regulatory constraints that accompany this designation and because of the community stigma associated with a nonattainment designation. This designation could additionally make it more difficult for the HGB area to demonstrate progress in reducing ozone concentration.

In order to comply with the EPA's standards for the HGB area, the TCEQ has established a state implementation plan ("SIP") setting emission control requirements, some of which regulate the inspection and use of automobiles. These types of measures could impact how people travel, what distances people are willing to travel, where people choose to live and work, and what jobs are available in the HGB area.

Water Supply & Discharge Issues. Water supply and discharge regulations that Utility Districts, including the District, may be required to comply with involve: (1) public water supply systems, (2) waste water discharges from treatment facilities, (3) storm water discharges, and (4) wetlands dredge and fill activities. Each of these is addressed below:

Pursuant to the Safe Drinking Water Act ("SDWA") and the EPA's National Primary Drinking Water Regulations ("NPDWRs"), which are implemented by the TCEQ's Water Supply Division, potable (drinking) water provided by a Utility District to more than twenty-five (25) people or fifteen (15) service connections is subject to extensive federal and state regulation as a public water supply system, which includes, among other requirements, frequent sampling and analyses. Utility District's must generally provide treated water that meets the primary and secondary drinking water quality standards adopted by the TCEQ, the applicable disinfectant residual and inactivation standards, and the other regulatory action levels established under the agency's rules. Additional or more stringent regulations or requirements pertaining to these and other drinking water contaminants in the future could require installation of more costly treatment facilities.

Operations of a Utility District's sewer facilities is subject to regulation under the Federal Clean Water Act and the Texas Water Code. All discharges of pollutants into the nation's navigable waters must comply with the Clean Water Act ("CWA"). The Clean Water Act allows municipal wastewater treatment plants to discharge treated effluent to the extent allowed under permits issued pursuant to the National Pollutant Discharge Elimination System ("NPDES") program. On September 14, 1998, the EPA authorized Texas to implement the NPDES program, which is called the Texas Pollutant District Elimination System program ("TPDES").

Construction activities and operations of Utility Districts, such as the District, are also potentially subject to stormwater discharge permitting requirements under provisions from Section 402 of the Clean Water Act and Chapter 26 of the Texas Water Code. The permitting process is, in most instances, managed by the TCEQ through its TPDES. TPDES permits set limits on the type of and quality of discharge, in accordance with state and federal laws and regulations. The CWA and the Texas Water Code require municipal wastewater treatment plants to establish the total maximum allowable daily load ("TMDL") of certain pollutants into the water bodies. The TMDLs that Utility District's may discharge may have an impact on the Utility District's ability to obtain and maintain TPDES permits.

The TCEQ reissued the TPDES Construction General Permit (TXR150000) on February 19, 2013. TXR150000 became effective on March 5, 2013, and is a general permit authorizing the discharge of stormwater runoff associated with small and large construction sites and certain non-stormwater discharges into surface water in the state. Construction activity by the District (or by its Developer) may require coverage under TXR150000.

The TCEQ reissued the General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (TXR040000) on December 13, 2013. TXR040000 became effective on December 13, 2013 and authorizes the discharge of stormwater to surface waters within the state from small municipal separate storm sewer systems ("Small MS4s"). TXR040000, as reissued, impacts a much greater number of Small MS4s that were not subject to the prior permit due to the 2010 Urbanized Area data released from the US Census Bureau. TXR040000, as reissued, also contains more stringent requirements compared to the prior permit. Small MS4s that are subject to TXR040000, as reissued, were required to apply for authorization under such permit by June 11, 2014. Notwithstanding the foregoing, the District is located within Harris County and its Small MS4 is subject to regulation by Harris County. Harris County, along with the City of Houston, Harris County Flood Control District, and the Texas Department of Transportation (collectively, the "Joint Task Force") have been issued a joint permit by the EPA which authorizes the discharge of stormwater to surface waters within the state from their respective separate storm sewer systems. Joint Task Force members regulate stormwater discharges within their respective jurisdictions. Harris County regulates the District's Small MS4 and, therefore, the TCEQ does not at this time require the District to obtain coverage under TXR040000. Small MS4 regulation by Joint Task Force members may change in the future and the TCEQ may require the District to independently obtain coverage under TXR040000 in the future. If the District is required to obtain coverage under TXR040000 at a future date, the District could incur substantial costs to develop and implement the necessary plans as well as to install or implement best management practices to minimize or eliminate unauthorized pollutants that may otherwise be found in stormwater runoff in order to comply with TXR040000.

Operations of Utility Districts, including the District, are also potentially subject to requirements and restrictions under the CWA regarding the use and alteration of wetland areas that are within the "waters of the United States." The District must obtain a permit from the U.S. Army Corps of Engineers if operations of the District require that wetlands be filled, dredged, or otherwise altered.

Future Debt

The District will have $49,945,000 principal amount of unlimited tax and revenue bonds for water, sanitary sewer and drainage purposes authorized by the District's voters which remain unauthorized. Pursuant to an election held in and for the District on November 3, 2015, the District also has $3,105,000 in authorized but unissued bonds for parks and recreational facility purposes. The District has the right to issue such additional bonds as may hereafter be approved by both the Board and voters of the District. Any such authorized but unissued bonds may be issued by the District from time to time as needed.

The District expects to sell up to $12,000,000 in additional bonds within the next year.

Future and Proposed Legislation

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under Federal or state law and could affect the market price or marketability of the Bonds. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

Continuing Compliance with Certain Covenants

The Bond Order contains covenants by the District intended to preserve the exclusion from gross income of interest on the Bonds. Failure by the District to comply with such covenants on a continuous basis prior to maturity of the Bonds could result in interest on the Bonds becoming taxable retroactively to the date of original issuance.

Marketability

The District has no understanding (other than the initial reoffering yields) with the Underwriter regarding the reoffering yields or prices of the Bonds and has no control over the trading of the Bonds in the secondary market. Moreover, there is no assurance that a secondary market will be made for the Bonds. If there is a secondary market, the difference between the bid and asked price of the Bonds may be greater than the difference between the bid and asked price of other bonds which are more generally bought, sold or traded in the secondary market. See "SALE AND DISTRIBUTION OF THE BONDS–Prices and Marketability."

Approval of the Bonds

The Attorney General of Texas must approve the legality of the Bonds prior to their delivery. The Attorney General, however, does not pass upon or guarantee the security of the Bonds as an investment, nor has the Attorney General passed upon the adequacy or accuracy of the information contained in this Official Statement.

LEGAL MATTERS

The District will furnish the Underwriter a transcript of certain certified proceedings held incident to the authorization and issuance of the Bonds, including a certified copy of the approving opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, to the effect that the Bonds are valid and legally binding obligations of the District. The District will also furnish the legal opinion of Radcliffe Bobbitt Adams Polley PLLC, Bond Counsel, to the effect that, based upon an examination of such transcript, the Bonds are legal, valid and binding obligations of the District. Issuance of the Bonds is also subject to the legal opinion of Special Tax Counsel to the effect that interest on the Bonds is excludable from gross income for federal income tax purposes under existing statutes, regulations, published rulings and court decisions as described below under "TAX EXEMPTION." Such opinions will express no opinions with respect to the sufficiency of the security for or the marketability of the Bonds.

Legal Review

Bond Counsel has reviewed the information appearing in this Official Statement under the sections captioned: "THE BONDS" (except the subsection "--Book-Entry-Only System"), "THE DISTRICT–Description," "TAX PROCEDURES--Authority to Levy Taxes," "LEGAL MATTERS - Legal Opinions," "LEGAL MATTERS–Legal Review," and "CONTINUING DISCLOSURE OF INFORMATION" (except the subsection "--Compliance with Prior Undertakings") solely to determine whether such information fairly summarizes matters of law with respect to the provisions of the documents referred to therein. Special Tax Counsel has reviewed the information in this Official Statement under the section captioned "TAX MATTERS–Tax Exemption" solely to determine whether such information fairly summarizes matters of law referred to therein. Bond Counsel has not, however, independently verified any of the factual information contained in this Official Statement, nor has it conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon Bond Counsel's limited participation as an assumption of responsibility for, or an expression of opinion of any kind with regard to, the accuracy or completeness of any of the information contained herein, other than the matters discussed immediately above.

The legal fees paid to Bond Counsel for services rendered in connection with the issuance of the Bonds are based upon a percentage of the Bonds actually issued, sold and delivered and, therefore, such fees are contingent upon the sale and delivery of the Bonds.

No-Litigation Certificate

On the date of delivery of the Bonds to the Underwriter, the District will execute and deliver to the Underwriter a certificate to the effect that no litigation of any nature has been filed or is pending, as of that date, of which the District has notice, to restrain or enjoin the issuance or delivery of the Bonds, or which would affect the provisions made for their payment or security, or in any manner question the validity of the Bonds.

No Material Adverse Change

The obligations of the Underwriter to take and pay for the Bonds, and of the District to deliver the Bonds, are subject to the condition that, up to the time of delivery of and receipt of payment for the Bonds, there shall have been no material adverse change in the condition (financial or otherwise) of the District subsequent to the date of sale from that set forth or contemplated in the Preliminary Official Statement, as it may have been supplemented or amended through the date of sale.

Legal Opinions

Issuance of the Bonds is subject to the approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and binding obligations of the District secured by the proceeds of an ad valorem tax levied, without limit as to rate or amount, upon all taxable property in the District and, based upon examination of the transcript of the proceedings incident to authorization and issuance of the Bonds, the legal opinion of Bond Counsel to the effect that (1) the Bonds are valid and legally binding obligations of the District payable from the sources and enforceable in accordance with the terms and conditions described therein, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity, and (2) are payable from annual ad valorem taxes, which are not limited by applicable law in rate or amount, levied against all property within the District which is not exempt from taxation by or under applicable law. The Attorney General of Texas does not guarantee or pass upon the safety of the Bonds as an investment or upon the adequacy of the information contained in this Official Statement. Special Tax Counsel's opinion will address the matters described below under "TAX MATTERS–Tax Exemption."

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP ("Special Tax Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Special Tax Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. A complete copy of the proposed form of opinion of Special Tax Counsel is set forth in "APPENDIX C–Opinion of Special Tax Counsel," hereto.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Beneficial Owners of the Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of obligations, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The District has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The opinion of Special Tax Counsel assumes the accuracy of these representations and compliance with these covenants. Special Tax Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Special Tax Counsel's attention after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Accordingly, the opinion of Special Tax Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Special Tax Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Special Tax Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Special Tax Counsel is expected to express no opinion.

