OFFICIAL STATEMENT DATED AUGUST 12, 2020

IN THE OPINION OF BOND COUNSEL UNDER EXISTING LAW, INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES AND INTEREST ON BONDS IS NOT SUBJECT TO THE ALTERNATIVE MINIMUM TAX ON INDIVIDUALS. SEE "TAX MATTERS" FOR A DISCUSSION OF THE OPINION OF BOND COUNSEL.

THE DISTRICT HAS DESIGNATED THE BONDS AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS. SEE "TAX MATTERS—QUALIFIED TAX-EXEMPT OBLIGATIONS FOR FINANCIAL INSTITUTIONS" HEREIN.

NEW ISSUE-Book-Entry Only

Insured Ratings (AGM): S&P "AA" (stable outlook)
Moody's "A2" (stable outlook)
Underlying Rating: Moody's "A3"
See "MUNICIPAL BOND RATING" and "MUNICIPAL BOND INSURANCE" herein.

HARRIS COUNTY WATER CONTROL & IMPROVEMENT DISTRICT NO. 50
(A political subdivision of the State of Texas located within Harris County)
$7,420,000
UNLIMITED TAX BONDS
SERIES 2020

Dated Date: September 1, 2020 **Due: September 1, as shown below**

The $7,420,000 Unlimited Tax Bonds, Series 2020 (the "Bonds") are obligations solely of Harris County Water Control & Improvement District No. 50 (the "District") and are not obligations of the State of Texas, Harris County, the City of El Lago, the City of Taylor Lake Village, the City of Seabrook or any entity other than the District.

The Bonds will be issued in fully registered form only, in denominations of $5,000 or any integral multiple of $5,000 for any one maturity. Principal of the Bonds will be payable at stated maturity or redemption upon presentation of the Bonds at the principal payment office of the paying agent/registrar, initially, The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (the "Paying Agent/Registrar"). Interest accrues from September 1, 2020, and is payable March 1, 2021 (six months of interest), and each September 1 and March 1 thereafter until the earlier of maturity or redemption on the basis of a 360 day year of twelve 30 day months. The Bonds are subject to redemption prior to maturity as described below.

The Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Beneficial owners of the Bonds will not receive physical certificates representing the Bonds, but will receive a credit balance on the books of the nominees of such beneficial owners. So long as Cede & Co. is the registered owner of the Bonds, the principal of and interest on the Bonds will be paid by the Paying Agent/Registrar directly to DTC, which will, in turn, remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds as described herein. See "THE BONDS—Book-Entry-Only System."

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 ASSURED GUARANTY MUNICIPAL CORP. See "MUNICIPAL BOND INSURANCE" herein.

MATURITY SCHEDULE

Due (Sept. 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number (c)	Due (Sept. 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number (c)
2021	$ 250,000	1.000 %	0.300 %	414269 DD9	2026	$ 250,000 (b)	1.000 %	0.850 %	414269 DJ6
2022	250,000	1.000	0.400	414269 DE7	2027	250,000 (b)	1.000	1.000	414269 DK3
2023	250,000	1.000	0.500	414269 DF4	2028	250,000 (b)	1.000	1.050	414269 DL1
2024	250,000	1.000	0.600	414269 DG2	2029	250,000 (b)	1.000	1.150	414269 DM9
2025	250,000	2.000	0.700	414269 DH0					

$500,000 Term Bonds due September 1, 2031 (b), 414269 DP2 (c), 1.250% Interest Rate, 1.450% Yield (a)
$500,000 Term Bonds due September 1, 2033 (b), 414269 DR8 (c), 1.500% Interest Rate, 1.550% Yield (a)
$500,000 Term Bonds due September 1, 2035 (b), 414269 DT4 (c), 1.500% Interest Rate, 1.650% Yield (a)
$1,000,000 Term Bonds due September 1, 2039 (b), 414269 DX5 (c), 1.625% Interest Rate, 1.750% Yield (a)
$730,000 Term Bonds due September 1, 2041 (b), 414269 DZ0 (c), 1.750% Interest Rate, 1.850% Yield (a)
$1,940,000 Term Bonds due September 1, 2045 (b), 414269 ED8 (c), 2.000% Interest Rate, 2.026% Yield (a)

(a) Initial reoffering yield represents the initial offering yield to the public, which has been established by the Initial Purchaser for offers to the public and which may be subsequently changed by the Initial Purchaser and is the sole responsibility of the Initial Purchaser. The initial reoffering yields indicated above represent the lower of the yields resulting when priced to maturity or to the first call date. Accrued interest from September 1, 2020 is to be added to the price.
(b) The Bonds maturing on or after September 1, 2026 are subject to redemption prior to maturity at the option of the District, in whole or, from time to time in part, on September 1, 2025, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption. The Term Bonds (as defined herein) are also subject to mandatory sinking fund redemption as more fully described herein. See "THE BONDS—Redemption Provisions."
(c) CUSIP Numbers will be assigned to the Bonds by CUSIP Service Bureau and will be included solely for the convenience of the purchasers of the Bonds. Neither the District nor the Initial Purchaser shall be responsible for the selection or correctness of the CUSIP Numbers.

The Bonds, when issued, will constitute valid and legally binding obligations of the District and will be payable 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. The Bonds are subject to special investment risks described herein. See "INVESTMENT CONSIDERATIONS."

The Bonds are offered by the Initial Purchaser (as herein defined) subject to prior sale, when, as and if issued by the District and accepted by the Initial Purchaser, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Smith, Murdaugh, Little & Bonham, L.L.P., Bond Counsel. Delivery of the Bonds through DTC is expected on or about September 10, 2020.

TABLE OF CONTENTS

USE OF INFORMATION IN OFFICIAL STATEMENT

No dealer, broker, salesman or other person has been authorized 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 representation must not be relied upon as having been authorized by the District.

This Official Statement is not to be used in 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, resolutions, 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 Smith, Murdaugh, Little & Bonham, L.L.P., 2727 Allen Parkway, Suite 1100, Houston, Texas 77019, 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 affairs of the District or other matters described herein since the date hereof. However, 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 Initial Purchaser and thereafter only as specified in "PREPARATION OF OFFICIAL STATEMENT—Updating the Official Statement."

Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM 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 AGM supplied by AGM and presented under the heading "MUNICIPAL BOND INSURANCE" and "APPENDIX B—Specimen Municipal Bond Insurance Policy."

OFFICIAL STATEMENT SUMMARY

The following information is qualified in its entirety by the more detailed information and financial statements appearing elsewhere in this Official Statement.

THE FINANCING

The Issuer...	Harris County Water Control & Improvement District No. 50 (the "District"), a political subdivision of the State of Texas, located in Harris County, Texas. See "THE DISTRICT."
The Issue...	$7,420,000 Unlimited Tax Bonds, Series 2020 (the "Bonds") are issued pursuant to an order (the "Bond Order") of the District's Board of Directors. The Bonds mature serially on September 1 in each year 2021 through 2029, both inclusive, and as term bonds on September 1 in each of the years 2031, 2033, 2035, 2039, 2041 and 2045 (the "Term Bonds") in the principal amounts set forth on the cover page of this Official Statement. Interest on the Bonds will accrue from September 1, 2020, with interest payable March 1, 2021 (six months of interest) and each September 1 and March 1 thereafter until maturity. The Bonds maturing on or after September 1, 2026 are subject to optional redemption, in whole or, from time to time in part, on September 1, 2025, or on any date thereafter, at a price equal to the principal amount of the Bonds to be redeemed plus accrued interest thereon to the date fixed for redemption. The Term Bonds (as defined herein) are also subject to mandatory sinking fund redemption as more fully described herein. See "THE BONDS."
Book-Entry-Only System ...	The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC, pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in 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 interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "THE BONDS—Book-Entry-Only System."
Authority for Issuance ...	The Bonds are the seventh series of bonds issued out of an aggregate of $46,077,000 principal amount of unlimited tax bonds for constructing, acquiring, owning, leasing, operating, repairing or extending facilities for a water, sanitary sewer and drainage system and also for the purpose of refunding bonds issued by the District. After issuance of the Bonds, the District will have $29,890,000 principal amount of unlimited tax bonds authorized but unissued for purposes of construction and acquisition of water, sanitary sewer and drainage facilities. The Bonds are being issued pursuant to an order from the Texas Commission on Environmental Quality (the "TCEQ" or "Commission"), Article XVI, Section 59 of the Constitution of Texas, Chapters 49 and 54 of the Texas Water Code, as amended, and an order (the "Bond Order") of the Board of Directors (the "Board") of the District authorizing the issuance of the Bonds. See "THE BONDS—Authority for Issuance and Issuance of Additional Debt" and "INVESTMENT CONSIDERATIONS—Future Debt."
Source of Payment ...	The Bonds are payable from a continuing direct annual ad valorem tax, unlimited as to rate or amount, levied against all taxable property within the District. The Bonds are obligations solely of the District and are not obligations of the State of Texas, Harris County, the City of El Lago, the City of Taylor Lake Village, the City of Seabrook, or any entity other than the District. See "THE BONDS—Source of Payment."
Use of Proceeds...	Proceeds from sale of the Bonds will be used to finance (1) storm sewer system improvements; (2) a surface water transmission line; (3) electronic water meters; and (4) engineering fees and testing. Bond proceeds will also be used to capitalize twelve (12) months of interest on the Bonds and to pay certain costs associated with the issuance of the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."
Payment Record …	The District has previously issued four series of unlimited tax and revenue bonds, two series of unlimited tax bonds, and one series of unlimited tax refunding bonds, of which $4,200,000 principal amount remained outstanding as of July 1, 2020 (the "Outstanding Bonds"). The District has never defaulted in the payment of principal of and interest on the Outstanding Bonds.
Qualified Tax-Exempt Obligations …	The Bonds are designated as "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Internal Revenue Code of 1986. See "TAX MATTERS—Qualified Tax-Exempt Obligations for Financial Institutions."

Municipal Bond Rating and Municipal Bond Insurance...	S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, ("S&P") and Moody's Investors Service, Inc. ("Moody's") has assigned municipal bond ratings of "AA" (stable outlook) and "A2" (stable outlook), respectively, to this issue of Bonds with the understanding that, upon delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by Assured Guaranty Municipal Corp. Moody's has also assigned an underlying rating of "A3" to the Bonds. An explanation of the ratings may be obtained from S&P and Moody's. See "INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance," "MUNICIPAL BOND RATING," "MUNICIPAL BOND INSURANCE" and "APPENDIX B."
Bond Counsel ...	Smith, Murdaugh, Little & Bonham, L.L.P., Bond Counsel, Houston, Texas.
Financial Advisor ...	Masterson Advisors LLC, Houston, Texas.
Disclosure Counsel ...	McCall Parkhurst & Horton L.L.P., Disclosure Counsel, Houston, Texas.
Investment Considerations ...	The purchase and ownership of the Bonds are subject to special investment considerations, and all prospective purchasers are urged to examine carefully the entire Official Statement for a discussion of investment risks, including particularly the section captioned "INVESTMENT CONSIDERATIONS."

INFECTIOUS DISEASE OUTLOOK (COVID-19)

General… The World Health Organization has declared a pandemic following the outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus (the "Pandemic"), which is currently affecting many parts of the world, including the United States and Texas. As described herein under "Investment Considerations- Infectious Disease Outlook (COVID-19)", federal, state and local governments have all taken actions to respond to the Pandemic, including disaster declarations by both the President of the United States and the Governor of Texas. Such actions are focused on limiting instances where the public can congregate or interact with each other, which affects economic growth within Texas.

Impact… Since the disaster declarations were made, the Pandemic has negatively affected travel, commerce, and financial markets locally and globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide and within Texas.

Such adverse economic conditions, if they continue, could result in declines in the demand for residential and commercial property in the Houston area and could reduce or negatively affect property values within the District. The Bonds are secured by an unlimited ad valorem tax, and a reduction in property values may require an increase in the ad valorem tax rate required to pay the Bonds as well as the District's share of operations and maintenance expenses payable from ad valorem taxes.

While the potential impact of COVID-19 on the District cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the District's operations and financial condition. The financial and operating data contained herein are the latest available but are as of dates and for periods prior to the economic impact of the Pandemic and measures instituted to slow it. Accordingly, they are not indicative of the economic impact of the Pandemic on the District's financial condition. See "INVESTMENT CONSIDERATIONS—Infectious Disease Outlook (COVID-19)."