The opinion of Special Tax Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Special Tax Counsel's judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Special Tax Counsel cannot give and has not given any opinion or assurance about the future activities of the District or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The District has covenanted, however, to comply with the requirements of the Code.

Special Tax Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Special Tax Counsel is not obligated to defend the District or the Beneficial Owners regarding the tax-exempt status of the Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the District and its appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the District legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the District or the Beneficial Owners to incur significant expense.

Qualified Tax-Exempt Obligations for Financial Institutions

The District has designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended. Pursuant to that section of the Code, a qualifying financial institution will be allowed a deduction from its own federal corporate income tax for the portion of interest expense the financial institution is able to allocate to designated "bank-qualified" investments.

CONTINUING DISCLOSURE OF INFORMATION

The District, in the Bond Order, has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to certain information vendors. This information will be available free of charge from the Municipal Securities Rule Making Board ("MSRB") via the Electronic Municipal Market Access ("EMMA") system at www.emma.msrb.org.

Annual Reports

The District will provide certain financial information and operating data annually. The information to be updated includes the quantitative financial information and operating data of the general type included in this Official Statement under the headings "DISTRICT DEBT," "TAX DATA," "THE SYSTEM- Historical Operations of the General Operating Fund," and the District's audited financial statements and supplemental schedules as found in "APPENDIX A- Financial Statements of the District." The District will update and provide this information within six months after the end of each of its fiscal years ending in or after 2018. The District will provide the updated information to the MSRB or any successor to its functions as a repository through its EMMA system. Any information concerning the District so provided shall be prepared in accordance with generally accepted auditing standards or other such principles as the District may be required to employ from time to time pursuant to state law or regulation, and audited if the audit report is completed within the period during which it must be provided. If the audit report of the District is not complete within such period, then the District shall provide unaudited financial statements for the applicable entity and fiscal year to the MSRB within such six month period, and audited financial statements when the audit report becomes available.

The District's current fiscal year end is December 31. Accordingly, it must provide updated information by June 30 in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.

Event Notices

The District shall notify the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District; (13) the consummation of a merger, consolidation, or acquisition involving the District or the System or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (14) appointment of a successor or additional trustee or the change of name of trustee, if material.

For these purposes, any event described in the immediately preceding subsection (12) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry or an order confirming a plan or reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

Availability of Information From EMMA

Investors will be able to access continuing disclosure information filed with the MSRB at www.emma.msrb.org. The District has agreed in the Bond Order to provide the foregoing information only to the MSRB through EMMA. The information will be available to holders of Bonds only if the holders comply with the procedures of the MSRB or obtain the information through securities brokers who do so.

Limitations and Amendments

The District has agreed to update information and to provide notices of material events only as described above. The District has not agreed to provide other information that may be relevant or material to complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Bonds may seek a writ of mandamus to compel the District to comply with its agreement.

The District may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status or type of operations of the District, if but only if (1) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering made hereby in compliance with SEC Rule 15c2-12 (the "Rule"), taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as any changed circumstances, and (2) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or (b) any qualified professional unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. If the District so amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described under "Annual Reports," an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating so provided. The District may also amend or repeal the agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgement that such provisions of the Rule are invalid, and the District also may amend its continuing disclosure agreement in its discretion in any other manner or circumstance, but in either case only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

Compliance with Prior Undertakings

During the last five years, the District has complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule.

PREPARATION OF OFFICIAL STATEMENT

General

The information contained in this Official Statement has been obtained primarily from the District's records, the District's Engineer, the Appraisal District, the District's Tax Assessor/Collector and other sources believed to be reliable. The District, however, makes no representation as to the accuracy or completeness of the information derived from such sources. The summaries of the statutes, resolutions, orders, agreements and engineering and other related reports set forth in this Official Statement are included herein subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents for further information.

Consultants

The information contained in this Official Statement relating to the physical characteristics of the District and engineering matters and, in particular, that engineering information included in the sections captioned "THE DIISTRICT" and "THE SYSTEM" has been provided by the District's Engineer and has been included herein in reliance upon the authority of such firm as experts in the field of civil engineering.

The information contained in this Official Statement relating to assessed valuations of property generally and, in particular, that information concerning historical breakdown of District valuations, principal taxpayers and collection rates contained in the sections captioned "TAX DATA" and "DISTRICT DEBT" has been provided by the Appraisal District and the District's Tax Assessor/Collector and has been included herein in reliance upon their authority as experts in the field of tax assessing and collecting.

The information contained in this Official Statement in the section captioned "THE DEVELOPERS" has been provided by the developers named in that section.

The financial statements contained in "APPENDIX A–Financial Statements of the District" have been included in reliance upon the accompanying report of the District's Auditor.

Updating the Official Statement

If, subsequent to the date of the Official Statement, the District learns, or is notified by the Underwriter, of any adverse event which causes the Official Statement to be materially misleading, unless the Underwriter elects to terminate its obligation to purchase the Bonds, the District will promptly prepare and supply to the Underwriter an appropriate amendment or supplement to the Official Statement satisfactory to the Underwriter; provided, however, that the obligation of the District to so amend or supplement the Official Statement will terminate when the District delivers the Bonds to the Underwriter, unless the Underwriter notifies the District on or before such date that less than all of the Bonds have been sold to ultimate customers, in which case the District's obligations hereunder will extend for an additional period of time (but not more than 90 days after the date the District delivers the Bonds to the Underwriter) until all of the Bonds have been sold to ultimate customers.

Certification of Official Statement

The District, acting through the Board in its official capacity, hereby certifies, as of the date hereof, that the information, statements and descriptions pertaining to the District and its affairs contained herein, to the best of its knowledge and belief, contain no untrue statements of a material fact and do not omit to state any material fact necessary to make the statements herein, in light of the circumstances under which they are made, not misleading. With respect to information included in this Official Statement other than that relating to the District, the Board has no reason to believe that such information contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements herein, in light of the circumstances under which they are made, not misleading; however, the Board can give no assurance as to the accuracy or completeness of the information derived from sources other than the District. This Official Statement is duly certified and approved by the Board of Directors of Greenwood Utility District as of the date specified on the first page hereof.

/s/ Billy O'Neill
President, Board of Directors
Greenwood Utility District

ATTEST:

/s/ John Wisener
Secretary, Board of Directors
Greenwood Utility District

APPENDIX A–Financial Statements of the District

GREENWOOD UTILITY DISTRICT

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2017

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

GREENWOOD UTILITY DISTRICT

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2017

TABLE OF CONTENTS

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

13100 Wortham Center Drive
Suite 235
Houston, Texas 77065-5610
_(713) 462-0341_
Fax (713) 462-2708
E-Mail: mgsb@mgsbpllc.com

9600 Great Hills Trail
Suite 150W
Austin, Texas 78759
_(512) 610-2209_
www.mgsbpllc.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Greenwood Utility District
Harris County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Greenwood Utility District (the "District"), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Board of Directors
Greenwood Utility District

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

May 16, 2018

GREENWOOD UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017

Management's discussion and analysis of Greenwood Utility District's (the "District") financial performance provides an overview of the District's financial activities for the year ended December 31, 2017. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District's annual report includes two financial statements combining the government-wide financial statements and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the District's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The Statement of Net Position includes all the District's assets, liabilities and deferred inflows and outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

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

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has four governmental fund types. The General Fund accounts for resources not accounted for in another fund, customer service revenues, operating costs and general expenditures. The Special Revenue Funds account for the activities of the wastewater treatment facilities and water facilities. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt

FUND FINANCIAL STATEMENTS (Continued)

and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information ("RSI"). Budgetary comparison schedules are included as RSI for the General Fund and each Special Revenue Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $2,808,459 as of December 31, 2017. A portion of the District's net position reflects its net investment in capital assets (land and buildings as well as the water, wastewater and drainage facilities, less any debt used to acquire those assets that is still outstanding). The following is a comparative analysis of government-wide changes in net position:

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2017	2016	Change Positive (Negative)
Current and Other Assets	$ 10,073,429	$ 9,080,833	$ 992,596
Capital Assets (Net of Accumulated Depreciation)	22,976,683	20,080,139	2,896,544
Total Assets	$ 33,050,112	$ 29,160,972	$ 3,889,140
Deferred Outflows of Resources	$ 227,909	$ 239,539	$ (11,630)
Due to Developer	$ 7,013,434	$ 10,000,447	$ 2,987,013
Bonds Payable	20,258,635	13,637,085	(6,621,550)
Other Liabilities	1,832,683	1,157,277	(675,406)
Total Liabilities	$ 29,104,752	$ 24,794,809	$ (4,309,943)
Deferred Inflows of Resources	$ 1,364,810	$ 995,234	$ (369,576)
Net Position:			
Net Investment in Capital Assets	$ (1,150,566)	$ (513,204)	$ (637,362)
Restricted	1,372,736	1,376,886	(4,150)
Unrestricted	2,586,289	2,746,786	(160,497)
Total Net Position	$ 2,808,459	$ 3,610,468	$ (802,009)

The following table provides a summary of the District's operations for the years ended December 31, 2017 and December 31, 2016.

	Summary of Changes in the Statement of Activities		
	2017	2016	Change Positive (Negative)
Revenues:			
Property Taxes	$ 1,022,172	$ 1,014,116	$ 8,056
Charges for Services	4,061,323	3,657,777	403,546
Other Revenues	137,518	83,853	53,665
Total Revenues	$ 5,221,013	$ 4,755,746	$ 465,267
Expenses for Services	6,023,022	4,793,794	(1,229,228)
Change in Net Position	$ (802,009)	$ (38,048)	$ (763,961)
Net Position, Beginning of Year	3,610,468	3,648,516	(38,048)
Net Position, End of Year	$ 2,808,459	$ 3,610,468	$ (802,009)

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of December 31, 2017, were $6,523,677, a decrease of $231,394 from the prior year.

The General Fund fund balance decreased by $160,497, primarily due to operating costs exceeding operating revenues.

The Debt Service Fund fund balance increased by $51,704, primarily due to the structure of the District's outstanding debt service requirements.

The Capital Projects Fund fund balance decreased by $122,601, primarily due to capital costs and reimbursing a developer in the District with the Series 2017 bond proceeds.