RECENT EXTREME WEATHER EVENTS; HURRICANE HARVEY; TROPICAL STORM IMELDA

General… 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 has experienced four storms exceeding a 0.2% probability (i.e. "500-year flood" events) since 2015, including Hurricane Harvey, which made landfall along the Texas Gulf Coast on August 26, 2017, and brought historic levels of rainfall during the successive four days and Tropical Storm Imelda, which occurred on November 21, 2019.

Impact… According to the District's Superintendent/Operator (as defined herein) and A&S Engineers, Inc. (the "Engineer"), there was no interruption of water and sewer service as a result of Hurricane Harvey or Tropical Storm Imelda. Further, the District's system did not sustain any material damage from Hurricane Harvey or Tropical Storm Imelda. Further, to the best knowledge of the District, approximately 87 homes experienced structural flooding as a result of Hurricane Harvey and no homes or commercial improvements within the District experienced structural flooding as a result of Tropical Storm Imelda.

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 in the District's tax rate. 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. See "INVESTMENT CONSIDERATIONS—Recent Extreme Weather Events; Hurricane Harvey; Tropical Storm Imelda" and "—Specific Flood Type Risks."

THE DISTRICT

Description... The District is a political subdivision of the State of Texas, created by Order of the Texas Board of Water Engineers, a predecessor agency to the Texas Commission on Environmental Quality (the "Commission") on July 18, 1955, under the provisions of XVI, Section 59, of the Texas Constitution. The District operates in accordance with Chapters 49 and 51 of the Texas Water Code, as amended. The District is located in Harris County, approximately 23 miles southeast of downtown Houston. The District contains approximately 457 acres of land. All of the land within the District is located within the boundaries of either the City of El Lago, the City of Taylor Lake Village or the City of Seabrook. The District is within the boundaries of the Clear Creek Independent School District. See "THE DISTRICT" and "AERIAL PHOTOGRAPH."

Status of Development… Development of the District began in the 1960s. Development in the District is primarily residential. Water, sanitary sewer and drainage facilities are available to serve all of the developable land within the District. As of June 1, 2020, 1,008 homes were completed (1,000 occupied).

The District has approximately 1.5 miles of property fronting Taylor Lake (the "Lake'). Development along the Lake is primarily large, expensive homes. Moving toward the interior of the District, the homes reduce in size and value. Approximately 40 homes within the District are listed in excess of $500,000 in taxable assessed value on the 2019 tax roll of the District as prepared by the Harris County Appraisal District. The average taxable home value for tax year 2019 was approximately $270.000.

In addition, two apartment complexes are located within the District. Commercial development in the District includes a marina, an automotive repair shop, a dry cleaners, a banquet hall, a veterinary clinic, and various other retail and service establishments. See "TAX DATA—Principal Taxpayers" and "THE DISTRICT."

SELECTED FINANCIAL INFORMATION

2019 Certified Taxable Assessed Valuation	$308,167,847	(a)
2020 Preliminary Taxable Assessed Valuation	$332,055,067	(b)
Gross Debt Outstanding (after the issuance of the Bonds)	$11,620,000	
Estimated Overlapping Debt	23,681,357	(c)
Gross Debt and Estimated Overlapping Debt	$35,301,357	
Ratios of Gross Debt to:		
2019 Certified Taxable Assessed Valuation	3.77%	
2020 Preliminary Taxable Assessed Valuation	3.50%	
Ratios of Gross Debt and Estimated Overlapping Debt to:		
2019 Certified Taxable Assessed Valuation	11.46%	
2020 Preliminary Taxable Assessed Valuation	10.63%	
2019 Debt Service Tax Rate	$0.0950	
2019 Maintenance Tax Rate	0.2327	
2019 Total Tax Rate	$0.3277/$100 A.V.	
Average Annual Debt Service Requirements (2021-2045) of the Bonds (“Average Requirement”)	$602,616	(d)
Maximum Annual Debt Service Requirement (2021) of the Bonds (“Maximum Requirement”)	$643,000	(d)
Tax Rates Required to Pay Average Requirement (2021-2045) at a 95% Collection Rate		
Based upon 2019 Certified Taxable Assessed Valuation	$0.21/$100 A.V.	
Based upon 2020 Preliminary Taxable Assessed Valuation	$0.20/$100 A.V.	
Tax Rates Required to Pay Maximum Requirement (2021) at a 95% Collection Rate		
Based upon 2019 Certified Taxable Assessed Valuation	$0.22/$100 A.V.	
Based upon 2020 Preliminary Taxable Assessed Valuation	$0.21/$100 A.V.	

Water and Sewer Connections as of June 1, 2020 (e):

Completed Homes – Occupied	1,000
Completed Homes – Vacant	8
Multi-Family (523 Units)	5
Commercial Connections	13

Estimated 2020 Population – 4,546 (f)

(a) As certified by the Harris County Appraisal District (the “Appraisal District”). See “TAX PROCEDURES.”

(b) Provided by the Appraisal District as a preliminary indication for the 2020 taxable value (as of January 1, 2020), including personal property value from tax year 2019 in the amount of $3,877,514. Such amount as shown above is subject to protest, review and downward adjustment prior to certification. No tax will be levied on such amount until it is certified. See “TAX PROCEDURES.”

(c) See “ESTIMATED OVERLAPPING DEBT STATEMENT.”

(d) See “DEBT SERVICE REQUIREMENTS.”

(e) See “STATUS OF DEVELOPMENT IN THE DISTRICT.”

(f) Based upon 3.5 persons per occupied home and 2 persons per apartment unit.

OFFICIAL STATEMENT

HARRIS COUNTY WATER CONTROL & IMPROVEMENT DISTRICT NO. 50

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

$7,420,000
UNLIMITED TAX BONDS
SERIES 2020

This Official Statement provides certain information in connection with the issuance by Harris County Water Control & Improvement District No. 50 (the "District") of its $7,420,000 Unlimited Tax Bonds, Series 2020 (the "Bonds.")

The Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 51 of the Texas Water Code, as amended, the general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas, an order authorizing the issuance of the Bonds (the "Bond Order") adopted by the Board of Directors of the District (the "Board"), an order of the Texas Commission on Environmental Quality (the "TCEQ" or the "Commission") and elections held within the District.

This Official Statement includes descriptions, among others, of the Bonds and the Bond Order, and certain other information about the District and development activity within the District. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each document. Copies of such documents may be obtained from the District upon payment of the costs of duplication therefor from Smith, Murdaugh, Little & Bonham, L.L.P., Bond Counsel, 2727 Allen Parkway, Suite 1100, Houston, Texas 77019.

THE BONDS

Description

The Bonds are dated September 1, 2020, with interest payable each March 1 and September 1 (each an "Interest Payment Date"), beginning March 1, 2021 (six months of interest), and mature on the dates and in the amounts and pay interest at the rates shown on the cover page hereof. The definitive Bonds will be issued only in fully registered form in any integral multiple of $5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. No physical delivery of the Bonds will be made to the owners thereof. Initially, principal of and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "Book-Entry-Only System" herein.

In the event the Book-Entry-Only System is discontinued, interest on the Bonds shall be payable by check on or before each interest payment date, mailed by the Paying Agent/Registrar to the registered owners ("Registered Owners") as shown on the bond register (the "Register") kept by the Paying Agent/Registrar at the close of business on the 15th calendar day of the month immediately preceding each interest payment date to the address of such Registered Owner as shown on the Register, or by such other customary banking arrangements as may be agreed upon by the Paying Agent/Registrar and a Registered Owner at the risk and expense of such Registered Owner.

Book-Entry-Only System

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Direct Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) prepayment or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will do so on a timely basis or that DTC, DTC Direct Participants or DTC Indirect Participants will 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 "Procedure" of DTC to be followed in dealing with DTC Direct Participants are on file with DTC.

The Depository Trust Company ("DTC"), New York, NY, 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 Bond certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest 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 3.6 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 the 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 corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a rating of "AA+" from S&P Global Ratings. 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 Direct Participants, which will receive a credit for the Bonds 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 and 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 interests 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 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 DTC 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 any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District (or the Trustee on behalf thereof) 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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, 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, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, interest payments and redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants will 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 depository with respect to the Bonds at any time by giving reasonable notice to the District or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates 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, Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

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 Orders will be given only to DTC.

Registration, Transfer and Exchange

So long as any Bonds remain outstanding, the Paying Agent/Registrar shall keep the Register at its principal payment office and, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds in accordance with the Bond Order. While the Bonds are in the Book-Entry-Only system, Bonds will be registered only in the name of Cede & Co and held by DTC. See "Book-Entry-Only System."

Paying Agent/Registrar

The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., in Dallas, Texas. In the Bond Order the District retains the right to replace the Paying Agent/Registrar. The District covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are duly paid, and any successor Paying Agent/Registrar shall be a commercial bank or trust company organized under the laws of the State of Texas or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Bonds. Upon any change in the Paying Agent/Registrar for the Bonds, the District agrees to promptly cause a written notice thereof to be sent to each Registered Owner of the Bonds by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

Source of Payment

The Bonds, when issued, will constitute valid and binding obligations of the District and are payable as to principal and interest from and are secured by 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. Tax proceeds, after deduction for collection costs, will be placed in the Debt Service Fund (as defined in the Bond Order) and used solely to pay principal of and interest on the Bonds, the Outstanding Bonds, and on any additional bonds issued by the District payable from taxes which may be levied. See "TAX DATA."

The Bonds are obligations solely of the District and are not obligations of Harris County, Texas, the City of El Lago, the City of Taylor Lake Village, the City of Seabrook, the State of Texas or any political subdivision or entity other than the District.

Funds

The Bond Order confirms the previous establishment of the District's Debt Service Fund. The Debt Service Fund is to be kept separate from all other funds of the District and used for payment of debt service on the Outstanding Bonds, the Bonds and any of the District's duly authorized additional bonds, together with interest thereon, as such becomes due. Amounts on deposit in the Debt Service Fund may also be used to pay the fees and expenses of the Paying Agent/Registrar, and to defray the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Bonds and any additional bonds.

Accrued interest on the Bonds and twelve (12) months of capitalized interest will be deposited into the Debt Service Fund upon receipt. The remaining proceeds from sale of the Bonds including interest earnings thereon, will be deposited into the Capital Projects Fund to be used for the purpose of acquiring and constructing District facilities and for paying the costs of issuing the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

The Bond Order also confirms the previous establishment of the District's General Fund. The District deposits, as collected, all revenues derived from operation of the District's water and wastewater system and from maintenance taxes into the General Fund. From the General Fund, the District pays all administration, operation, and maintenance expenses of the water and wastewater system and the District's storm drainage system, recreational facilities and street lights in the District. Any funds remaining in the General Fund after payment of maintenance and operating expenses may be used by the District for any lawful purposes.

Mutilated, Lost, Stolen or Destroyed Bonds

In the event the book-entry-only system is discontinued, upon the presentation and surrender to the Paying Agent/Registrar of a mutilated Bond, the Paying Agent/Registrar shall authenticate and deliver in exchange therefore a replacement Bond of like series, maturity, interest rate and principal amount, bearing a number not contemporaneously outstanding. If any Bond is lost, apparently destroyed, or wrongfully taken, the District, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall, upon receipt of certain documentation from the Registered Owner and an indemnity bond, execute and the Paying Agent/Registrar shall authenticate and deliver a replacement Bond of like series, maturity, interest rate and principal amount bearing a number not contemporaneously outstanding. Registered Owners of lost, stolen or destroyed Bonds will be required to pay the District's costs to replace such Bond. In addition, the District or the Paying Agent/Registrar may require the Registered Owner to pay a sum sufficient to cover any tax or other governmental charge that may be imposed.

If, after the delivery of such replacement Bond, a bona fide purchaser of the original Bond in lieu of which such replacement Bond was issued presents for payment such original Bond, the District and Registrar shall be entitled to recover such replacement Bond from the person to whom it was delivered or any person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the District or the Paying Agent/Registrar in connection therewith.

If any such mutilated, lost, apparently destroyed or wrongfully taken Bond has become or is about to become payable, the District in its discretion may, instead of issuing a replacement Bond, authorize the Paying Agent/Registrar to pay such Bond.

Each replacement Bond delivered in accordance with this Section shall be entitled to the benefits and security of the Bond Order to the same extent as the Bond or Bonds in lieu of which such replacement Bond is delivered.

Record Date

The record date for payment of the interest on any regularly scheduled interest payment date is defined as the 15th day of the month (whether or not a business day) preceding such interest payment date.

Redemption Provisions

Mandatory Redemption: The Bonds maturing on September 1 in each of the years 2031, 2033, 2035, 2039, 2041 and 2045 (the "Term Bonds") shall be redeemed, at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption (the "Mandatory Redemption Date"), on September 1 in each of the years and in the principal amounts set forth in the following schedule (with each such scheduled principal amount reduced, at the option of the District, by the principal amount as may have been previously redeemed through the exercise of the District's reserved right of optional redemption, as provided under "Optional Redemption" below):

$500,000 Term Bonds Due September 1, 2031

Mandatory Redmption Date	Principal Amount
2030	$ 250,000
2031 (maturity)	250,000

$500,000 Term Bonds Due September 1, 2033

Mandatory Redmption Date	Principal Amount
2032	$ 250,000
2033 (maturity)	250,000

$500,000 Term Bonds Due September 1, 2035

Mandatory Redmption Date	Principal Amount
2034	$ 250,000
2035 (maturity)	250,000

$1,000,000 Term Bonds Due September 1, 2039

Mandatory Redmption Date	Principal Amount
2036	$ 250,000
2037	250,000
2038	250,000
2039 (maturity)	250,000

$730,000 Term Bonds Due September 1, 2041

Mandatory Redmption Date	Principal Amount
2040	$ 250,000
2041 (maturity)	480,000

$1,940,000 Term Bonds Due September 1, 2045

Mandatory Redmption Date	Principal Amount
2042	$ 480,000
2043	480,000
2044	490,000
2045 (maturity)	490,000

If less than all of the Bonds are redeemed at any time, the maturities of the Bonds to be redeemed will be selected by the District. If less than all of the Bonds of a certain maturity are to be redeemed, the particular Bonds to be redeemed shall be selected by the Paying Agent/Registrar by lot or other random method (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form).

On or before 30 days prior to each Mandatory Redemption Date set forth above, the Registrar shall (i) determine the principal amount of such Term Bond that must be mandatorily redeemed on such Mandatory Redemption Date, after taking into account deliveries for cancellation and optional redemptions as more fully provided for below, (ii) select, by lot or other customary random method, the Term Bond or portions of the Term Bond of such maturity to be mandatorily redeemed on such Mandatory Redemption Date, and (iii) give notice of such redemption as provided in the Bond Order. The principal amount of any Term Bond to be mandatorily redeemed on such Mandatory Redemption Date shall be reduced by the principal amount of such Term Bond, which, by the 45th day prior to such Mandatory Redemption Date, either has been purchased in the open market and delivered or tendered for cancellation by or on behalf of the District to the Registrar or optionally redeemed and which, in either case, has not previously been made the basis for a reduction under this sentence.

Optional Redemption: The District reserves the right, at its option, to redeem the Bonds maturing on and after September 1, 2026, prior to their scheduled maturities, in whole or from time to time in part, in integral multiples of $5,000, on September 1, 2025, or on any date thereafter, at a price of par plus accrued interest on the principal amounts called for redemption to the date fixed for redemption. If fewer than all of the Bonds are redeemed at any time, the particular maturities of Bonds to be redeemed shall be selected by the District. If less than all the Bonds of any maturity are redeemed at any time, the particular Bonds within a maturity to be redeemed shall be selected by the Paying Agent/Registrar by lot or other customary method of selection (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form).

If a Bond subject to redemption is in a denomination larger than $5,000, a portion of such Bond may be redeemed, but only in integral multiples of $5,000. Upon surrender of any Bond for redemption in part, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor a Bond or Bonds of like maturity and interest rate in an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered.

Notice of any redemption identifying the Bonds to be redeemed in whole or in part shall be made as provided in the Bond Order and shall be given by the Paying Agent/Registrar at least thirty (30) days prior to the date fixed for redemption by sending written notice by first class mail to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the Register. Such notices shall state the redemption date, the redemption price, the place at which the Bonds are to be surrendered for payment and, if less than all the Bonds outstanding within any one maturity are to be redeemed, the numbers of the Bonds or the portions thereof to be redeemed. Any notice so given shall be conclusively presumed to have been duly given, whether or not the Registered Owner receives such notice. By the date fixed for redemption, due provision shall be made with the Paying Agent/Registrar for payment of the redemption price of the Bonds or portions thereof to be redeemed, plus accrued interest to the date fixed for redemption. When Bonds have been called for redemption in whole or in part and due provision has been made to redeem the same as herein provided, the Bonds or portions thereof so redeemed shall no longer be regarded as outstanding except for the purpose of receiving payment solely from the funds so provided for redemption, and the rights of the Registered Owners to collect interest which would otherwise accrue after the redemption date on any Bond or portion thereof called for redemption shall terminate on the date fixed for redemption.

Authority for Issuance

At elections held within the District, the voters of the District authorized the issuance of a total of $46,077,000 principal amount of unlimited tax bonds for purposes of acquiring and constructing the District's water, sanitary sewer and drainage system and also for the purpose of refunding of the bonds issues by the District. The Bonds are the seventh issuance from such authorization. See "Issuance of Additional Debt" below.

The Commission, pursuant to its order approving sale of the Bonds, has authorized the District to sell the Bonds for the purposes described in "USE AND DISTRIBUTION OF BOND PROCEEDS."

The Bonds are issued by the District pursuant to the terms and conditions of the Bond Order, an order of the Commission, Article XVI, Section 59 of the Texas Constitution, and Chapters 49 and 51 of the Texas Water Code, as amended. Before the Bonds can be issued, the Attorney General of Texas must pass upon the legality of certain related matters. 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. See "LEGAL MATTERS—Legal Opinion."

Issuance of Additional Debt

The District's voters have authorized the issuance of $46,077,000 in principal amount of unlimited tax bonds for purposes of acquiring and constructing the water, sanitary sewer and drainage facilities to serve land within the District and also for the purpose of refunding of the bonds issues by the District. The District could authorize additional amounts. After issuance of the Bonds, the District will have $29,890,000 in principal amount of unlimited tax bonds authorized but unissued bonds for water, sewer and drainage facilities. The Bond Order imposes no limitation on the amount of additional parity bonds which may be subsequently authorized for issuance by the District's voters or the amount ultimately issued by the District.

The District is authorized by statute to develop parks and recreational facilities, including the issuing of bonds payable from taxes for such purpose. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) preparation of a detailed park plan; (b) authorization of park bonds by the qualified voters in the District; (c) approval of the park project and bonds by the TCEQ; and (d) approval of the bonds by the Attorney General of Texas. If the District does issue park bonds, the outstanding principal amount of such bonds may not exceed an amount equal to one percent of the value of the taxable property in the District. The Board has not considered authorizing the preparation of a park plan or calling a park bond election at this time.

The District is also authorized by statute to engage in fire-fighting activities, including the issuance of bonds payable from taxes for such purpose. Before the District could issue fire-fighting bonds payable from taxes, the following actions would be required: (a) authorization of a detailed master plan and bonds for such purpose by the qualified voters in the District; (b) approval of the master plan and issuance of bonds by the TCEQ; and (c) approval of bonds by the Attorney General of Texas. The Board has not considered calling an election to authorize firefighting activities at this time.

Issuance of additional bonds or other subsequently authorized bonds could affect the investment quality or security of the Bonds. See "INVESTMENT CONSIDERATIONS—Future Debt."

Defeasance

The Bond Order provide that the District may discharge its obligations to the Registered Owners of any or all of the Bonds to pay principal, interest and redemption price thereon in any manner permitted by law. Under current Texas law, such discharge may be accomplished as follows: (i) by paying or causing to pay principal and interest due on the Bonds (whether at maturity, redemption or otherwise) in accordance with the terms of the Bonds; (ii) by depositing with the Comptroller of Public Accounts of the State of Texas a sum of money equal to the principal of, premium, if any, and all interest to accrue on the Bonds to maturity or redemption; or (iii) by depositing with any place of payment (paying agent) of the Bonds or other obligations of the District payable from revenues or from ad valorem taxes or both, or with a commercial bank or trust company designated in the proceedings authorizing the discharge amounts sufficient to provide for the payment and/or redemption of the Bonds; provided that such deposits may be invested and reinvested only in (a) direct noncallable obligations of the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to the investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and which mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds.

Upon such deposit or payment as described above, such Bonds shall no longer be regarded as outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment or redemption of the Bonds have been made as described above, all rights of the District to initiate proceedings to call the Bonds for redemption or take any other action amending the terms of the Bonds are extinguished; provided, however, that the right to call the Bonds for redemption is not extinguished if the District: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

There is no assurance that the current law will not be changed in the future in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds.

Abolishment

If the requirements of Chapter 43, Local Government Code, are satisfied, including an agreement among the District and the municipalities in which the District is located, the District may be abolished. No representation is made regarding any intent of the City of Seabrook, the City of El Lago, or the City of Taylor Lake Village to abolish the District. Furthermore, no representation is made concerning the ability of the City of Seabrook, the City of El Lago, or the City of Taylor Lake Village to make debt service payments should abolition of the District occur.

Consolidation

The District has the legal authority to consolidate with other districts and, in connection therewith, to provide for the consolidation of its assets (such as cash and the utility system) and liabilities (such as the Bonds), with the assets and liabilities of districts with which it is consolidating. Although no consolidation is presently contemplated by the District, no representation is made concerning the likelihood of consolidation in the future.

Investment and Eligibility to Secure Public Funds in Texas

The following is quoted from Section 49.186 of the Texas Water Code, and is applicable to the District:

"(a) All bonds, notes, and other obligations issued by a district shall be legal and authorized investments for all banks, trust companies, building and loan associations, savings and loan associations, insurance companies of all kinds and types, fiduciaries, and trustees, and for all interest and sinking funds and other public funds of the state, and all agencies, subdivisions, and instrumentalities of the state, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic."

"(b) A district's bonds, notes, and other obligations are eligible and lawful security for all deposits of public funds of the state, and all agencies, subdivisions, and instrumentalities of the state, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic, to the extent of the market value of the bonds, notes, and other obligations when accompanied by any unmatured interest coupons attached to them."

The Public Funds Collateral Act (Chapter 2257, Texas Government Code) also provides that bonds of the District (including the Bonds) are eligible as collateral for public funds.

No representation is made that the Bonds will be suitable for or acceptable to financial or public entities for investment or collateral purposes. No representation is made concerning other laws, rules, regulations or investment criteria which apply to or which might be utilized by any of such persons or entities to limit the acceptability or suitability of the Bonds for any of the foregoing purposes. Prospective purchasers are urged to carefully evaluate the investment quality of the Bonds as to the suitability or acceptability of the Bonds for investment or collateral purposes.

Amendments

The District has reserved the right to amend the Bond Order without the consent of the Registered Owners as may be required (a) by the provisions of the Bond Order, (b) for the purpose of curing any ambiguity, inconsistency, or formal defect or omission in the Bond Order, or (c) in connection with any other change not to the prejudice of the Registered Owners, but the District may not otherwise amend the terms of the Bonds or of the Bond Order without the consent of the Registered Owners.

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 observance 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 a 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 property within 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 a State of Texas statute reasonably required to attain an important public purpose or 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. See "INVESTMENT CONSIDERATIONS—Registered Owners' Remedies and Bankruptcy Limitations."

THE DISTRICT

General

Harris County Water Control and Improvement District No. 50 (the "District") is a water control and improvement district created by Order of the Texas Board of Water Engineers, a predecessor to the Texas Commission on Environmental Quality on July 18, 1955, under the provisions of XVI, Section 59, of the Texas Constitution. The District operates under provisions of Chapters 49 and 51 of the Texas Water Code, as amended, and other general statutes applicable to water control and improvement districts. The District is subject to the continuing supervision of the Commission.

The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water, the collection, transportation, and treatment of wastewater and the control and diversion of storm water. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities. The District is also empowered to provide for the collection and disposal of solid waste, to provide street lighting and to establish, operate, and maintain firefighting facilities and/or parks and recreational facilities, independently or with one or more conservation and reclamation districts.

Description and Location

The District is located in Harris County, approximately 23 miles southeast of downtown Houston. The District contains approximately 457 acres of land. Portions of the District are located within the boundaries of the City of El Lago, the City of Taylor Lake Village and the City of Seabrook, respectively. The District is within the boundaries of the Clear Creek Independent School District.

Status of Development

Development of the District began in the 1960s. Development in the District is primarily residential. Water, sanitary sewer and drainage facilities are available to serve all of the developable land within the District. As of June 1, 2020, 1,008 homes were completed (1,000 occupied).

The District has approximately 1.5 miles of property fronting along Taylor Lake (the "Lake'). Development along the Lake has been and currently is large, expensive home sites. Moving toward the interior of the District, the homes reduce in size and value. Approximately 40 homes within the District are listed in excess of $500,000 in taxable assessed value on the 2019 tax roll of the District as prepared by the Harris County Appraisal District. The average taxable home value for tax year 2019 was approximately $270,000.