BUDGETARY HIGHLIGHTS

The Board of Directors did not amend the General Fund budget during the fiscal year. Actual revenues were $381,583 more than budgeted revenues primarily due to higher than expected revenues in almost all categories as a result of growth in the District. Actual expenditures were $577,889 higher than budgeted expenditures primarily due to higher than expected professional fees, purchased water service, purchase wastewater service, and unbudgeted lease costs. Revenue neutral Special Revenue Fund budgets are also presented.

CAPITAL ASSETS

Capital assets as of December 31, 2017, total $22,976,683 (net of accumulated depreciation) and include land and the administration building as well as the water, wastewater and drainage systems. Construction in progress consists of engineering and construction costs for the wastewater treatment plant expansion; recoating of the ground storage tank at water plant no. 1; water transmission facility expansion; rehabilitation of administration building; lease of package wastewater treatment plant; and Tidwell Lakes force main. Projects completed in the current year include wastewater treatment plant outfall channel repairs; water line extension on John Ralston Road; water, wastewater and drainage facilities for Bavaria, Sections 1 and 6 and Hidden Meadow, Phase II Sections 4, 5, 6, 7, 13, and 15; Evergreen Villas, Section 3 detention; and clearing and grubbing Bavaria, Section 2.

CAPITAL ASSETS (Continued)

Capital Assets At Year-End, Net of Accumulated Depreciation

	2017	2016	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	$ 87,448	$ 87,448	$
Construction in Progress	335,818	206,417	129,401
Capital Assets, Net of Accumulated Depreciation:			
Building	119,619	131,595	(11,976)
Water System	7,118,167	6,575,301	542,866
Wastewater System	8,379,678	7,483,831	895,847
Drainage System	6,935,953	5,595,547	1,340,406
Total Net Capital Assets	$ 22,976,683	$ 20,080,139	$ 2,896,544

LONG-TERM DEBT ACTIVITY

At year-end, the District had total bond debt payable of $20,730,000. The changes in the debt position of the District during the fiscal year ended December 31, 2017, are summarized as follows:

Bond Debt Payable, January 1, 2017	$ 13,905,000
Add: Bond Sale	7,195,000
Less: Bond Principal Paid	370,000
Bond Debt Payable, December 31, 2017	$ 20,730,000

The District's bonds were not rated for the current nor prior years.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Greenwood Utility District, c/o Radcliffe Bobbitt Adams Polley PLLC, 2929 Allen Parkway, Suite 3450, Houston, TX 77019-7120.

GREENWOOD UTILITY DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2017

		Special Revenue Funds	
	General Fund	Water Facilities	Wastewater Treatment Facilities
ASSETS			
Cash	$ 433,522	$ 248,154	$ 120,156
Investments	2,642,829		
Receivables:			
Property Taxes			
Penalty and Interest on Delinquent Taxes			
Service Accounts (Net of Allowance for Doubtful Accounts of $4,000)	264,870		
Builder Damages	6,850		
Due from Developer	50,125		
Due from Other Funds	69,684	69,033	92,232
Prepaid Costs	87,140		
Due from Participants		105,807	132,301
Advance for Water Plant Operations	149,908		
Advance for Wastewater Treatment Plant Operations	60,309		
Land			
Construction in Progress			
Capital Assets (Net of Accumulated Depreciation)			
TOTAL ASSETS	$ 3,765,237	$ 422,994	$ 344,689
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charges on Refunding Bonds	$ -0-	$ -0-	$ -0-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 3,765,237	$ 422,994	$ 344,689

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

Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
$ 629,024	$ 172,384	$ 1,603,240	$	$ 1,603,240
1,327,788	2,794,719	6,765,336		6,765,336
888,233		888,233		888,233
			169,527	169,527
		264,870		264,870
		6,850		6,850
		50,125		50,125
		230,949	(230,949)	
		87,140		87,140
		238,108		238,108
		149,908	(149,908)	
		60,309	(60,309)	
			87,448	87,448
			335,818	335,818
			22,553,417	22,553,417
$ 2,845,045	$ 2,967,103	$ 10,345,068	$ 22,705,044	$ 33,050,112
$ -0-	$ -0-	$ -0-	$ 227,909	$ 227,909
$ 2,845,045	$ 2,967,103	$ 10,345,068	$ 22,932,953	$ 33,278,021

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

GREENWOOD UTILITY DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2017

	General Fund	Special Revenue Funds: Water Facilities	Special Revenue Funds: Wastewater Treatment Facilities
LIABILITIES			
Accounts Payable	$ 488,783	$ 102,951	$ 162,562
Accrued Interest Payable			
Due to Other Funds	161,265		55,000
Due to Taxpayers			
Advances from Participants		320,043	127,127
Security Deposits	506,400		
Unearned Tap Revenue	22,500		
Accrued Interest at Time of Sale			
Due to Developers			
Long-Term Liabilities:			
Bonds Payable, Due Within One Year			
Bonds Payable, Due After One Year			
TOTAL LIABILITIES	$ 1,178,948	$ 422,994	$ 344,689
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	$ -0-	$ -0-	$ -0-
FUND BALANCES			
Nonspendable:			
Prepaid Costs	$ 87,140	$	$
Water Plant Operations	149,908		
Wastewater Treatment Plant Operations	60,309		
Restricted for Authorized Construction			
Restricted for Debt Service			
Assigned to 2018 Budget	969,207		
Unassigned	1,319,725		
TOTAL FUND BALANCES	$ 2,586,289	$ - 0 -	$ - 0 -
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 3,765,237	$ 422,994	$ 344,689
NET POSITION			
Net Investment in Capital Assets			
Restricted for Debt Service			
Unrestricted			
TOTAL NET POSITION			

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

Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
$ 4,638	$ 41,408	$ 800,342	$	$ 800,342
			250,294	250,294
5,900	8,784	230,949	(230,949)	
16,194		16,194		16,194
		447,170	(210,217)	236,953
		506,400		506,400
		22,500		22,500
11,141		11,141	(11,141)	
	260,773	260,773	6,752,661	7,013,434
			490,000	490,000
			19,768,635	19,768,635
$ 37,873	$ 310,965	$ 2,295,469	$ 26,809,283	$ 29,104,752
$ 1,525,922	$ -0-	$ 1,525,922	$ (161,112)	$ 1,364,810
$	$	$ 87,140	$ (87,140)	$
		149,908	(149,908)	
		60,309	(60,309)	
	2,656,138	2,656,138	(2,656,138)	
1,281,250		1,281,250	(1,281,250)	
		969,207	(969,207)	
		1,319,725	(1,319,725)	
$ 1,281,250	$ 2,656,138	$ 6,523,677	$ (6,523,677)	$ - 0 -
$ 2,845,045	$ 2,967,103	$ 10,345,068		
			$ (1,150,566)	$ (1,150,566)
			1,372,736	1,372,736
			2,586,289	2,586,289
			$ 2,808,459	$ 2,808,459

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

GREENWOOD UTILITY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2017

Total Fund Balances - Governmental Funds		$ 6,523,677
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		22,976,683
Deferred charges on refunding bonds are recorded as a deferred outflow in the governmental activities and amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter.		227,909
Deferred inflows of resources related to property tax revenues and uncollected penalty and interest revenues on delinquent taxes for the 2016 and prior tax levies became part of recognized revenue in the governmental activities of the District.		330,639
Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:		
Due to Developer	$ (6,752,661)	
Accrued Interest Payable	(239,153)	
Bonds Payable	(20,258,635)	(27,250,449)
Total Net Position - Governmental Activities		$ 2,808,459

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

THIS PAGE INTENTIONALLY LEFT BLANK

GREENWOOD UTILITY DISTRICT

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED DECEMBER 31, 2017

		Special Revenue Funds	
	General Fund	Water Facilities	Wastewater Treatment Facilities
REVENUES			
Property Taxes	$	$	$
Water Service	1,018,845	1,188,855	
Wastewater Service	884,737		1,044,090
Groundwater Reduction Plan Fees	529,524		
Penalty and Interest	74,863		
Tap Connection and Inspection Fees	364,701		
Miscellaneous Revenues	100,073	298	123
TOTAL REVENUES	$ 2,972,743	$ 1,189,153	$ 1,044,213
EXPENDITURES/EXPENSES			
Service Operations:			
Professional Fees	$ 290,341	$ 30,089	$ 43,942
Contracted Services	540,811	20,626	79,796
Purchased Water Service	574,522	1,023,044	472
Purchased Wastewater Service	500,558		
Utilities	35,092	23,528	116,237
Repairs and Maintenance	311,671	52,330	318,811
Depreciation			
Other	712,018	2,085	195,595
Capital Outlay	168,227	37,451	289,360
Debt Service:			
Bond Principal			
Bond Interest			
Bond Issuance Costs			
TOTAL EXPENDITURES/EXPENSES	$ 3,133,240	$ 1,189,153	$ 1,044,213
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	$ (160,497)	$ -0-	$ -0-
OTHER FINANCING SOURCES (USES)			
Proceeds from Issuance of Long-Term Debt	$	$	$
Bond Discount			
TOTAL OTHER FINANCING SOURCES (USES)	$ -0-	$ -0-	$ -0-
NET CHANGE IN FUND BALANCES	$ (160,497)	$ -0-	$ -0-
CHANGE IN NET POSITION			
FUND BALANCES/NET POSITION - JANUARY 1, 2017	2,746,786	-0-	-0-
FUND BALANCES/NET POSITION - DECEMBER 31, 2017	$ 2,586,289	$ -0-	$ -0-

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

Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
$ 1,010,288	$	$ 1,010,288	$ 11,884	$ 1,022,172
		2,207,700	(574,994)	1,632,706
		1,928,827	(500,558)	1,428,269
		529,524		529,524
20,501		95,364	10,759	106,123
		364,701		364,701
12,909	24,115	137,518		137,518
$ 1,043,698	$ 24,115	$ 6,273,922	$ (1,052,909)	$ 5,221,013
$ 8,056	$ 32,515	$ 404,943	$	$ 404,943
55,533		696,766		696,766
		1,598,038	(574,994)	1,023,044
		500,558	(500,558)	
		174,857		174,857
		682,812	46,421	729,233
			869,221	869,221
4,017	28	913,743	158,169	1,071,912
	6,697,192	7,192,230	(7,192,230)	
370,000		370,000	(370,000)	
554,388		554,388	102,527	656,915
	396,131	396,131		396,131
$ 991,994	$ 7,125,866	$ 13,484,466	$ (7,461,444)	$ 6,023,022
$ 51,704	$ (7,101,751)	$ (7,210,544)	$ 6,408,535	$ (802,009)
$	$ 7,195,000	$ 7,195,000	$ (7,195,000)	$
	(215,850)	(215,850)	215,850	
$ -0-	$ 6,979,150	$ 6,979,150	$ (6,979,150)	$ -0-
$ 51,704	$ (122,601)	$ (231,394)	$ 231,394	$
			(802,009)	(802,009)
1,229,546	2,778,739	6,755,071	(3,144,603)	3,610,468
$ 1,281,250	$ 2,656,138	$ 6,523,677	$ (3,715,218)	$ 2,808,459

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

GREENWOOD UTILITY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

Net Change in Fund Balances - Governmental Funds	$	(231,394)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.		11,884
Governmental funds report penalty and interest revenue on property taxes when collected. However, in the Statement of Activities, revenue is recorded when penalties and interest are assessed.		10,759
Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.		(869,221)
Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.		6,987,640
Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities.		370,000
In the Statement of Net Position, bond discounts are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities.		215,850
Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.		(102,527)
Governmental funds report bond proceeds as other financing sources. However, in the government-wide financial statements, the issuance of debt increases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		(7,195,000)
Change in Net Position - Governmental Activities	$	(802,009)

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

GREENWOOD UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1. CREATION OF DISTRICT

Greenwood Utility District of Harris County, Texas (the "District") was created by Acts of the 61st Legislature of the State of Texas, Regular Session, 1969, as a water control and improvement district in accordance with the Texas Water Code, Chapter 51. On May 14, 1979, the District was converted to a municipal utility district by order of the Texas Water Rights Commission, predecessor to the Texas Commission on Environmental Quality, and validity exists pursuant to Article XVI, Section 59 of the Construction of the State of Texas as a utility district operating pursuant to Chapters 49 and 54, Water Code. Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, sanitary sewer service, storm sewer drainage, irrigation, solid waste collection and disposal, including recycling, and to construct parks and recreational facilities for the residents of the District. The District is also empowered to contract for or employ its own peace officers with powers to make arrests and to establish, operate and maintain a fire department to perform all fire-fighting activities within the District. The Board of Directors held its first meeting on October 2, 1969, and the first bonds were sold on June 4, 1970.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

The District participates in a joint venture for the operation of the Greenwood Waste Disposal System. Since the District exercises oversight responsibility for the plant, the plant's operations are accounted for in the Special Revenue Fund of the District (see Note 8). The District does not issue separate financial statements for this joint venture.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District also participates in a joint venture for the operation of certain water facilities. Since the District exercises oversight responsibility for the facilities, the facilities are accounted for in a Special Revenue Fund of the District (see Note 9). The District does not issue separate financial statements for this joint venture.

Financial Statement Presentation

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

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

- Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

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

Government-Wide Financial Statements

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements (Continued)

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

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any, are eliminated by adjustment to obtain net total revenue and expense of the government-wide Statement of Activities.

Fund Financial Statements

As discussed above, the District's fund financial statements are combined with the government-wide financial statements. The fund financial statements include a Governmental Funds Balance Sheet and a Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances.

Governmental Funds

The District has four major governmental funds.

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

Special Revenue Fund – To account for financial resources collected and administered by the District for the joint operation of the wastewater treatment facilities and the water facilities.

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

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

Basis of Accounting

The District uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both "measurable and available." Measurable means the amount can be determined. Available means collectible within the current

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

period or soon enough thereafter to pay current liabilities. The District considers revenue reported in governmental funds to be available if they are collectible within 60 days after year-end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures when payment is due.

Property taxes considered available by the District and included in revenue include taxes collected from October 1, 2016, to December 31, 2017, for the 2016 tax levy and taxes collected from January 1, 2017, to December 31, 2017, for the 2015 and prior tax levies. The 2017 tax levy has been fully deferred to meet the cost of operations for the 2018 fiscal year. Deferred inflows of resources related to property tax revenues are those taxes which the District does not reasonably expect to be collected soon enough in the subsequent period to finance current expenditures.

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. As of December 31, 2017, the General Fund owed the Special Revenue Fund $69,033 and $92,232, for water plant operations and wastewater treatment plant operations, respectively; the Capital Projects Fund owed $8,784 to the General Fund for engineering costs related to the water transmission facility expansion; the Debt Service Fund owed $5,900 to the General Fund for Series 2015 Refunding bond issuance costs; and the Special Revenue Fund wastewater treatment facility owes the General Fund $55,000 to reimburse loan for operating funds.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Interest costs, including developer interest, engineering fees and certain other costs are capitalized as part of the asset. Assets are capitalized, including infrastructure assets, if they have an original cost greater than $10,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Estimated useful lives are as follows:

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

	Years
Buildings	40
Water System	10-45
Wastewater System	10-45
Drainage System	10-45

Budgeting

In compliance with governmental accounting principles, the Board of Directors annually adopts unappropriated budgets for the General Fund and each Special Revenue Fund. The General Fund budget was not amended during the current fiscal year; both Special Revenue Fund budgets were amended in the current fiscal year.

Pensions

The District has not established a pension plan as the District does not have employees. The Internal Revenue Service has determined that fees of office received by Directors are subject to federal income tax withholding for payroll purposes only.

Measurement Focus

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

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

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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

Assigned: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances. As of December 31, 2017, $969,207 has been assigned to the 2018 budget.

Unassigned: all other spendable amounts in the General Fund.

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

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 3. LONG-TERM DEBT

The following is a summary of transactions regarding the changes in long-term debt for the year ended December 31, 2017:

	January 1, 2017	Additions	Retirements	December 31, 2017
Bonds Payable	$ 13,905,000	$ 7,195,000	$ 370,000	$ 20,730,000
Unamortized Discounts	(267,915)	(215,850)	(12,400)	(471,365)
Bonds Payable, Net	$ 13,637,085	$ 6,979,150	$ 357,600	$ 20,258,635

Amount Due Within One Year	$ 490,000
Amount Due After One Year	19,768,635
Bonds Payable, Net	$ 20,258,635

NOTE 3. LONG-TERM DEBT (Continued)

The District's bonds payable at December 31, 2017, consist of the following:

	Series 2010	Series 2015 Refunding	Series 2015
Amount Outstanding - December 31, 2017	$2,750,000	$5,750,000	$5,035,000
Interest Rates	4.00% - 5.25%	2.00% - 4.10%	3.15% - 4.10%
Maturity Dates – Serially Beginning/Ending	August 1, 2018/2038	August 1, 2018/2037	August 1, 2018/2040
Interest Payment Dates	February 1/ August 1	February 1/ August 1	February 1/ August 1
Callable Dates	February 1, 2018 (1)	August 1, 2022 (2)	August 1, 2022 (2)

(1) Bonds maturing on or after August 1, 2018, are subject to redemption prior to maturity at the option of the District, in whole or from time to time in part, on February 1, 2018, or any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. Term bonds due August 1, 2021, August 1, 2023, August 1, 2026, August 1, 2031, and August 1, 2038, are subject to mandatory redemption on August 1, 2020, August 1, 2022, August 1, 2024, August 1, 2027, and August 1, 2032, respectively.

(2) Bonds maturing on or after August 1, 2023, are subject to redemption prior to maturity at the option of the District, in whole or from time to time in part, on August 1, 2022, or any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. Series 2015 Refunding term bonds due August 1, 2028, August 1, 2031, August 1, 2033, and August 1, 2037, are subject to mandatory redemption on August 1, 2027, August 1, 2029, August 1, 2032, and August 1, 2034, respectively. Series 2015 term bonds due August 1, 2033, August 1, 2036, and August 1, 2040, are subject to mandatory redemption on August 1, 2029, August 1, 2034 and August 1, 2037, respectively.

NOTE 3. LONG-TERM DEBT (Continued)

	Series 2017
Amount Outstanding - December 31, 2017	$7,195,000
Interest Rates	2.00% - 5.00%
Maturity Dates – Serially Beginning/Ending	August 1, 2018/2043
Interest Payment Dates	February 1/ August 1
Callable Dates	August 1, 2024 (3)

(3) Bonds maturing on or after August 1, 2025, are subject to redemption prior to maturity at the option of the District, in whole or from time to time in part, on August 1, 2024, or any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. Series 2017 term bonds due August 1, 2027, August 1, 2030, August 1, 2033, and August 1, 2043, are subject to mandatory redemption on August 1, 2025, August 1, 2028, August 1, 2031, and August 1, 2034, respectively.

As of December 31, 2017, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2018	$ 490,000	$ 764,102	$ 1,254,102
2019	505,000	862,611	1,367,611
2020	515,000	848,564	1,363,564
2021	530,000	832,601	1,362,601
2022	550,000	815,898	1,365,898
2023-2027	3,035,000	3,776,080	6,811,080
2028-2032	3,685,000	3,122,055	6,807,055
2033-2037	4,530,000	2,259,212	6,789,212
2038-2042	5,610,000	1,145,340	6,755,340
2043	1,280,000	64,000	1,344,000
	$ 20,730,000	$ 14,490,463	$ 35,220,463

NOTE 3. LONG-TERM DEBT (Continued)

As of December 31, 2017, the District had authorized but unissued bonds of $57,865,000 which can be issued for the purposes of acquiring or constructing water, sewer and drainage facilities. At an election held November 3, 2015, District voters approved the issuance of up to $3,105,000 of park bonds and also authorized the levy of taxes and the pledge of net revenues adequate to provide for payment of debt service for the park bonds. The District also has the authority to issue refunding bonds of 150% of the remaining outstanding bonds.

The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount, and certain bonds are further payable from and secured by a lien on and pledge of the net revenues to be received from the operation of the District's waterworks and sanitary sewer system.

During the year ended December 31, 2017, the District levied an ad valorem debt service tax rate of $0.75 per $100 of assessed valuation, which resulted in a tax levy of $1,364,810 on the adjusted taxable valuation of $181,974,678 for the 2017 tax year. The bond orders require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. The District's tax calendar is as follows:

Levy Date	- October 1, or as soon thereafter as practicable.
Lien Date	- January 1.
Due Date	- Upon receipt, but not later than January 31.
Delinquent Date	- February 1, at which time the taxpayer is liable for penalty and interest.