In addition, two apartment complexes are located within the District. Commercial development in the District includes a marina, an automotive repair shop, a dry cleaners, a banquet hall, a veterinary clinic, and various other retail and service establishments. See "TAX DATA—Principal Taxpayers."

MANAGEMENT OF THE DISTRICT

Board of Directors

The District is governed by the Board of Directors, consisting of five (5) directors, which has control over and management supervision of all affairs of the District. Directors are elected to four-year staggered terms, and elections are held in May in even numbered years only. All of the Directors own property in the District subject to taxation. The Directors and Officers of the District are listed below:

Name	Title	Term Expires
Mario Runco	President	May 2024
Shelia M. Brown	Vice President	May 2022
M.B. Eisenbarth	Secretary	May 2022
J.L. Restivo	Assistant Secretary	May 2024
George F. Shea, Jr.	Director	May 2022

District Management

The District provides its own utility system management, operating and bookkeeping services. The District employs the following individuals in the following capacities.

Superintendent: David Baker
Office Manager: Sabrina Herod
Operator/Foreman: John Riley

In addition, the District employs 2 field service personnel and 1 office employee.

Pension Plan: The District provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System ("TCDRS"). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of over 600 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employers.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credit. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

The employer has elected the annually determined contribution rate (Variable Rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The employer contributed using the actuarially determined rate of 8.68% for the months of the accounting year in 2019.

The deposit rate payable by the employee members for fiscal year 2019 is the rate of five percent (5%) as adopted by the governing body of the employer. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

If a plan has had adverse experience, the TCDRS Act has provisions that allow the employer to contribute a fixed supplemental contribution rate determined by the System's actuary above the regular rate for 25 years or to reduce benefits earned in the future.

For the District's accounting year ended June 30, 2019, the annual pension cost for the TCDRS plan for its employees was $32,454; the actual contributions were $32,454.

As of December 31, 2018, the most recent actuarial valuation date, the plan was 85.64% funded. The actuarial accrued liability for benefits was $1,044,089 and the actuarial value of the assets was $894,178, resulting in an unfunded actuarial accrued liability (UAAL) of $149,911. The covered payroll (annual payroll of active employees covered by the plan) was $399,649, and the ratio of the UAAL to the covered payroll was 37.51%.

District Consultants

The District has also contracted for tax assessing and collecting, auditing, engineering, financial advisory and legal services as follow:

Tax Appraisal: Land and improvements within the District are appraised for ad valorem taxation purposes by the Harris County Appraisal District.

Tax Assessor/Collector: The District's tax assessor/collector is Ms. Ann Harris Bennett of the Harris County Tax Assessor Collector's Office (the "Tax Assessor/Collector").

Engineer: The District's consulting engineer is A&S Engineers, Inc. (the "Engineer").

Attorney: The District has engaged Smith, Murdaugh, Little & Bonham, L.L.P. as general counsel and as Bond Counsel in connection with the issuance of the Bonds. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds are based on a percentage of the Bonds actually issued, sold and delivered.

Financial Advisor: Masterson Advisors LLC (the "Financial Advisor") serves as financial advisor to the District. The fee to be paid the Financial Advisor is contingent upon sale and delivery of the Bonds.

Auditor: As required by the Texas Water Code, the District retains an independent auditor to audit the District's financial statements annually, which audited financial statements are filed with the Commission. The financial statements of the District, as of June 30, 2019, and for the year then ended, included in this offering document, have been audited by McCall Gibson Swedlund Barfoot, PLLC, independent auditors, as stated in their report appearing herein. The District has engaged McCall Gibson Swedlund Barfoot, PLLC, to audit it financial statements for the fiscal year ended June 30, 2020. See "APPENDIX A" for a copy of the District's June 30, 2019 audited financial statements.

THE SYSTEM

Regulation

According to the Engineer, the District's water distribution, wastewater collection, and storm drainage facilities (collectively, the "System") have been designed in accordance with accepted engineering practices and the then current requirements of various agencies having regulatory or supervisory jurisdiction over the construction and operation of such facilities. The construction of the System was required to be accomplished in accordance with the standards and specifications of such entities and is subject to inspection by each such entity. Operation of the System must be accomplished in accordance with the standards and requirements of such entities. The Commission exercises continuing supervisory authority over the District. Discharge of treated wastewater is subject to the regulatory authority of the Commission and the U.S. Environmental Protection Agency. Construction of drainage facilities is subject to the regulatory authority of the Harris County Flood Control District, Harris County and, in some instances, the Commission. Harris County, and the Texas Department of Health also exercise regulatory jurisdiction over the System. The regulations and requirements of entities exercising regulatory jurisdiction over the System are subject to further development and revision which, in turn, could require additional expenditures by the District in order to achieve compliance. In particular, additional or revised requirements in connection with any permit for the wastewater treatment plant which provides service to the District beyond the criteria existing at the time of construction of the plant could result in the need to construct additional facilities in the future. The following descriptions are based upon information supplied by the District's Engineer.

Water Supply

The District owns and operates one water plant with three wells. The water plant is comprised of three ground water storage tanks with 700,000 gallon capacity, six booster pumps with 2,550 gallon per minute ("gpm") capacity, three hydropneumatic tanks with 32,000 gallon capacity and associated related appurtenant equipment. The District's current water supply is capable of serving approximately 1,641 equivalent single-family connections ("ESFCs"). As of July 2020, the District was serving approximately 1,335 ESFCs. The District's primary source of water supply is surface water purchased from the City of Seabrook. The District entered into a water supply contract with the City of Seabrook in May 1988 that allows for the purchase of 0.5 million gallons per day with an agreement to provide additional water if available and approved by the City of Seabrook. Water supplied to the District by the City of Seabrook is supplied to the City of Seabrook by the City of Pasadena pursuant to a separate agreement. Provision of water to the District by the City of Seabrook is contingent upon performance and delivery by the City of Pasadena. This contract is effective until March 2028. The District is currently exploring options for future nearby surface water providers. The District's water wells are permitted by Harris Galveston Subsidence District and are used to supplement the purchased surface water. A portion of proceeds from the issuance of the Bonds will be used to finance construction of a surface water transmission line.

The District has no emergency interconnects.

The District is within the boundaries of Harris-Galveston Subsidence District (the "Subsidence District") which regulates groundwater withdrawal. The District's authority to pump groundwater from its wells is subject to an annual permit issued by the Subsidence District. The Subsidence District has adopted regulations requiring the reduction of groundwater withdrawals through conversion to alternate source water (e.g., surface water) in areas within the Subsidence District's jurisdiction. The Subsidence District has also imposed a disincentive fee for groundwater withdrawn in excess of the permitted amount. The disincentive fee is equivalent to 200% of the City of Houston's Contract Treated Water Service Charge, currently $9.24 per thousand gallons of water withdrawn. The District cannot predict the amount or level of fees and charges which may be due to the Subsidence District in the future.

Wastewater Treatment System

Wastewater treatment service is provided to the residents within the District by a 540,000 gallons per day ("gpd") wastewater treatment plant owned and operated by the District. The capacity in the plant is sufficient to serve 1,800 equivalent single-family connections at 300 gpd/ESFCs rate. As of July 2020, the District was serving approximately 1,335 ESFCs.

.

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 no assurance that homes built in such area will not be flooded. According to FEMA FIRM Panel No. 1085M, dated January 6, 2017, property within the District that is directly adjacent to Taylor Lake (approximately 125 acres) is within the 100-year flood plain. The District has not verified that the homes and improvements on this property have been constructed at or above the minimum slab and elevation requirements. The construction of houses and other improvements at or above the minimum slab and elevation requirements does not assure that such structures will not flood under catastrophic events such as major hurricanes. See "INVESTMENT CONSIDERATIONS—Recent Extreme Weather Events; Hurricane Harvey; Tropical Storm Imelda" and "—Specific Flood Type Risks."

The District has entered into an interlocal agreement with Harris County, Texas for the construction of improvements to the District's drainage system (the "Project"). The District's engineer estimates the total cost of the Project to be $9,500,000. Pursuant to the interlocal agreement, Harris County will publicly bid and manage the construction contract for the Project. The District will make a one-time payment in the amount of $4,750,000 from the proceeds of the Bonds to Harris County for the construction of the Project. The interlocal agreement may be terminated by the District or Harris County at any time without cause upon thirty (30) days notice. In the event of termination by Harris County, the County will refund any unused funds to the District.

USE AND DISTRIBUTION OF BOND PROCEEDS

The construction costs below were compiled by the District's Engineer and were submitted to the Commission in the District's bond application. Non-construction costs are based upon either contract amounts or estimates of various costs by the Engineer and Financial Advisor. The actual amounts to be reimbursed by the District and the non-construction costs will be finalized after the sale of the Bonds and completion of agreed-upon procedures by the District's auditor. The surplus funds may be expended for any lawful purpose for which surplus construction funds may be used, if approved by the Commission, where required.

CONSTRUCTION COSTS		
Storm Sewer System Improvements	$	3,754,000
Surface Water Transmission Line		721,000
Electronic Water Meters		575,000
Engineering and Technical Services		834,000
Contingencies		506,000
Total Construction Related Costs	**$**	**6,390,000**
NON-CONSTRUCTION COSTS		
Legal Fees	$	185,500
Fiscal Agent Fees		142,350
Attorney General Fee		7,420
Capitalized Interest (12 months) (a)		114,075
Bond Discount (a)		218,813
Administration and Bond Issuance Costs		42,580
TCEQ Bond Issuance Fees		18,550
Bond Application Report Costs		40,000
Contingency (a)		260,712
Total Nonconstruction Costs	**$**	**1,030,000**
TOTAL BOND ISSUE	**$**	**7,420,000**

(a) In its order approving the Bonds, the Commission directed that any surplus bond proceeds resulting from the sale of the Bonds at a lower interest rate and lower Bond discount than that proposed, shall be shown as a contingency line item in the Official Statement and the use of such funds shall be subject to approval by the Commission.

BONDS AUTHORIZED BUT UNISSUED

Date of Authorization	Purpose	Amount Authorized	Issued to Date	Amount Unissued
12/8/1955, 9/8/1962, 5/14/1968, 3/6/1976 7/25/1981	Water, Sanitary Sewer and Drainage Facilities	$4,077,000	$4,077,000	$0
5/11/2013	Water, Sanitary Sewer and Drainage Facilities and Refunding	$42,000,000	$12,110,000*	$29,890,000

* Includes the Bonds.

FINANCIAL STATEMENT

2019 Certified Taxable Assessed Valuation	$308,167,847	(a)
2020 Preliminary Taxable Assessed Valuation	$332,055,067	(b)

Direct Debt:	
Outstanding Bonds (as of July 1, 2020)	$4,200,000
Plus: The Bonds	7,420,000
Gross Debt Outstanding	$11,620,000

Ratios of Gross Debt to:	
2019 Certified Taxable Assessed Valuation	3.77%
2020 Preliminary Taxable Assessed Valuation	3.50%

Area of District – 457 Acres
Estimated 2020 Population – 4,546 (c)

(a) As certified by the Harris County Appraisal District (the "Appraisal District"). See "TAX PROCEDURES."
(b) Provided by the Appraisal District as a preliminary indication for the 2020 taxable value (as of January 1, 2020), including personal property value from tax year 2019 in the amount of $3,877,514. Such amount as shown above is subject to protest, review and downward adjustment prior to certification. No tax will be levied on such amount until it is certified. See "TAX PROCEDURES."
(c) Based upon 3.5 persons per occupied residence and 2 person per apartment unit.

Cash and Investment Balances (unaudited as of June 30, 2020)

Capital Projects Fund	Cash and Temporary Investments	$342,867
Operating Fund	Cash and Temporary Investments	$1,573,334
Debt Service Fund	Cash and Temporary Investments	$481,630 (a)

(a) An amount equal to twelve (12) months of interest will be capitalized from proceeds of the Bonds and will be deposited into the Debt Service Fund. Neither Texas law nor the Bond Order require the District to maintain any minimum balance in the Debt Service Fund.

District Investment Policy

The District's goal is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Funds of the District are invested either in short term U.S. Treasury obligations or certificates of deposit insured by the Federal Deposit Insurance Corporation or secured by collateral held by a third party institution. The District does not own any long term securities or derivative products in the District's investment portfolio.

Outstanding Bonds (as of July 1, 2020)

Series	Original Principal Amount	Outstanding Bonds as of 7/1/2020
2015	$ 4,690,000	$ 4,200,000

ESTIMATED OVERLAPPING DEBT AND TAX RATES STATEMENT

Expenditures of the various taxing entities which include the territory in the District are paid out of ad valorem taxes levied by such entities on properties within the District. Such entities are independent of the District and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax bonds ("Tax Debt") was developed from information contained in "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the District, the District has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional bonds since the date of such reports, and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot be determined. The following table reflects the estimated share of overlapping Tax Debt allocable to the District.

Taxing Jurisdiction	Outstanding Bonds	As of	Overlapping Percent	Overlapping Amount
Harris County……………………………………..	$ 1,885,182,125	5/31/2020	0.07%	$ 1,225,368
Harris County Flood Control District……………..	83,075,000	5/31/2020	0.07%	53,999
Harris County Hospital District………………….	86,050,000	5/31/2020	0.07%	55,933
Harris County Department of Education………..	6,320,000	5/31/2020	0.07%	4,108
Port of Houston Authority……………………….	572,569,397	5/31/2020	0.07%	372,170
Clear Creek Independent School District………..	979,890,000	5/31/2020	1.28%	12,542,592
City of Taylor Lake Village……………………….	-	5/31/2020	62.44%	-
City of El Lago……………………………………	990,000	5/31/2020	100.00%	990,000
City of Seabrook………………………………….	39,097,254	5/31/2020	21.58%	8,437,187
Total Estimated Overlapping Debt………………..				$ 23,681,357
The District………………………………………..	11,620,000 (a)	Current	100.00%	11,620,000
Total Direct and Estimated Overlapping Debt…..				$ 35,301,357

Ratio of Estimated Direct and Overlapping Debt to 2019 Certified Taxable Assessed Valuation…………………	11.46%
Ratio of Estimated Direct and Overlapping Debt to the 2020 Preliminary Taxable Assessed Valuation………….	10.63%

(a) The Bonds and the Outstanding Bonds.

Overlapping Tax Rates for 2019

Property within the District is subject to taxation by several taxing authorities in addition to the District. On January 1 of each year a tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed for the year on the property. The lien exists in favor of each taxing unit, including the District, having the power to tax the property. The District's tax lien is on a parity with tax liens of taxing authorities shown below. In addition to ad valorem taxes required to pay debt service on bonded debt of the District and other taxing authorities (see "ESTIMATED OVERLAPPING DEBT AND TAX RATES STATEMENT" above), certain taxing jurisdictions, including the District, are also authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administrative and/or general revenue purposes.

Set forth below are all of the tax rates levied within the District for the 2019 tax year by all taxing jurisdictions, including the District. No recognition is given to local assessments for civic association dues, fire department contributions, solid waste disposal charges or any other levy or charges imposed by entities other than political subdivisions.

	2019 Tax Rate per $100 of Certified Taxable Assessed Valuation		
Harris County (a)…………………………………	$ 0.616700	$ 0.616700	$ 0.616700
Clear Creek Independent School District…………………	1.310000	1.310000	1.310000
City of Taylor Lake Village (b)……………………………	0.254900	-	-
City of El Lago (c)……………………………………	-	0.517128	-
City of Seabrook (d)……………………………………	-	-	0.551983
The District…………………………………………………	0.327700	0.327700	0.327700
Total Tax Rate………………………………………………	$ 2.509300	$ 2.771528	$ 2.806383

(a) Includes Harris County Hospital District, Flood Control District, Department of Education and Port Authority of Houston.
(b) Approximately 58 acres of the District are located within the City of Taylor Lake Village's boundaries.
(c) Approximately 390 acres of the District are located within the City of El Lago's boundaries.
(d) Approximately 9 aces of the District are located within the City of Seabrook's boundaries.

TAX DATA

Debt Service Tax

The Board covenants in the Bond Order to levy and assess, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the principal of and interest on the Bonds. The District levied a debt service tax for 2019 at the rate of $0.095 per $100 assessed valuation. See "Tax Rate Distribution" below.

Maintenance Tax

The Board of Directors of the District has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements, if such maintenance tax is authorized by the District's voters. At an election held May 13, 1995, the Board was authorized to levy such a maintenance tax in an amount not to exceed $0.25 per $100 assessed valuation and in accordance with the constitution and laws of the state of Texas. Such tax is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds and any additional tax bonds which may be issued in the future. See "Tax Rate Distribution" herein. The District levied a maintenance and operations tax for 2019 of $0.2327 per $100 assessed valuation. See "Tax Rate Distribution" below.

Tax Rate Distribution

	2019	2018	2017	2016	2015
Debt Service	$ 0.0950	$ 0.1170	$ 0.1170	$ 0.1170	$ 0.1300
Maintenance and Operations	0.2327	0.2050	0.2050	0.2080	0.2050
Total	$ 0.3277	$ 0.3220	$ 0.3220	$ 0.3250	$ 0.3350

Tax Rate Limitations

Debt Service: Unlimited (no legal limit as to rate or amount).
Maintenance: Not to exceed $0.25 per $100 assessed valuation

Tax Collections

The following statement of tax collections sets forth in condensed form the historical tax collection experience of the District. This summary has been prepared for inclusion herein, based upon information from District records. Reference is made to these records for further and more complete information.

Tax Year	Certified Taxable Assessed Valuation	Tax Rate	Total Tax Levy	Total Collections as of June 30, 2020	
				Amount	Percent
2015	$ 230,021,627	$ 0.3350	$ 770,572	$ 768,668	99.75%
2016	254,984,695	0.3250	828,740	826,077	99.68%
2017	274,250,621	0.3220	883,123	879,394	99.58%
2018	287,367,280	0.3220	925,323	921,010	99.53%
2019	308,167,867	0.3277	1,009,740	980,861	97.14%

Taxes are due October 1 and are delinquent after January 31 of the following year. No split payments are allowed, and no discounts are allowed.

Tax Exemptions

As discussed in the section titled "TAX PROCEDURES" herein, certain property in the District may be exempt from taxation by the District. For 2020, the District has adopted a general residential homestead exemption of 0.001% (minimum of $5,000) for 2020. For 2020, the District has adopted a $18,000 exemption for persons who are 65 or older and/or disabled.

Additional Penalties

The District has contracted with Smith, Murdaugh, Little & Bonham, L.L.P. for collection of delinquent taxes. In connection with that contract, the District established an additional penalty of twenty percent (20%) of the tax, penalty and interest to defray the costs of collection. This 20% penalty applies to taxes that either: (1) become delinquent on or after February 1 of a year, but not later than May 1 of that year, and that remain delinquent on April 1 (for personal property) and July 1 (for real property) of the year in which they become delinquent or (2) become delinquent on or after June 1, pursuant to the Texas Tax Code.

Principal Taxpayers

The following list of principal taxpayers was provided by the District's Tax Assessor/Collector based upon the 2019 certified tax roll which reflects ownership at January 1, 2019. A principal taxpayer list related to the 2020 Preliminary Taxable Assessed Valuation is not available from the Appraisal District.

Taxpayer	Type of Property	2019 Certified Taxable Assessed Valuation	% of 2019 Certified Taxable Assessed Valuation
Dwell at Clear Lake LLC	Apartments	$ 18,592,858	6.03%
Individual	Auto Repair Shop & Warehouse	3,860,179	1.25%
Individual	Residence	3,285,643	1.07%
Broadreach Seabrook LLC	Apartments	2,980,451	0.97%
Individual	Residence	2,195,000	0.71%
Individual	Residence	2,021,363	0.66%
Waters Edge Venue Inc.	Banquet Hall	1,942,371	0.63%
Individual	Residence	1,618,763	0.52%
Centerpoint Energy Electric	Electric Utility	1,446,470	0.47%
Lakeview Marina Inc.	Marina	1,394,130	0.45%
Total		$ 39,337,228	12.76%

Summary of Assessed Valuation

The District's certified value as of January 1 of each year is used by the District in establishing its tax rate for the same year. See "TAX PROCEDURES—Levy and Collection of Taxes." The following represents the type of property comprising the District's tax roll for the years 2017 through 2019. A breakdown of the 2020 Preliminary Taxable Assessed Valuation is not available. These values may differ slightly from values in other sections of the Official Statement due to different reporting dates.

	2019 Certified Taxable Assessed Valuation	2018 Certified Taxable Assessed Valuation	2017 Certified Taxable Assessed Valuation
Land	$ 93,942,465	$ 89,478,404	$ 87,514,591
Improvements	226,873,961	209,966,002	198,466,153
Personal Property	3,877,514	3,579,521	3,476,765
Exemptions	(16,350,655)	(15,592,449)	(15,085,483)
Certified Total	$ 308,343,285	$ 287,431,478	$ 274,372,026

Tax Adequacy for Debt Service

The calculations shown below assume, solely for purposes of illustration, no increase or decrease in assessed valuation over the 2019 Certified Taxable Assessed Valuation of $308,167,847, or the 2020 Preliminary Taxable Assessed Valuation of $332,055,067, which is subject to review and adjustment prior to certification, and a debt service tax rate necessary to pay the District's average annual and maximum annual debt service requirements on the District's Outstanding Bonds and the Bonds. See "INVESTMENT CONSIDERATIONS—Impact on District Tax Rates."

Average Annual Debt Service Requirement (2021-2045)	$602,616
$0.21 Tax Rate on the 2019 Certified Taxable Assessed Valuation	$614,795
$0.20 Tax Rate on the 2020 Preliminary Taxable Assessed Valuation	$630,905
Maximum Annual Debt Service Requirement (2021)	$643,000
$0.22 Tax Rate on the 2019 Certified Taxable Assessed Valuation	$644,071
$0.21 Tax Rate on the 2020 Preliminary Taxable Assessed Valuation	$662,450

No representations or suggestions are made that estimated values of land and improvements provided by the Appraisal District in the 2020 Preliminary Taxable Assessed Valuation will be certified as taxable value by the Appraisal District, and no person should rely upon such amounts or their inclusion herein as assurance of their attainment. See "TAX PROCEDURES."

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 an amount sufficient to pay the principal of and interest on the Outstanding Bonds, the Bonds and any additional bonds payable from taxes which the District may hereafter issue (see "INVESTMENT CONSIDERATIONS—Future Debt") and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Order to levy such a tax from year to year as described more fully herein under "THE BONDS—Source of and Security for Payment." Under Texas law, the Board may also levy and collect an annual ad valorem tax for the operation and maintenance of the District. See "TAX DATA—Maintenance Tax."

Tax Code and County-Wide Appraisal District

The Texas Tax Code (the "Tax Code") specifies the taxing procedures of all political subdivisions of the State of Texas, including the District. Provisions of the Tax Code are complex and are not fully summarized here.

The Tax Code requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of the State of Texas an appraisal district with the responsibility for recording and appraising property for all taxing units within a county and an appraisal review board with responsibility for reviewing and equalizing the values established by the appraisal district. The Harris County Appraisal District has the responsibility for appraising property for all taxing units within Harris County, including the District. Such appraisal values are subject to review and change by the Harris County Appraisal Review Board (the "Appraisal Review Board").

Property Subject to Taxation by the District

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. Principal categories of exempt property include, but are not limited to: 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; certain household goods, family supplies, and personal effects; certain goods, wares and merchandise in transit; farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; and most individually owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons sixty-five (65) years or older and of certain disabled persons to the extent deemed advisable by the Board. For the 2020 tax year, the District has adopted a residential homestead exemption in the amount of $18,000 for persons age 65 and older and disabled persons. Additionally, the District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, of between $5,000 and $12,000 depending on the disability rating of the veteran. 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. See "TAX DATA."

Partially disabled veterans 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. 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. The surviving spouse of a first responder who was killed or fatally injured in the line of duty is, subject to certain conditions, also 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.

Residential Homestead Exemptions: The Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) (not less than $5,000) of the appraised value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. For 2020, the District has adopted a homestead exemption of 0.001%, but not producing an exemption of less than $5,000 when such percentage is applied to a particular homestead. See "TAX DATA."

Freeport Goods and Goods-in-Transit Exemptions: A "Freeport Exemption" applies to goods, wares, ores, and merchandise other than oil, gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining petroleum or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A "Goods-in-Transit" Exemption is applicable to the same categories of tangible personal property which are covered by the Freeport Exemption, if, for tax year 2011 and prior applicable years, such property is acquired in or imported into Texas for assembling, storing, manufacturing, processing, or fabricating purposes and is subsequently forwarded to another location inside or outside of Texas not later than 175 days after acquisition or importation, and the location where said property is detained during that period is not directly or indirectly owned or under the control of the property owner. For tax year 2012 and subsequent years, such Goods-in-Transit Exemption includes tangible personal property acquired in or imported into Texas for storage purposes only if such property is stored under a contract of bailment by a public warehouse operator at one or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in- transit personal property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. The District has taken official action to allow taxation of all such goods-in-transit personal property for all prior and subsequent years.