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS

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

The District has covenanted that it will take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross proceeds of the bonds, within the meaning of section 148(f) of the Internal Revenue Code, be rebated to the federal government. The minimum requirement for determination of the rebatable amount is on the five-year anniversary of the issue.

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes.

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the Authority, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District's deposits was $1,603,240 and the bank balance was $1,583,812. The District was not exposed to custodial credit risk at year-end. The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at December 31, 2017, as listed below:

	Cash
GENERAL FUND	$ 433,522
SPECIAL REVENUE FUNDS	368,310
DEBT SERVICE FUND	629,024
CAPITAL PROJECTS FUND	172,384
TOTAL DEPOSITS	$ 1,603,240

Investments

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all District funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the District's financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth. The District's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." No person may invest District funds without express written authority from the Board of Directors.

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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

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

As of December 31, 2017, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
GENERAL FUND		
TexPool	$ 2,642,829	$ 2,642,829
DEBT SERVICE FUND		
TexPool	1,327,788	1,327,788
CAPITAL PROJECTS FUND		
TexPool	2,794,719	2,794,719
TOTAL INVESTMENTS	$ 6,765,336	$ 6,765,336

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At December 31, 2017, the District's investment in TexPool was rated AAAm by Standard and Poor's.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investment in TexPool to have a maturity of less than one year due to the fact the share position can usually be redeemed each day at the discretion of the District unless there has been a significant change in value.

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Restrictions

All cash and investments of the Special Revenue Fund are restricted for operating the joint water and wastewater treatment facilities. All cash and investments of the Debt Service Fund are restricted for the payment of debt service and the cost of assessing and collecting taxes. All cash and investments of the Capital Projects Fund are restricted for the purchase of capital assets.

NOTE 6. CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2017:

	January 1, 2017	Increases	Decreases	December 31, 2017
Capital Assets Not Being Depreciated				
Land and Land Improvements	$ 87,448	$	$	$ 87,448
Construction in Progress	206,417	3,765,765	3,636,364	335,818
Total Capital Assets Not Being Depreciated	$ 293,865	$ 3,765,765	$ 3,636,364	$ 423,266
Capital Assets Subject to Depreciation				
Building	$ 171,576	$	$	$ 171,576
Water System	8,253,684	820,266		9,073,950
Wastewater System	9,769,227	1,217,623		10,986,850
Drainage System	6,872,574	1,598,475		8,471,049
Total Capital Assets Subject to Depreciation	$ 25,067,061	$ 3,636,364	$ - 0 -	$ 28,703,425
Accumulated Depreciation				
Building	$ 39,981	$ 11,976	$	$ 51,957
Water System	1,678,383	277,400		1,955,783
Wastewater System	2,285,396	321,776		2,607,172
Drainage System	1,277,027	258,069		1,535,096
Total Accumulated Depreciation	$ 5,280,787	$ 869,221	$ - 0 -	$ 6,150,008
Total Depreciable Capital Assets, Net of Accumulated Depreciation	$ 19,786,274	$ 2,767,143	$ - 0 -	$ 22,553,417
Total Capital Assets, Net of Accumulated Depreciation	$ 20,080,139	$ 6,532,908	$ 3,636,364	$ 22,976,683

NOTE 7. MAINTENANCE TAX

The Board of Directors of the District has the statutory authority to levy and collect an annual ad valorem tax for planning, maintaining, repairing and operating of the District's improvements if such maintenance tax is authorized by a vote of the District's electorate. Such tax would be in addition to taxes, which the District is authorized to levy for paying principal and interest on outstanding bonds, and any tax bonds, which may be issued in the future. To date, an election has failed to authorize a maintenance tax, and thus no maintenance tax has been levied.

NOTE 8. WASTE DISPOSAL AGREEMENT

On September 9, 1997, the District executed a Waste Disposal Agreement with Parkway Utility District. This agreement replaces the Regional Wastewater Treatment Facilities agreement dated June 1, 1977, as amended by that certain agreement dated August 15, 1977, as further amended by a Settlement and Indemnity Agreement dated November 3, 1983. The agreement provided for the construction of a new wastewater treatment plant ("the Plant") with a total capacity of 950,000 gallons per day. By deed dated September 16, 1970, the 8.116-acre plant site was conveyed to the District. The District holds legal title to the plant for the benefit of the parties. The capacity is allocated between the districts as follows:

	Ownership Capacity	Gallons-Per-Day Capacity
Greenwood Utility District	41.18%	391,210
Parkway Utility District	58.82	558,790
Total Capacity	100.00%	950,000

On October 26, 2017, the participants entered into an agreement for the District to lease 882,500 gallons of capacity in the facilities from Parkway. The value of the leased capacity is $0.156 per gallon for a cost of $137,670. This amount is recorded as payable at year-end.

The District operates the Plant. The variable costs of operating the Plant are allocated to the participants based upon the ratio of the number of gallons billed by each participant to their respective customers. Fixed costs as well as extraordinary repairs, capital improvements and modifications are payable in accordance with each district's ownership capacity. Engineering costs are split evenly between the participants. The District's cost of wastewater treatment this fiscal year is $500,558. The term of this agreement is 40 years.

NOTE 8. WASTE DISPOSAL AGREEMENT (Continued)

As of the fiscal year end the following balances have been recorded:

	Greenwood Utility District	Parkway Utility District	Total
Balance Receivable from Participants	$ 92,232	$ 132,301	$ 224,533
Reserve for Wastewater Treatment Plant Operations	$ 60,309	$ 66,818	$ 127,127

NOTE 9. WATER SUPPLY AGREEMENTS

AGREEMENT FOR FINANCING, CONSTRUCTION, OWNERSHIP, OPERATION, AND MAINTENANCE OF WATER FACILITIES

The District entered into a water facilities agreement on July 16, 1997, and a surface water facilities agreement on January 20, 1999 with Parkway Utility District ("Parkway") to provide for the financing, construction, ownership, operation and maintenance of water and surface water facilities. These agreements provide for the negotiation of a water supply agreement with the City of Houston to provide surface water to the joint districts. These agreements provided for the construction of a water transmission line to get water from the City to the districts. The agreements further provided for certain improvements to be made to the District's water plant facilities in order to be able to furnish water to both districts. The District holds title to the transmission facilities for the benefit of both districts, however, Parkway has an equitable ownership interest in the water plant improvements. The District is responsible for calculating the cost of maintenance of the facilities and bills each district on a pro rata basis based on the number of gallons used by each district. The term of the agreement is 40 years. The District's cost for water this fiscal year is $574,522. As of the fiscal year end the following balances have been recorded:

	Greenwood Utility District	Parkway Utility District	Total
Balance Receivable from Participants	$ 69,033	$ 105,807	$ 174,840
Reserve for Water Facilities Operations	$ 149,908	$ 170,135	$ 320,043

NOTE 9. WATER SUPPLY AGREEMENTS (Continued)

CITY OF HOUSTON

On March 11, 1998, the District approved an agreement with the City of Houston (the "City") providing for the supply of water from the City to the District. The charge for water is in accordance with the rates established by City Ordinances. The initial minimum monthly quantity is 800,000 gallons per day. The current rate per 1,000 gallons of water purchased is $2.98. The term of the agreement is 40 years.

NOTE 10. UNREIMBURSED COSTS

The District has recorded a liability for the costs to construct various water, sewer, drainage and detention facilities funded by developers within the District. The District anticipates issuing bonds to reimburse the developers for these costs.

NOTE 11. RISK MANAGEMENT

The District carries commercial insurance to protect against various risks including loss related to torts, the theft of, damage to or destruction of assets, errors and omissions, and natural disasters. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 12. HURRICANE HARVEY

The Houston area, including Harris County, sustained widespread rain damage and flooding as a result of Hurricane Harvey's landfall along the Texas Gulf Coast on August 25, 2017, and historic levels of rainfall during the succeeding four days.

According to the District's operator and engineer, the District's water and sewer system operated without material damage, however the wastewater treatment plant lost several electrical components which were replaced/repaired.

According to the Developers, the Operator, and the Engineer, the flood waters from Hurricane Harvey caused structural flooding within the District of approximately 595 homes and 3 businesses, the wastewater treatment plant and the District's administrative building during.

Hurricane Harvey could have an adverse impact on the Houston region's economy, including business activity and development in the region. The District cannot predict what impact, if any, Hurricane Harvey will have on assessed value of homes within the District.

NOTE 13. BOND SALE

On December 13, 2017, the District issued $7,195,000 of Series 2017 Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds. Bond proceeds were used to reimburse developers for water, wastewater and drainage facilities for Hidden Meadows, Sections 4, 5, 6, 13 and 15 and Bavaria Section 1; Detention for Bavaria Section 1; utility extensions and lift station for Lennar and Academy annexations; and bond issuance costs.

GREENWOOD UTILITY DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2017

GREENWOOD UTILITY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND FOR THE YEAR ENDED DECEMBER 31, 2017

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Water Service	$ 912,000	$ 1,018,845	$ 106,845
Wastewater Service	756,000	884,737	128,737
Groundwater Reduction Plan Fees	498,000	529,524	31,524
Penalty and Interest	75,600	74,863	(737)
Tap Connection and Inspection Fees	295,800	364,701	68,901
Miscellaneous Revenues	53,760	100,073	46,313
TOTAL REVENUES	$ 2,591,160	$ 2,972,743	$ 381,583
EXPENDITURES			
Services Operations:			
Professional Fees	$ 248,850	$ 290,341	$ (41,491)
Contracted Services	545,284	540,811	4,473
Purchased Water Service	549,012	574,522	(25,510)
Purchased Wastewater Service	272,268	500,558	(228,290)
Utilities	34,380	35,092	(712)
Repairs and Maintenance	325,735	311,671	14,064
Other	417,822	712,018	(294,196)
Capital Outlay	162,000	168,227	(6,227)
TOTAL EXPENDITURES	$ 2,555,351	$ 3,133,240	$ (577,889)
NET CHANGE IN FUND BALANCE	$ 35,809	$ (160,497)	$ (196,306)
FUND BALANCE - JANUARY 1, 2017	2,746,786	2,746,786	
FUND BALANCE - DECEMBER 31, 2017	$ 2,782,595	$ 2,586,289	$ (196,306)

See accompanying independent auditor’s report.