Tax Abatement

Harris County the City of El Lago, the City of Taylor Lake Village or the City of Seabrook may designate all or part of the area within the District as a reinvestment zone. Thereafter, Harris County, the District, the City of El Lago, the City of Taylor Lake Village and the City of Seabrook (after annexation of the District), under certain circumstances, may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement, which each entity will follow in granting tax abatement to owners of property. The tax abatement agreements may exempt from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to ten (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 the terms of the tax abatement. Each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions.

Valuation of Property for Taxation

Generally, property in the District must be appraised by the Appraisal District at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. Generally, assessments under the Tax Code are to be based on one hundred percent (100%) of market value, as such is defined in the Tax Code. In determining market value, either the replacement cost or the income or the market data method of valuation may be used, whichever is appropriate. Nevertheless, certain land may be appraised at less than market value under the Tax Code. Increases in the appraised value of residence homesteads are limited by the Texas Constitution to 10 percent annually regardless of the market value of the property.

The Tax Code permits land designated for agricultural or timber land use to be appraised at its value based on the land's capacity to produce agricultural products or, with respect to timber land, the value based upon accepted income capitalization methods. The Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price all of such property would bring if sold as a unit to a purchaser who would continue the business. Landowners wishing to avail themselves of the agricultural, timber land or residential real property appraisal must apply for such appraisal, and the Appraisal District is required to act on each claimant's application individually. If a claimant receives the agricultural or timber land appraisal on land and later changes the land use or sells the land to an unqualified owner, an additional tax is imposed on the land equal to the difference between the taxes imposed on the land for each of the five years preceding the year in which the change of use occurs that the land was appraised as agricultural or timber land and the tax that would have been imposed had the land been taxed on the basis on market value in each of those years, plus interest at an annual rate of seven percent (7%) calculated from the dates on which the differences would have become due. Provisions of the Tax Code are complex and are not fully summarized here.

The Tax Code requires the Appraisal District to implement a plan for periodic reappraisal of property to update appraisal 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, however, 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 Property Tax Code provides for a temporary exemption from ad valorem taxation of a portion of the appraised value of certain property that is at least 15% damaged by a disaster and located within an area declared to be a disaster area by the governor of the State of Texas. This temporary exemption is automatic if the disaster is declared prior to a taxing unit, such as the District, adopting its tax rate for the tax year. A taxing unit, such as the District, may authorize the exemption at its discretion if the disaster is declared after the taxing unit has adopted its tax rate for the tax year. The amount of the exemption is based on the percentage of damage and is prorated based on the date of the disaster. Upon receipt of an application submitted within the eligible timeframe by a person who qualifies for a temporary exemption under the Property Tax Code, the Appraisal District is required to complete a damage assessment and assign a damage assessment rating to determine the amount of the exemption. The temporary exemption amounts established in the Property Tax Code range from 15% for property less than 30% damaged to 100% for property that is a total loss. Any such temporary exemption granted for disaster-damaged property expires on January 1 of the first year in which the property is reappraised.

District and Taxpayer Remedies

Under certain circumstances taxpayers and taxing units (such as the District) may appeal the orders of the Appraisal Review Board by filing a timely petition for review in State district court. In such event, the value of the property in question will be determined by the court or by a jury if requested by any party. Additionally, taxing units may bring suit against the Appraisal District to compel compliance with the Tax Code. The Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

Levy and Collection of Taxes

The District is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. The rate of taxation is set by the Board of Directors, after the legally required notice has been given to owners of property within the District, based upon: a) the valuation of property within the District as of the preceding January 1, and b) the amount required to be raised for debt service, maintenance purposes, and authorized contractual obligations. Taxes are due October 1, or when billed, whichever comes later, and become delinquent if not paid before February 1 of the year following the year in which imposed. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. A delinquent tax on personal property incurs an additional penalty, in an amount established by the District and a delinquent tax attorney, 60 days after the date the taxes become delinquent. The delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the District, which may be rejected by taxing units. The District’s tax collector is required to enter into an installment payment agreement with any person who is delinquent on the payment of tax on a residence homestead for payment of tax, penalties and interest, if the person requests an installment agreement in writing and has not entered into an installment agreement with the collector in the preceding 24 months. The installment agreement must provide for payments to be made in equal monthly installments and must extend for a period of at least 12 months and no more than 36 months. Additionally, the owner of a residential homestead property who is (i) sixty-five (65) years of age or older, (ii) disabled, or (iii) a disabled veteran, is entitled by law to pay current taxes on a residential homestead in installments without penalty or to defer the payment of taxes during the time of ownership. In the instance of tax deferral, a tax lien remains on the property and interest continue to accrue during the period of deferral.

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.

Rollback of Operations and Maintenance Tax

Chapter 49 of the Texas Water Code, as amended, classifies municipal utility districts differently based on their current operation and maintenance tax rate or on the percentage of projected build-out that a district has completed. Districts that have adopted an operation and maintenance tax rate for the current year that is 2.5 cents or less per $100 of taxable value are classified herein as "Special Taxing Units." Districts that have financed, completed, and issued bonds to pay for all land, improvements and facilities necessary to serve at least 95% of the projected build-out of the district are classified as "Developed Districts." Districts that do not meet either of the classifications previously discussed can be classified herein as "Developing Districts." The impact each classification has on the ability of a district to increase its maintenance and operations tax rate is described for each classification below. Debt service and contract tax rates cannot be reduced by an election held within any of the districts described below.

Special Taxing Units: Special Taxing Units that adopt a total tax rate that would impose more than 1.08 times the amount of the total tax imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead in the district, subject to certain homestead exemptions, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Special Taxing Unit is the current year's debt service and contract tax rate plus the operation and maintenance tax rate that would impose 1.08 times the amount of operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, subject to certain homestead exemptions.

Developed Districts: Developed Districts that adopt a total tax rate that would impose more than 1.035 times the amount of the total tax imposed by the district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead in the district, subject to certain homestead exemptions, plus any unused increment rates, as calculated and described in Section 26.013 of the Tax Code, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Developed District is the current year's debt service and contract tax rate plus the operation and maintenance tax rate that would impose 1.035 times the amount of operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, subject to certain homestead exemptions, plus any unused increment rates. In addition, if any part of a Developed District lies within an area declared for disaster by the Governor of Texas or President of the United States, alternative procedures and rate limitations may apply for a temporary period. If a district qualifies as both a Special Taxing Unit and a Developed District, the district will be subject to the operation and maintenance tax threshold applicable to Special Taxing Units.

Developing Districts: Districts that do not meet the classification of a Special Taxing Unit or a Developed District can be classified as Developing Districts. The qualified voters of these districts, upon the Developing District's adoption of a total tax rate that would impose more than 1.08 times the amount of the total tax imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead in the district, subject to certain homestead exemptions, are authorized to petition for an election to reduce the operation and maintenance tax rate. If an election is called and passes, the total tax rate for Developing Districts is the current year's debt service and contract tax rate plus the operation and maintenance tax rate that would impose 1.08 times the amount of operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, subject to certain homestead exemptions.

The District: A determination as to a district's status as a Special Taxing Unit, Developed District or Developing District will be made by the Board of Directors on an annual basis, beginning with the 2020 tax rate. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation.

District's Rights in the Event of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property as of January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State of Texas and each local taxing unit, including the District, having power to tax the property. The District's tax lien is on a parity with tax liens of such other taxing units. See "ESTIMATED OVERLAPPING DEBT AND TAX RATES STATEMENT." A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, 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. Personal property under certain circumstances is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

At any time after taxes on property become delinquent, among other collection methods available, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both, subject to the restrictions on residential homesteads described above under "Levy and Collection of Taxes". In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the cost of suit and sale, by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights (a taxpayer may redeem property within six (6) months for commercial property and two (2) years for residential and all other types of property after the purchaser's deed issued at the foreclosure sale is filed in the county records) or by bankruptcy proceedings which restrict the collection of taxpayer debts. The District's ability to foreclose its tax lien or collect penalties or interest on delinquent taxes may be limited on property owned by a financial institution which is under receivership by the Federal Deposit Insurance Corporation pursuant to the Federal Deposit Insurance Act, 12 U.S.C. 1825, as amended. See "INVESTMENT CONSIDERATIONS."

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

WATER AND SEWER OPERATIONS

General

The Bonds are payable from the levy of an ad valorem tax, without legal limitation as to rate or amount, upon all taxable property in the District. Net revenues, if any, derived from the operation of the District's water and sewer operations are not pledged to the payment of the Bonds but are available for any lawful purpose including payment of debt service on the Bonds, at the discretion and upon action of the Board. It is not anticipated that any significant revenues will be available for the payment of debt service on the Bonds.

Waterworks and Sewer System Operating Statement

The following statement sets forth in condensed form the historical results of operation 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 summary is based upon information obtained from the District's audited financial statements for the fiscal years ended June 30, 2015 through June 30, 2019. Reference is made to such statements for further and complete information.

	Fiscal Year Ended June 30				
	2019	2018	2017	2016	2015
Revenues					
Property Taxes	$ 587,417	$ 557,446	$ 526,720	$ 470,483	$ 442,965
Water Service	465,116	447,859	446,188	457,028	387,279
Wastewater Service	350,805	344,140	340,169	344,215	340,552
Penalty and Interest	15,783	9,687	10,947	11,245	11,836
Miscellaneous	28,352	19,626	24,422	19,047	14,027
Total Revenues	$ 1,447,473	$ 1,378,758	$ 1,348,446	$ 1,302,018	$ 1,196,659
Expenditures					
Personnel	$ 620,224	$ 581,777	$ 492,465	$ 489,860	$ 486,534
Professional Fees	240,137	274,833	130,249	101,265	92,934
Purchased Water Service	98,324	113,224	101,342	98,292	80,304
Utilities	51,538	50,254	57,090	64,852	67,650
Repairs and Maintenance	51,005	190,225	138,971	29,963	114,237
Other	212,420	364,295	209,936	167,026	159,534
Capital Outlay	85,580	126,048	25,230	102,045	8,879
Total Expenditures	$ 1,359,228	$ 1,700,656	$ 1,155,283	$ 1,053,303	$ 1,010,072
Revenues Over (Under) Expenditures	$ 88,245	$ (321,898)	$ 193,163	$ 248,715	$ 186,587
Fund Balance (Beginning of Year)	$ 2,257,899	$ 2,579,797	$ 2,386,634	$ 2,137,919	$ 1,951,332
Fund Balance (End of Year)	$ 2,346,144	$ 2,257,899	$ 2,579,797	$ 2,386,634	$ 2,137,919

DEBT SERVICE REQUIREMENTS

The following sets forth the debt service requirements for the Outstanding Bonds and the Bonds.

Year	Outstanding Bonds Debt Service Requirements		Plus: Debt Service on the Bonds Principal	Interest	Total	Total Debt Service Requirements
2020	$ 205,813	(a)				$ 205,813
2021	278,925		$ 250,000	$ 114,075	$ 364,075	643,000
2022	280,425		250,000	111,575	361,575	642,000
2023	281,800		250,000	109,075	359,075	640,875
2024	282,675		250,000	106,575	356,575	639,250
2025	283,413		250,000	104,075	354,075	637,488
2026	288,613		250,000	99,075	349,075	637,688
2027	288,513		250,000	96,575	346,575	635,088
2028	287,825		250,000	94,075	344,075	631,900
2029	291,975		250,000	91,575	341,575	633,550
2030	290,563		250,000	89,075	339,075	629,638
2031	293,981		250,000	85,950	335,950	629,931
2032	292,063		250,000	82,825	332,825	624,888
2033	294,975		250,000	79,075	329,075	624,050
2034	292,275		250,000	75,325	325,325	617,600
2035	294,400		250,000	71,575	321,575	615,975
2036	296,175		250,000	67,825	317,825	614,000
2037	297,600		250,000	63,763	313,763	611,363
2038	292,400		250,000	59,700	309,700	602,100
2039	292,000		250,000	55,638	305,638	597,638
2040	291,200		250,000	51,575	301,575	592,775
2041	-		480,000	47,200	527,200	527,200
2042	-		480,000	38,800	518,800	518,800
2043	-		480,000	29,200	509,200	509,200
2044	-		490,000	19,600	509,600	509,600
2045	-		490,000	9,800	499,800	499,800
Total	$ 5,997,606		$ 7,420,000	$ 1,853,600	$ 9,273,600	$ 15,271,206

(a) Excludes the March 1, 2020 debt service payment of $70,812.