GREENWOOD UTILITY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - SPECIAL REVENUE FUND - WATER FACILITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
REVENUES				
Water Service	$ 1,142,515	$ 1,143,775	$ 1,188,855	$ 45,080
Miscellaneous Revenues			298	298
TOTAL REVENUES	$ 1,142,515	$ 1,143,775	$ 1,189,153	$ 45,378
EXPENDITURES				
Services Operations:				
Professional Fees	$ 24,500	$ 24,500	$ 30,089	$ (5,589)
Contracted Services	18,708	18,708	20,626	(1,918)
Purchased Water Service	1,016,472	1,016,472	1,023,044	(6,572)
Utilities	24,800	24,800	23,528	1,272
Repairs and Maintenance	55,800	55,800	52,330	3,470
Other	2,235	3,495	2,085	1,410
Capital Outlay			37,451	(37,451)
TOTAL EXPENDITURES	$ 1,142,515	$ 1,143,775	$ 1,189,153	$ (45,378)
NET CHANGE IN FUND BALANCE	$ -0-	$ -0-	$ -0-	$ -0-
FUND BALANCE - JANUARY 1, 2017				
FUND BALANCE - DECEMBER 31, 2017	$ -0-	$ -0-	$ -0-	$ -0-

See accompanying independent auditor's report.

GREENWOOD UTILITY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - SPECIAL REVENUE FUND - WASTEWATER TREATMENT FACILITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
REVENUES				
Wastewater Service	$ 590,628	$ 591,888	$ 1,044,090	$ 452,202
Miscellaneous Revenues			123	123
TOTAL REVENUES	$ 590,628	$ 591,888	$ 1,044,213	$ 452,325
EXPENDITURES				
Services Operations:				
Professional Fees	$ 19,900	$ 19,900	$ 43,942	$ (24,042)
Contracted Services	75,708	75,708	79,796	(4,088)
Purchased Water Service	600	600	472	128
Utilities	123,600	123,600	116,237	7,363
Repairs and Maintenance	188,000	188,000	318,811	(130,811)
Other	182,820	184,080	195,595	(11,515)
Capital Outlay			289,360	(289,360)
TOTAL EXPENDITURES	$ 590,628	$ 591,888	$ 1,044,213	$ (452,325)
NET CHANGE IN FUND BALANCE	$ -0-	$ -0-	$ -0-	$ -0-
FUND BALANCE - JANUARY 1, 2017				
FUND BALANCE - DECEMBER 31, 2017	$ -0-	$ -0-	$ -0-	$ -0-

See accompanying independent auditor's report.

THIS PAGE INTENTIONALLY LEFT BLANK

GREENWOOD UTILITY DISTRICT

SUPPLEMENTARY INFORMATION – REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

DECEMBER 31, 2017

GREENWOOD UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED DECEMBER 31, 2017

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

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

2. RETAIL SERVICE PROVIDERS

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

Based on the rate order effective June 21, 2017.

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons over Minimum Use	Usage Levels
WATER:	$ 17.00	1,000	N	$ 2.40	1,001 to 3,000
				$ 2.65	3,001 to 4,000
				$ 4.05	4,001 to 6,000
				$ 4.60	6,001 to 9,000
				$ 5.95	9,001 to 26,000
				$ 6.00	26,000 and up
WASTEWATER:	$ 28.00	1,000	N	$ 0.25	1,001 and up
SURCHARGE:	Groundwater Reduction Plan Fees			$2.98 + 10% per 1,000 gallons	

District employs winter averaging for wastewater usage? ______ Yes X No

Total monthly charges per 10,000 gallons usage: Water: $52.30 Wastewater: $30.25 Surcharge: $32.70 Total: $115.25

See accompanying independent auditor's report.

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
Unmetered			x 1.0	
≤¾"	2,382	2,082	x 1.0	2,082
1"	5	5	x 2.5	13
1½"	2	2	x 5.0	10
2"	14	14	x 8.0	112
3"			x 15.0	
4"	2	2	x 25.0	50
6"	1	1	x 50.0	50
8"			x 80.0	
10"			x 115.0	
Total Water Connections	2,406	2,106		2,317
Total Wastewater Connections	2,352	2,052	x 1.0	2,052

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

Gallons pumped into system:	57,823,000	Water Accountability Ratio: 88% (Gallons billed/Gallons pumped and purchased)
Gallons billed to customers:	164,470,000	
Gallons purchased:	129,408,000	From: City of Houston, Texas

See accompanying independent auditor's report.

4. **STANDBY FEES** (authorized only under TWC Section 49.231):

Does the District have Debt Service standby fees? Yes ___ No _X_

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

5. **LOCATION OF DISTRICT:**

Is the District located entirely within one county?

Yes _X_ No ____

County in which District is located:

Harris County, Texas

Is the District located within a city?

Entirely ____ Partly ____ Not at all _X_

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

Entirely _X_ Partly ____ Not at all ____

ETJ in which District is located:

City of Houston, Texas.

Are Board Members appointed by an office outside the District?

Yes ____ No _X_

GREENWOOD UTILITY DISTRICT
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2017

PROFESSIONAL FEES:		
Auditing	$	16,900
Arbitrage Analysis		360
Engineering		170,644
Legal		102,437
TOTAL PROFESSIONAL FEES	$	290,341
PURCHASED SERVICES FOR RESALE:		
Purchased Water Service	$	574,522
Purchased Wastewater Service		500,558
TOTAL PURCHASED SERVICES FOR RESALE	$	1,075,080
CONTRACTED SERVICES:		
Bookkeeping	$	22,362
Management Fee		9,900
Operations and Billing		20,000
TOTAL CONTRACTED SERVICES	$	52,262
UTILITIES:		
Electricity	$	30,349
Telephone		4,743
TOTAL UTILITIES	$	35,092
REPAIRS AND MAINTENANCE	$	311,671
ADMINISTRATIVE EXPENDITURES:		
Director Fees	$	36,000
Election Costs		7,054
Insurance		13,322
Office Supplies and Postage		69,745
Payroll Taxes		2,754
Travel and Meetings		9,920
Other		27,143
TOTAL ADMINISTRATIVE EXPENDITURES	$	165,938
CAPITAL OUTLAY	$	168,227

See accompanying independent auditor's report.

GREENWOOD UTILITY DISTRICT
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2017

TAP CONNECTIONS	$	155,964
SOLID WASTE DISPOSAL	$	287,108
SECURITY	$	201,441
OTHER EXPENDITURES:		
Chemicals	$	10,436
Generator Rental		3,400
Inspection Fees		61,060
Laboratory Fees		13,217
Lease Joint Wastewater Treatment Plant Capacity		137,670
Lease Wastewater Treatment Plant		120,000
Permit Fees		4,024
Reconnection Fees		30,593
Regulatory Assessment		9,716
TOTAL OTHER EXPENDITURES	$	390,116
TOTAL EXPENDITURES	$	3,133,240

See accompanying independent auditor's report.

GREENWOOD UTILITY DISTRICT
INVESTMENTS
DECEMBER 31, 2017

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
GENERAL FUND					
TexPool	XXXX0003	Varies	Daily	$ 2,642,829	$ - 0 -
DEBT SERVICE FUND					
TexPool	XXXX0001	Varies	Daily	$ 1,327,788	$ - 0 -
CAPITAL PROJECTS FUND					
TexPool	XXXX0002	Varies	Daily	$ 2,763,717	$
TexPool	XXXX0004	Varies	Daily	31,002	
TOTAL CAPITAL PROJECTS FUND				$ 2,794,719	$ - 0 -
TOTAL - ALL FUNDS				$ 6,765,336	$ - 0 -

See accompanying independent auditor’s report.

GREENWOOD UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2017

	Debt Service Taxes	
TAXES RECEIVABLE - JANUARY 1, 2017	$ 680,071	
Adjustments to Beginning Balance	26,938	$ 707,009
Original 2017 Tax Levy	$ 927,477	
Adjustment to 2017 Tax Levy	437,333	1,364,810
TOTAL TO BE ACCOUNTED FOR		$ 2,071,819
TAX COLLECTIONS:		
Prior Years	$ 545,897	
Current Year	637,689	1,183,586
TAXES RECEIVABLE - DECEMBER 31, 2017		$ 888,233
TAXES RECEIVABLE BY YEAR:		
2017		$ 727,121
2016		24,031
2015		13,646
2014		9,603
2013		9,314
2012		8,423
2011		7,524
2010		6,058
2009		6,449
2008		7,981
2007		6,861
2006		7,392
2005		11,142
2004		10,136
2003		7,777
2002		6,748
2001		5,540
2000 and prior		12,487
TOTAL TAXES RECEIVABLE		$ 888,233

See accompanying independent auditor's report.

GREENWOOD UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2017

	2017	2016	2015	2014
PROPERTY VALUATIONS:				
Land	$ 46,482,485	$ 34,283,691	$ 32,457,874	$ 26,038,693
Improvements	159,567,649	121,708,931	96,304,469	61,765,114
Personal Property	4,552,570	3,839,136	4,393,656	3,585,109
Exemptions	(28,628,026)	(27,133,911)	(20,974,708)	(17,098,916)
TOTAL PROPERTY VALUATIONS	$ 181,974,678	$ 132,697,847	$ 112,181,291	$ 74,290,000
TAX RATES PER $100 VALUATION:				
Debt Service	$ 0.75	$ 0.75	$ 0.90	$ 0.99
ADJUSTED TAX LEVY*	$ 1,364,810	$ 995,234	$ 1,010,381	$ 735,862
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	46.72 %	97.59 %	98.65 %	98.69 %

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

Maintenance Tax – A maintenance tax has not been approved by the voters.

See accompanying independent auditor's report.

GREENWOOD UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2017

	SERIES - 2010		
Due During Fiscal Years Ending December 31	Principal Due August 1	Interest Due February 1/ August 1	Total
2018	$ 80,000	$ 139,072	$ 219,072
2019	85,000	135,873	220,873
2020	85,000	132,302	217,302
2021	90,000	128,563	218,563
2022	90,000	124,602	214,602
2023	95,000	120,328	215,328
2024	95,000	115,815	210,815
2025	95,000	111,065	206,065
2026	100,000	106,315	206,315
2027	105,000	101,315	206,315
2028	105,000	95,855	200,855
2029	110,000	90,395	200,395
2030	110,000	84,675	194,675
2031	115,000	78,955	193,955
2032	120,000	72,975	192,975
2033	125,000	66,675	191,675
2034	125,000	60,112	185,112
2035	125,000	53,550	178,550
2036	130,000	46,987	176,987
2037	135,000	40,163	175,163
2038	630,000	33,075	663,075
2039			
2040			
2041			
2042			
2043			
	$ 2,750,000	$ 1,938,667	$ 4,688,667

See accompanying independent auditor's report.