Maximum Annual Debt Service Requirement (2021) $643,000
Average Annual Debt Service Requirement (2021-2045) $602,616

INVESTMENT CONSIDERATIONS

General

The Bonds are obligations solely of the District and are not obligations of the City of Taylor Lake Village, the City of El Lago, the City of Seabrook, Harris County, the State of Texas, or any entity other than the District. Payment of the principal of and interest on the Bonds depends upon the ability of the District to collect taxes levied on taxable property within the District in an amount sufficient to service the District's bonded debt or in the event of foreclosure, on the value of the taxable property in the District and the taxes levied by the District and other taxing authorities upon the property within the District. See "THE BONDS—Source of Payment." The collection by the District of delinquent taxes owed to it and the enforcement by Registered Owners of the District's obligation to collect sufficient taxes may be a costly and lengthy process. Furthermore, the District cannot and does not make any representations that continued development of taxable property within the District will accumulate or maintain taxable values sufficient to justify continued payment of taxes by property owners or that there will be a market for the property or that owners of the property will have the ability to pay taxes. See "Registered Owners' Remedies and Bankruptcy Limitations" below.

Infectious Disease Outlook (COVID-19)

The World Health Organization has declared a pandemic following the outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus (the "Pandemic") which is currently affecting many parts of the world, including the United States and Texas. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States in connection with COVID-19. On March 13, 2020, the President of the United States declared the Pandemic a national emergency and the Texas Governor (the "Governor") declared COVID-19 an imminent threat of disaster for all counties in Texas (collectively, the "disaster declarations").

Pursuant to Chapter 418 of the Texas Government Code, the Governor has broad authority to respond to disasters, including suspending any regulatory statute prescribing the procedures for conducting state business or any order or rule of a state agency that would in any way prevent, hinder, or delay necessary action in coping with this disaster and issuing executive orders that have the force and effect of law. The Governor has issued a number of executive orders relating to COVID-19 preparedness and mitigation. Many of the federal, state and local actions and policies under the aforementioned disaster declarations are focused on limiting instances where the public can congregate or interact with each other, which affects economic growth within Texas.

Since the disaster declarations were made, the Pandemic has negatively affected travel, commerce, and financial markets locally and globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide and within Texas. Stock values and crude oil prices, in the U.S. and globally, have seen significant declines attributed to COVID-19 concerns. Texas may be particularly at risk from any global slowdown, given the prevalence of international trade in the state and the risk of contraction in the oil and gas industry and spillover effects into other industries.

Such adverse economic conditions, if they continue, could result in declines in the demand for residential and commercial property in the Houston area and could reduce or negatively affect property values within the District. The Bonds are secured by an unlimited ad valorem tax, and a reduction in property values may require an increase in the ad valorem tax rate required to pay the Bonds as well as the District's share of operations and maintenance expenses payable from ad valorem taxes.

While the potential impact of COVID-19 on the District cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the District's operations and financial condition. The financial and operating data contained herein are the latest available, but are as of dates and for periods prior to the economic impact of the Pandemic and measures instituted to slow it. Accordingly, they are not indicative of the economic impact of the Pandemic on the District's financial condition.

Potential Effects of Oil Price Declines on the Houston Area

The recent declines in oil prices in the U.S. and globally, which at times have led to the lowest such prices in three decades, may lead to adverse conditions in the oil and gas industry, including but not limited to reduced revenues, declines in capital and operating expenditures, business failures, and layoffs of workers. The economy of the Houston area has, in the past, been particularly affected by adverse conditions in the oil and gas industry, and such conditions and their spillover effects into other industries could result in declines in the demand for residential and commercial property in the Houston area and could reduce or negatively affect property values within the District. As previously stated, the Bonds are secured by an unlimited ad valorem tax, and a reduction in property values may require an increase in the ad valorem tax rate required to pay the Bonds as well as the District's share of operations and maintenance expenses payable from ad valorem taxes.

Recent Extreme Weather Events; Hurricane Harvey; Tropical Storm Imelda

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 has experienced four storms exceeding a 0.2% probability (i.e. "500-year flood" events) since 2015, including Hurricane Harvey, which made landfall along the Texas Gulf Coast on August 26, 2017, and brought historic levels of rainfall during the successive four days and Tropical Storm Imelda which occurred on November 21, 2019.

According to the Superintendent/Operator and Engineer, there was no interruption of water and sewer service as a result of Hurricane Harvey or Tropical Storm Imelda. Further, the District's system did not sustain any material damage from Hurricane Harvey or Tropical Storm Imelda. Further, to the best knowledge of the District, approximately 87 homes experienced structural flooding as a result of Hurricane Harvey and no homes or commercial improvements within the District experienced structural flooding as a result of Tropical Storm Imelda.

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 in the District's tax rate. 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.

Hurricane and Subsidence. Hurricanes can cause increased flooding, particularly in coastal areas such as the area where the District is located. Hurricanes can also cause windstorm and other damage and hurricane induced flooding can submerge roadways connecting coastal areas such as the District with inland areas, thus preventing evacuations of persons or property. The Gulf Coast region in which the District is located is subject to occasional destructive weather. There can be no assurance the District will not endure damage from future meteorological events.

Land subsidence (a sinking of the surface of the land relative to sea level) has occurred in many areas in the Houston- Galveston area, including the District, and any future subsidence could increase flooding risks. These factors could cause property values in the District to fall and could adversely affect the District's ability to collect taxes to pay interest and principal on the Bonds.

According to Federal Emergency Management Agency Flood Insurance Rate Map (FIRM Panel No. 1085M, dated January 6, 2017,), property within the District that is directly adjacent to Taylor Lake (approximately 125 acres) is within the 100-year flood plain. The District has not verified that the homes and improvements on this property have been constructed at or above the minimum slab and elevation requirements. The construction of houses and other improvements at or above the minimum slab and elevation requirements does not assure that such structures will not flood under catastrophic events such as major hurricanes. See "THE SYSTEM—100 Year Flood Plain."

Impact on District Tax 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 2019 Certified Taxable Assessed Valuation of the District (see "FINANCIAL STATEMENT (UNAUDITED)") is $308,167,847. After issuance of the Bonds, the maximum annual debt service requirement will be $643,000 (2021) and the average annual debt service requirement will be $602,616 (2021-2045). Assuming no increase or decrease from the 2019 Certified Taxable Assessed Valuation and no use of funds other than tax collections, a tax rate of $0.22 per $100 taxable assessed valuation at a 95% collection rate would be necessary to pay the maximum annual debt service requirement of $643,000 and a tax rate of $0.21 per $100 taxable assessed valuation at a 95% collection rate would be necessary to pay the average annual debt service requirement of $602,616. See "DEBT SERVICE REQUIREMENTS". The District's 2020 Preliminary Taxable Assessed Valuation is $332,055,067, which reduces the above calculations to a tax rate of $0.21 to pay the maximum debt service requirement on and a tax rate of $0.20 to pay the average annual debt service requirement. Although calculations have been made regarding average and maximum tax rates necessary to pay the debt service on the Bonds based upon the 2019 Certified Taxable Assessed Valuation and the 2020 Preliminary Taxable Assessed Valuation, the District can make no representations regarding the future level of assessed valuation within the District. Increases in taxable values depend primarily on the continuing construction and sale of taxable improvements within the District. See "TAX PROCEDURES" and "TAX DATA—Tax Adequacy for Debt Service." See "TAX PROCEDURES."

Future Debt

The District reserves in the Bond Order the right to issue the remaining $29,890,000 principal amount of authorized but unissued unlimited tax bonds for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities. The District may issue additional bonds approved by District voters in future elections. The District may also issue refunding bonds. See "THE BONDS—Issuance of Additional Debt" and "THE SYSTEM." The issuance of such obligations may adversely affect the investment security of the Bonds. The District does not employ any formula with regard to assessed valuations or tax collections or otherwise to limit the amount of bonds which may be issued; however, the principal amount of bonds issued to finance parks may not exceed 1% of the District's certified value. Any bonds issued by the District, however, must be approved by the Attorney General of Texas and the Board of the District and any bonds issued to acquire or construct water, sanitary sewer and drainage facilities and recreational facilities must be approved by the Commission.

Tax Collections 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 market conditions limiting the proceeds from a foreclosure sale of taxable property and collection procedures. 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. The costs of collecting any such taxpayer's delinquencies could substantially reduce the net proceeds to the District from a tax foreclosure sale. Finally, a 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. In addition to the automatic stay against collection of delinquent taxes afforded a taxpayer during the pendency of a bankruptcy, a bankruptcy could affect payment of taxes in two other ways: first, a debtor's confirmation plan may allow a debtor to make installment payments on delinquent taxes for up to six years; and, second, a debtor may challenge, and a bankruptcy court may reduce, the amount of any taxes assessed against the debtor, including taxes that have already been paid. See "TAX PROCEDURES—District's Rights in the Event of Tax Delinquencies."

Registered Owners' Remedies and Bankruptcy Limitations

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 a 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 property within 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 a State of Texas statute reasonably required to attain an important public purpose or 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 U.S.C. Sections 901-946. The filing of such petition would automatically stay the enforcement of Registered Owner's remedies, including mandamus. 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 subdivision. A political subdivision such as the District may qualify as a debtor eligible to proceed in a Chapter 9 case only if it is (1) authorized to file for federal bankruptcy protection by applicable state law, (2) is insolvent or unable to meet its debts as they mature, (3) desires to effect a plan to adjust such debts, 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. Special districts such as the District must obtain the approval of the Commission as a condition to seeking relief under the Federal Bankruptcy Code. The Commission is required to investigate the financial condition of a financially troubled district and authorize such district to proceed under federal bankruptcy law only if such district has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

Notwithstanding noncompliance by a district with Texas law requirements, the District could file a voluntary bankruptcy petition under Chapter 9, thereby invoking the protection of the automatic stay until the bankruptcy court, after a hearing, dismisses the petition. A federal bankruptcy court is a court of equity and federal bankruptcy judges have considerable discretion in the conduct of bankruptcy proceedings and in making the decision of whether to grant the petitioning District relief from its creditors. While such a decision might be appealable, the concomitant delay and loss of remedies to the Registered Owner could potentially and adversely impair the value of the Registered Owner's claim.

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 Registered Owners by reducing or eliminating the amount of indebtedness, deferring or rearranging the debt service schedule, reducing or eliminating the interest rate, modifying or abrogating the collateral or security arrangements, substituting (in whole or in part) other securities, and otherwise compromising and modifying the rights and remedies of the Registered Owners' claims against a district.

A district may not be forced into bankruptcy involuntarily.

Continuing Compliance with Certain Covenants

The Bond Order contain 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 in the Bond Order 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. See "TAX MATTERS."

Marketability

The District has no agreement with the Initial Purchaser regarding the reoffering yields or prices of the Bonds and has no control over trading of the Bonds in the secondary market. Moreover, there is no assurance that a secondary market will be made in 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 bonds of comparable maturity and quality issued by more traditional issuers as such bonds are generally bought, sold or traded in the secondary market.

Environmental Regulation and Air Quality

Wastewater treatment, water supply, storm sewer facilities and construction activities within the District are subject to complex environmental laws and regulations at the federal, state and local levels that may require or prohibit certain activities that affect the environment, such as:

- Requiring permits for construction and operation of water wells, wastewater treatment and other facilities;
- Restricting the manner in which wastes are treated and released into the air, water and soils;
- Restricting or regulating the use of wetlands or other properties; or
- Requiring remedial action to prevent or mitigate pollution.

Sanctions against a municipal utility district or other type of special purpose district 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 issuance of injunctions to ensure future compliance. Environmental laws and compliance with environmental laws and regulations can increase the cost of planning, designing, constructing and operating water production and wastewater treatment facilities. Environmental laws can also inhibit growth and development within the District. Further, changes in regulations occur frequently, and any changes that result in more stringent and costly requirements could materially impact the District.