GREENWOOD UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2017

Due During Fiscal Years Ending December 31	SERIES - 2015 REFUNDING Principal Due August 1	Interest Due February 1/ August 1	Total
2018	$ 180,000	$ 207,510	$ 387,510
2019	185,000	203,910	388,910
2020	195,000	200,210	395,210
2021	200,000	195,335	395,335
2022	210,000	190,335	400,335
2023	215,000	184,560	399,560
2024	230,000	178,110	408,110
2025	240,000	170,635	410,635
2026	255,000	162,835	417,835
2027	260,000	153,910	413,910
2028	280,000	144,160	424,160
2029	295,000	133,660	428,660
2030	310,000	121,860	431,860
2031	330,000	109,460	439,460
2032	345,000	96,260	441,260
2033	360,000	82,460	442,460
2034	380,000	68,060	448,060
2035	405,000	52,480	457,480
2036	425,000	35,875	460,875
2037	450,000	18,450	468,450
2038			
2039			
2040			
2041			
2042			
2043			
	$ 5,750,000	$ 2,710,075	$ 8,460,075

See accompanying independent auditor's report.

GREENWOOD UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2017

	S E R I E S - 2 0 1 5		
Due During Fiscal Years Ending December 31	Principal Due August 1	Interest Due February 1/ August 1	Total
2018	$ 120,000	$ 194,705	$ 314,705
2019	120,000	190,805	310,805
2020	120,000	186,905	306,905
2021	125,000	183,005	308,005
2022	130,000	178,943	308,943
2023	130,000	174,717	304,717
2024	135,000	170,623	305,623
2025	140,000	166,235	306,235
2026	140,000	161,475	301,475
2027	150,000	156,505	306,505
2028	150,000	150,955	300,955
2029	155,000	145,180	300,180
2030	160,000	138,980	298,980
2031	160,000	132,580	292,580
2032	170,000	126,180	296,180
2033	175,000	119,380	294,380
2034	185,000	112,380	297,380
2035	190,000	104,980	294,980
2036	200,000	97,380	297,380
2037	205,000	89,380	294,380
2038	195,000	80,975	275,975
2039	870,000	72,980	942,980
2040	910,000	37,310	947,310
2041			
2042			
2043			
	$ 5,035,000	$ 3,172,558	$ 8,207,558

See accompanying independent auditor's report.

GREENWOOD UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2017

	SERIES - 2017		
Due During Fiscal Years Ending December 31	Principal Due August 1	Interest Due February 1/ August 1	Total
2018	$ 110,000	$ 222,815	$ 332,815
2019	115,000	332,023	447,023
2020	115,000	329,147	444,147
2021	115,000	325,698	440,698
2022	120,000	322,018	442,018
2023	125,000	317,937	442,937
2024	125,000	313,438	438,438
2025	130,000	308,687	438,687
2026	135,000	303,488	438,488
2027	135,000	298,087	433,087
2028	145,000	292,688	437,688
2029	145,000	286,525	431,525
2030	155,000	280,362	435,362
2031	160,000	273,775	433,775
2032	165,000	266,575	431,575
2033	170,000	259,150	429,150
2034	175,000	251,500	426,500
2035	185,000	242,750	427,750
2036	190,000	233,500	423,500
2037	195,000	224,000	419,000
2038	200,000	214,250	414,250
2039	205,000	204,250	409,250
2040	210,000	194,000	404,000
2041	1,170,000	183,500	1,353,500
2042	1,220,000	125,000	1,345,000
2043	1,280,000	64,000	1,344,000
	$ 7,195,000	$ 6,669,163	$ 13,864,163

See accompanying independent auditor's report.

GREENWOOD UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2017

Due During Fiscal Years Ending December 31	ANNUAL REQUIREMENTS FOR ALL SERIES Total Principal Due	 Total Interest Due	 Total Principal and Interest Due
2018	$ 490,000	$ 764,102	$ 1,254,102
2019	505,000	862,611	1,367,611
2020	515,000	848,564	1,363,564
2021	530,000	832,601	1,362,601
2022	550,000	815,898	1,365,898
2023	565,000	797,542	1,362,542
2024	585,000	777,986	1,362,986
2025	605,000	756,622	1,361,622
2026	630,000	734,113	1,364,113
2027	650,000	709,817	1,359,817
2028	680,000	683,658	1,363,658
2029	705,000	655,760	1,360,760
2030	735,000	625,877	1,360,877
2031	765,000	594,770	1,359,770
2032	800,000	561,990	1,361,990
2033	830,000	527,665	1,357,665
2034	865,000	492,052	1,357,052
2035	905,000	453,760	1,358,760
2036	945,000	413,742	1,358,742
2037	985,000	371,993	1,356,993
2038	1,025,000	328,300	1,353,300
2039	1,075,000	277,230	1,352,230
2040	1,120,000	231,310	1,351,310
2041	1,170,000	183,500	1,353,500
2042	1,220,000	125,000	1,345,000
2043	1,280,000	64,000	1,344,000
	$ 20,730,000	$ 14,490,463	$ 35,220,463

See accompanying independent auditor's report.

GREENWOOD UTILITY DISTRICT
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED DECEMBER 31, 2017

Description	Original Bonds Issued	Bonds Outstanding January 1, 2017
Greenwood Utility District Unlimited Tax Bonds - Series 2010	$ 3,155,000	$ 2,960,000
Greenwood Utility District Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds - Series 2015	5,900,000	5,790,000
Greenwood Utility District Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds - Series 2015	5,155,000	5,155,000
Greenwood Utility District Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds - Series 2017	7,195,000	
TOTAL	$ 21,405,000	$ 13,905,000

Bond Authority:	Utility Bonds*	Park Bonds
Amount Authorized by Voters	$ 83,420,000	$ 3,105,000
Amount Issued	25,555,000	
Remaining to be Issued	$ 57,865,000	$ 3,105,000

* The District has the authority to issue refunding bonds of 150% of the balance of outstanding bonds.

See accompanying independent auditor's report.

Current Year Transactions				
	Retirements		Bonds Outstanding	
Bonds Sold	Principal	Interest	December 31, 2017	Paying Agent
$	$ 210,000	$ 147,473	$ 2,750,000	Wells Fargo Bank N.A. Houston, TX
	40,000	208,310	5,750,000	Bank of Texas Austin, TX
	120,000	198,605	5,035,000	Bank of Texas Austin, TX
7,195,000			7,195,000	UMB Bank N.A. Dallas, TX
$ 7,195,000	$ 370,000	$ 554,388	$ 20,730,000	

Debt Service Fund cash and investment balances as of December 31, 2017:	$ 1,956,812
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 1,354,633

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

See accompanying independent auditor's report.

GREENWOOD UTILITY DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2017	2016	2015
REVENUES			
Water Service	$ 1,018,845	$ 908,220	$ 775,984
Wastewater Service	884,737	772,825	661,722
Groundwater Reduction Plan Fees	529,524	475,848	396,296
Penalty and Interest	74,863	76,425	76,323
Tap Connection and Inspection Fees	364,701	519,195	359,396
Miscellaneous Revenues	100,073	64,877	47,077
TOTAL REVENUES	$ 2,972,743	$ 2,817,390	$ 2,316,798
EXPENDITURES			
Service Operations:			
Professional Fees	$ 290,341	$ 226,289	$ 279,431
Contracted Services	540,811	471,864	460,270
Purchased Water Service	574,522	471,769	442,294
Purchased Wastewater Service	500,558	326,246	262,399
Utilities	35,092	35,623	21,987
Repairs and Maintenance	311,671	312,703	168,382
Other	712,018	424,338	435,647
Capital Outlay	168,227	48,144	93,292
TOTAL EXPENDITURES	$ 3,133,240	$ 2,316,976	$ 2,163,702
NET CHANGE IN FUND BALANCE	$ (160,497)	$ 500,414	$ 153,096
BEGINNING FUND BALANCE	2,746,786	2,246,372	2,093,276
ENDING FUND BALANCE	$ 2,586,289	$ 2,746,786	$ 2,246,372

See accompanying independent auditor’s report.

		Percentage of Total Revenues				
2014	2013	2017	2016	2015	2014	2013
$ 695,537	$ 672,017	34.3 %	32.3 %	33.5 %	33.3 %	39.3 %
592,728	525,036	29.8	27.4	28.6	28.4	30.7
339,444	297,129	17.8	16.9	17.1	16.2	17.4
64,537	49,925	2.5	2.7	3.3	3.1	2.9
350,320	139,445	12.3	18.4	15.5	16.8	8.1
46,401	26,678	3.3	2.3	2.0	2.2	1.6
$ 2,088,967	$ 1,710,230	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 232,372	$ 193,694	9.8 %	8.0 %	12.1 %	11.1 %	11.3 %
390,189	328,497	18.2	16.7	19.9	18.7	19.2
371,904	327,308	19.3	16.7	19.1	17.8	19.1
214,079	189,703	16.8	11.6	11.3	10.2	11.1
21,567	11,520	1.2	1.3	0.9	1.0	0.7
131,182	141,074	10.5	11.1	7.4	6.4	8.3
399,827	210,608	24.0	15.1	18.8	19.1	12.3
818		5.7	1.7	4.0		
$ 1,761,938	$ 1,402,404	105.5 %	82.2 %	93.5 %	84.3 %	82.0 %
$ 327,029	$ 307,826	(5.5) %	17.8 %	6.5 %	15.7 %	18.0 %
1,766,247	1,458,421					
$ 2,093,276	$ 1,766,247					

See accompanying independent auditor’s report.

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

	Amounts		
	2017	2016	2015
REVENUES			
Property Taxes	$ 1,010,288	$ 1,019,129	$ 807,819
Penalty and Interest	20,501	36,168	45,851
Miscellaneous Revenues	12,909	4,860	887
TOTAL REVENUES	$ 1,043,698	$ 1,060,157	$ 854,557
EXPENDITURES			
Tax Collection Expenditures	$ 66,106	$ 60,508	$ 63,465
Debt Service Principal	370,000	235,000	270,000
Debt Service Interest and Fees	555,888	492,927	322,241
Bond Issuance Costs			251,291
TOTAL EXPENDITURES	$ 991,994	$ 788,435	$ 906,997
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 51,704	$ 271,722	$ (52,440)
OTHER FINANCING SOURCES (USES)			
Proceeds from Issuance of Refunding Bonds	$	$	$ 5,900,000
Payment to Refunded Bond Escrow Agent			(5,590,284)
Bond Discount			(50,846)
TOTAL OTHER FINANCING SOURCES (USES)	$ - 0 -	$ - 0 -	$ 258,870
NET CHANGE IN FUND BALANCE	$ 51,704	$ 271,722	$ 206,430
BEGINNING FUND BALANCE	1,229,546	957,824	751,394
ENDING FUND BALANCE	$ 1,281,250	$ 1,229,546	$ 957,824
TOTAL ACTIVE RETAIL WATER CONNECTIONS	2,106	2,002	1,649
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	2,052	1,952	1,613

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2014	2013	2017	2016	2015	2014	2013
$ 753,874	$ 626,926	96.8 %	96.1 %	94.6 %	91.1 %	94.0 %
73,816	39,363	2.0	3.4	5.4	8.9	5.9
323	618	1.2	0.5			0.1
$ 828,013	$ 666,907	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 69,522	$ 53,242	6.3 %	5.7 %	7.3 %	8.3 %	7.9 %
195,000	185,000	35.5	22.2	31.6	23.6	27.7
443,301	451,387	53.3	46.5	37.7	53.5	67.7
				29.4		
$ 707,823	$ 689,629	95.1 %	74.4 %	106.0 %	85.4 %	103.3 %
$ 120,190	$ (22,722)	4.9 %	25.6 %	(6.0) %	14.6 %	(3.3) %
$	$					
$ - 0 -	$ - 0 -					
$ 120,190	$ (22,722)					
631,204	653,926					
$ 751,394	$ 631,204					
1,419	1,168					
1,385	1,149					

See accompanying independent auditor's report.

GREENWOOD UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
DECEMBER 31, 2017

District Mailing Address - Greenwood Utility District
c/o Radcliffe Bobbitt Adams Polley PLLC
2929 Allen Parkway, Suite 3450
Houston, TX 77019-7120

District Telephone Number - (713) 237-1221

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended December 31, 2017	Expense Reimbursements for the year ended December 31, 2017	Title
Billy O'Neill	05/15 05/19 (Elected)	$ 7,200	$ 6,452	President
Gary Flight	05/17 05/21 (Elected)	$ 7,200	$ 203	Vice President
J. Dean Tankersley	05/17 05/21 (Elected)	$ 7,200	$ 806	Secretary
Robert Primeaux	05/15 05/19 (Elected)	$ 7,200	$ 1,471	Assistant Secretary
John Wisener	05/17 05/21 (Elected)	$ 7,200	$ 1,513	Director

Notes: No Director has any business or family relationships (as defined by the Texas Water Code) with major landowners in the District, with the District's developers or with any of the District's consultants.

Submission date of most recent District Registration Form (TWC Sections 36.054 and 49.054): May 2, 2018.

The limit on Fees of Office that a Director may receive during a fiscal year is $7,200 as set by Board Resolution (TWC Section 49.060) on September 3, 2003. Fees of Office are the amounts actually paid to a Director during the District's current fiscal year.

See accompanying independent auditor's report.

GREENWOOD UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
DECEMBER 31, 2017

Consultants:	Date Hired	Fees for the year ended December 31, 2017 District	Fees for the year ended December 31, 2017 Water Facilities	Fees for the year ended December 31, 2017 Wastewater Treatment Facilities	Title
Radcliffe Bobbitt Adams Polley PLLC	11/09/97	$ 170,468 $ 180,840	$ 28,349 $ -0-	$ 16,917 $ -0-	General Counsel Bond Counsel
McCall Gibson Swedlund Barfoot PLLC	01/20/99	$ 16,900 $ 15,900	$ 3,000	$ 3,000	Auditor Bond Related
FSG Information Systems, LP	03/01/16	$ 34,255	$ 8,294	$ 8,836	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	03/08/95	$ 8,056	$ -0-	$ -0-	Delinquent Tax Attorney
A & S Engineers, Inc.	12/10/96	$ 259,659	$ 15,712	$ 87,340	Engineer
Blitch Associates, Inc.	04/09/97	$ 96,404	$ -0-	$ -0-	Financial Advisor
Municipal District Services	04/01/08	$ 526,692	$ 64,357	$ 393,276	Operator
Thomas W. Lee, R.T.A.	11/01/97	$ 41,334	$ -0-	$ -0-	Tax Assessor/ Collector
Systems Project Management, L.L.C.	05/01/08	$ 10,200	$ -0-	$ -0-	Project Management

See accompanying independent auditor's report.

APPENDIX B–Effect of Harvey on Tax Base

Effect of Harvey on Tax Base

The following table, prepared from information extracted from the 2017 and 2018 tax rolls, compares the average residential taxable value within each section, as of January 1 of the indicated year. While increases and decreases in average values may reflect a number of issues, such as revaluation, depreciation and new construction, this comparison may provide a tangible indication of the effect of the flooding upon house values as reflected on the 2018 tax rolls.

Note that the apparent decrease in the number of houses in most sections on the 2018 tax rolls is due to properties that have not yet been certified by the Appraisal District. According to the District, no homes had been destroyed by the flooding and removed from the tax rolls.

According to the District's Operator, there were 101 vacant homes with no water service in July 2017 and 128 vacant homes with no water service in August 2018. While the increase of 27 vacant homes without water service may reflect homes so damaged by flooding as to not be yet habitable, it may also be due to vacant rental properties or unoccupied homes on the market for sale. Moreover, flood damaged homes may still be receiving service from the District. The District cannot guarantee that such figures accurately represent the flood damaged homes within the District.

	2017 Average Value		***2018 Average Value***		
Sections	***Number***	***Taxable***	***Number***	***Taxable***	***Change***
Bavaria Sec 1	84	$96,354	(a)		
Bavaria Sec 2	80	86,448	(a)		
Bavaria Sec 3	110	102,267	(a)		
Bavaria Sec 4	141	79,663	(a)		
Bavaria Sec 5	127	76,769	(a)		
Bavaria Sec 6	17	44,025	(a)		
Evergreen Villas Sec 1	62	129,989	63	$156,455	20.36%
Greenwood Mobile Home Park	66	10,020	60	9,570	-4.49%
Hidden Meadows Sec 1	125	141,498	108	142,307	0.57%
Hidden Meadows Sec 2	83	149,681	76	150,655	0.65%
Hidden Meadows Sec 3	95	152,443	86	152,259	-0.12%
Hidden Meadows Sec 4	60	147,686	56	147,871	0.13%
Hidden Meadows Sec 5	63	162,828	60	164,142	0.81%
Hidden Meadows Sec 6	82	141,434	77	141,942	0.36%
Hidden Meadows Sec 13	55	185,839	54	185,236	-0.32%
Hidden Meadows Sec 15	42	188,317	78	188,525	0.11%
Parkway Sec 1 R/P	253	20,566	190	25,377	23.39%
Parkway Sec 2	200	18,457	167	18,599	0.77%
Parkway Sec 3	1	745,980	1	973,147	30.45%
Tidwell Lakes Sec 1	2	195,883	10	175,132	-10.59%
Tidwell Lakes Sec 2	1	184,274	10	179,065	-2.83%
Tidwell Lakes Sec 3	0	0	2	181,587	N/A
Parkway Properties CE King Sec 1	2	62,095	2	893,967	1139.68%
Totals and Average	1,192	$94,381	1,100	$107,913	

(a) Bavaria sections have not yet been certified for 2018; it has been reported that 28 of the houses within the Bavaria sections had flooded but have subsequently been restored.

APPENDIX C–Opinion of Special Tax Counsel

[Orrick Letterhead]

_____, 2018

Greenwood Utility District
2929 Allen Parkway, Suite 3450
Houston, Texas 77019-7120

We have served as special tax counsel to the Greenwood Utility District (the "Issuer") in connection with the issuance of the Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 2018 (the "Bonds"), in the aggregate principal amount of $7,920,000. The Bonds mature, bear interest and may be transferred and exchanged as set out in the order adopted by the Issuer authorizing the Bonds (the "Bond Order").

We have served as special tax counsel for the sole purpose of rendering an opinion with respect to the exclusion of interest on the Bonds from gross income under federal income tax law. In such capacity we have examined the federal income tax law and a transcript of certain certified proceedings pertaining to the issuance of the Bonds. The transcript contains certified copies of certain proceedings of the Issuer; certain certifications and representations and other material facts within the knowledge and control of the Issuer, upon which we rely; and certain other customary documents and instruments authorizing and relating to the issuance of the Bonds.

Based on our examination as described above and in reliance on the legal opinion of Radcliffe Bobbitt Adams Polley PLLC, as Bond Counsel, dated the date hereof, that the Bonds have been authorized and issued in accordance with the Constitution and laws of the State of Texas and are valid and legally binding obligations of the Issuer, we are of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

The opinion set forth in the first sentence of the immediately preceding paragraph is subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted in the Bond Order and the Federal Tax Certificate executed by the Issuer on the date hereof, to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. The Code and the existing regulations, rulings and court decisions thereunder, upon which the foregoing opinion is based, are subject to change, which could prospectively or retroactively result in the inclusion of the interest on the Bonds in gross income of the owners thereof for federal income tax purposes.

Our opinion is based on existing law, which is subject to change. Such opinion is further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinion to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinion is not a guarantee of result and is not binding on the Internal Revenue Service; rather, such opinion represents our legal judgment as of the date hereof based upon our review of existing law that we deem relevant to such opinion and in reliance upon the representations and covenants referenced above.

APPENDIX D–Specimen Municipal Bond Insurance Policy

MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER] Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: $__________ in aggregate principal amount of [NAME OF TRANSACTION] [and maturing on] Effective Date: _________

Risk Premium: $__________
Member Surplus Contribution: $_________
Total Insurance Payment: $_________

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: ____

Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:
claims@buildamerica.com
Address:
1 World Financial Center, 27th floor
200 Liberty Street
New York, New York 10281
Telecopy:
212-962-1524 (attention: Claims)