Air Quality Issues: Air quality control measures required by the United States Environmental Protection Agency (the "EPA") and the Texas Commission on Environmental Quality (the "TCEQ") may impact new industrial, commercial and residential development in the Houston area. Under the Clean Air Act ("CAA") Amendments of 1990, the eight-county Houston Galveston area ("HGB area")—Harris, Galveston, Brazoria, Chambers, Fort Bend, Waller, Montgomery and Liberty counties—has been designated a nonattainment area under three separate federal ozone standards: the one-hour (124 parts per billion ("ppb") and eight-hour (84 ppb) standards promulgated by the EPA in 1997 (the "1997 Ozone Standards"); the tighter, eight-hour ozone standard of 75 ppb promulgated by the EPA in 2008 (the "2008 Ozone Standard"), and the EPA's most-recent promulgation of an even lower, 70 ppb eight-hour ozone standard in 2015 (the "2015 Ozone Standard"). While the State of Texas has been able to demonstrate steady progress and improvements in air quality in the HGB area, the HGB area remains subject to CAA nonattainment requirements.

The HGB area is currently designated as a severe ozone nonattainment area under the 1997 Ozone Standards. While the EPA has revoked the 1997 Ozone Standards, EPA historically has not formally redesignated nonattainment areas for a revoked standard. As a result, the HGB area remained subject to continuing severe nonattainment area "anti-backsliding" requirements, despite the fact that HGB area air quality has been attaining the 1997 Ozone Standards since 2014. In late 2015, EPA approved the TCEQ's "redesignation substitute" for the HGB area under the revoked 1997 Ozone Standards, leaving the HGB area subject only to the nonattainment area requirements under the 2008 Ozone Standard (and later, the 2015 Ozone Standard).

In February 2018, the U.S. Court of Appeals for the District of Columbia Circuit issued an opinion in *South Coast Air Quality Management District v. EPA,* 882 F.3d 1138 (D.C. Cir. 2018) vacating the EPA redesignation substitute rule that provided the basis for EPA's decision to eliminate the anti-backsliding requirements that had applied in the HGB area under the 1997 Ozone Standard. The court has not responded to EPA's April 2018 request for rehearing of the case. To address the uncertainty created by the *South Coast* court's ruling, the TCEQ has developed a formal request that the HGB area be redesignated to attainment under the 1997 Ozone Standards. The TCEQ Commissioners approved publication of a proposed HGB area redesignation request under the 1997 Ozone Standards on September 5, 2018.

The HGB area is currently designated as a "moderate" nonattainment area under the 2008 Ozone Standard, with an attainment deadline of July 20, 2018. If the EPA ultimately determines that the HGB area has failed to meet the attainment deadline based on the relevant data, the area is subject to reclassification to a nonattainment classification that provides for more-stringent controls on emissions from the industrial sector. In addition, the EPA may impose a moratorium on the awarding of federal highway construction grants and other federal grants for certain public works construction projects if it finds that an area fails to demonstrate progress in reducing ozone levels.

The HGB area is currently designated as a "marginal" nonattainment area under the 2015 Ozone Standard. For purposes of the 2015 Ozone Standard, the HGB area consists of only six counties: Brazoria, Chambers, Fort Bend, Galveston, Harris, and Montgomery Counties.

In order to demonstrate progress toward attainment of the EPA's ozone standards, the TCEQ has established a state implementation plan ("SIP") for the HGB area 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. These SIP requirements 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. It is possible that additional controls will be necessary to allow the HGB area to reach attainment with the ozone standards by the EPA's attainment deadlines. These additional controls could have a negative impact on the HGB area's economic growth and development.

Water Supply & Discharge Issues: Water supply and discharge regulations that municipal utility districts, including the District, may be required to comply with involve: (1) groundwater well permitting and surface water appropriation; (2) public water supply systems; (3) wastewater discharges from treatment facilities; (4) storm water discharges; and (5) wetlands dredge and fill activities. Each of these is addressed below:

Certain governmental entities regulate groundwater usage in the HGB Area. A municipal utility district or other type of special purpose district that (i) is located within the boundaries of such an entity that regulates groundwater usage, and (ii) relies on local groundwater as a source of water supply, may be subject to requirements and restrictions on the drilling of water wells and/or the production of groundwater that could affect both the engineering and economic feasibility of district water supply projects.

Pursuant to the federal 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, a municipal utility district's provision of water for human consumption is subject to extensive regulation as a public water system. Municipal utility districts 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. The EPA has established NPDWRs for more than ninety (90) contaminants and has identified and listed other contaminants which may require national drinking water regulation in the future.

Texas Pollutant Discharge Elimination System ("TPDES") permits set limits on the type and quantity of discharge, in accordance with state and federal laws and regulations. The TCEQ reissued the TPDES Construction General Permit (TXR150000), with an effective date of March 5, 2018, which is a general permit authorizing the discharge of stormwater runoff associated with small and large construction sites and certain nonstormwater discharges into surface water in the state. It has a 5-year permit term, and is then subject to renewal. Moreover, the Clean Water Act ("CWA") and Texas Water Code require municipal wastewater treatment plants to meet secondary treatment effluent limitations and more stringent water quality-based limitations and requirements to comply with the Texas water quality standards. Any water quality-based limitations and requirements with which a municipal utility district must comply may have an impact on the municipal utility district's ability to obtain and maintain compliance with TPDES permits.

The District's stormwater discharges currently maintain permit coverage through the Municipal Separate Storm System Permit (the "Current Permit") issued to the Storm Water Management Joint Task Force consisting of Harris County, Harris County Flood Control District, the City of Houston, and the Texas Department of Transportation. In the event that at any time in the future the District is not included in the Current Permit, it may be required to seek independent coverage under the TCEQ's General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the "MS4 Permit"), which authorizes the discharge of stormwater to surface water in the state from small municipal separate storm sewer systems. If the District's inclusion in the MS4 Permit were required at a future date, the District could incur substantial costs to develop, implement, and maintain 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 the MS4 Permit.

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 United States Army Corps of Engineers ("USACE") if operations of the District require that wetlands be filled, dredged, or otherwise altered.

In 2015, the EPA and USACE promulgated a rule known as the Clean Water Rule ("CWR") aimed at redefining "waters of the United States" over which the EPA and USACE have jurisdiction under the CWA. The CWR significantly expanded the scope of the federal government's CWA jurisdiction over intrastate water bodies and wetlands. The CWR was challenged in numerous jurisdictions, including the Southern District of Texas, causing significant uncertainty regarding the ultimate scope of "waters of the United States" and the extent of EPA and USACE jurisdiction.

On September 12, 2019, the EPA and USACE finalized a rule repealing the CWR, thus reinstating the regulatory text that existed prior to the adoption of the CWR. This repeal officially became final on December 23, 2019, but the repeal has itself become the subject of litigation in multiple jurisdictions.

On January 23, 2020, the EPA and USACE released the Navigable Waters Protection Rule ("NWPR"), which contains a new definition of "waters of the United States." The stated purpose of the NWPR is to restore and maintain the integrity of the nation's waters by maintaining federal authority over the waters Congress has determined should be regulated by the federal government, while preserving the states' primary authority over land and water resources. The new definition outlines four categories of waters that are considered "waters of the United States," and thus federally regulated under the CWA: (i) territorial seas and traditional navigable waters; (ii) perennial and intermittent tributaries to territorial seas and traditional navigable waters; (iii) certain lakes, ponds, and impoundments of jurisdictional waters; and (iv) wetlands adjacent to jurisdictional waters. The new rule also identifies certain specific categories that are not "waters of the United States," and therefore not federally regulated under the CWA: (a) groundwater; (b) ephemeral features that flow only in direct response to precipitation; (c) diffuse stormwater runoff and directional sheet flow over upland; (d) certain ditches; (e) prior converted cropland; (f) certain artificially irrigated areas; (g) certain artificial lakes and ponds; (h) certain water-filled depressions and certain pits; (i) certain stormwater control features; (j) certain groundwater recharge, water reuse, and wastewater recycling structures; and (k) waste treatment systems. The NWPR went into effect on June 22, 2020, and will likely become the subject of further litigation.

Due to ongoing rulemaking activity, as well as existing and possible future litigation, there remains uncertainty regarding the ultimate scope of "waters of the United States" and the extent of EPA and USACE jurisdiction. Depending on the final outcome of such proceedings, operations of municipal utility districts, including the District, could potentially be subject to additional restrictions and requirements, including additional permitting requirements.

Risk Factors Related to the Purchase of Municipal Bond Insurance

The Initial Purchaser has entered into an agreement with Assured Guaranty Municipal Corp. ("AGM" or the "Insurer") for the purchase of a municipal bond insurance policy (the "Policy"). At the time of entering into the agreement, the Insurer was rated "AA" (stable outlook) by S&P and "A2" (stable outlook) by Moody's. See "MUNICIPAL BOND INSURANCE."

The long-term ratings on the Bonds are dependent in part on the financial strength of the bond insurer (the "Insurer") and its claim paying ability. The Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Insurer and of the ratings on the Bonds insured by the Insurer will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds. See description of "MUNICIPAL BOND RATING" and "MUNICIPAL BOND INSURANCE."

The obligations of the Insurer are contractual obligations and in an event of default by the Insurer, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies.

Neither the District nor the Initial Purchaser has made independent investigation into the claims paying ability of the Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal and interest on the Bonds and the claims paying ability of the Insurer, particularly over the life of the investment. See "MUNICIPAL BOND RATING" and "MUNICIPAL BOND INSURANCE" for further information provided by the Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Insurer.

LEGAL MATTERS

Legal Opinion

The District will furnish the Initial Purchaser a transcript of certain certified proceedings incident to the authorization and issuance of the Bonds. Such transcript will include 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 binding obligations of the District, payable from the proceeds of an annual ad valorem tax levied without limitation as to rate or amount upon all taxable property within the District. The District also will furnish the approving legal opinion of Smith, Murdaugh, Little & Bonham, L.L.P., Houston, Texas, Bond Counsel to the District ("Bond Counsel"), to the effect that, based upon an examination of such transcript, the Bonds are valid and binding obligations of the District under the Constitution and laws of the State of Texas, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium or other similar laws of general application affecting rights of creditors of political subdivisions such as the District. The legal opinion of Bond Counsel will further state that the Bonds, including principal of and interest thereon, are payable from ad valorem taxes, without legal limitation as to rate or amount, upon all taxable property located within the District and that interest on the Bonds is excludable from gross income for federal income tax purposes under existing laws subject to the matters described under the caption which follows entitled "TAX MATTERS."

Legal Review

In its capacity as Bond Counsel, Smith, Murdaugh, Little & Bonham, L.L.P. has reviewed the information appearing in this Official Statement under the captions "THE BONDS" (except for "Book-Entry-Only System"), "TAX PROCEDURES," "THE DISTRICT—General," "LEGAL MATTERS," "TAX MATTERS," and "CONTINUING DISCLOSURE OF INFORMATION" to determine whether such information fairly summarizes the procedures, law and documents referred to therein. Bond Counsel has not, however, independently verified any of the other 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. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds are based on a percentage of the Bonds actually issued, sold and delivered. Bond Counsel acts as general counsel for the District on matters other than the issuance of bonds.

No-Litigation Certificate

The District will furnish to the Initial Purchaser a certificate, dated as of the date of delivery of the Bonds, to the effect that no litigation of any nature has been filed or is then pending or threatened, either in state or federal courts, contesting or attacking the Bonds; restraining or enjoining the issuance, execution or delivery of the Bonds; affecting the provisions made for the payment of or security for the Bonds; in any manner questioning the authority or proceedings for the issuance, execution, or delivery of the Bonds; or affecting the validity of the Bonds.

No Material Adverse Change

The obligations of the Initial Purchaser 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 from that set forth or contemplated in the Official Statement, as it may have been supplemented or amended, through the date of sale.

TAX MATTERS

Opinion

On the date of initial delivery of the Bonds, Bond Counsel will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), (1) interest on the Bonds for federal income tax purposes will be excludable from the "gross income" of the holders thereof, and (2) the Bonds will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). Except as stated above, Bond Counsel will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds.

In rendering its opinion, Bond Counsel will rely upon (a) certain information and representations of the District, including information and representations contained in the District's federal tax certificate, and (b) covenants of the District contained in the Bond documents relating to certain matters, including arbitrage and the use of the proceeds of the Bonds and the property financed or refinanced therewith. Failure by the District to observe the aforementioned representations or covenants could cause the interest on the Bonds to become taxable retroactively to the date of issuance.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel is conditioned on compliance by the District with such requirements, and Bond Counsel has not been retained to monitor compliance with these requirements subsequent to the issuance of the Bonds.

Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Bond Counsel's opinion is not a guarantee of a result. Existing Law is subject to change by the Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Bonds.

A ruling was not sought from the Internal Revenue Service by the District with respect to the Bonds or the property financed or refinanced with proceeds of the Bonds. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an Internal Revenue Service audit is commenced, under current procedures the Internal Revenue Service is likely to treat the District as the taxpayer and the Bondholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

Federal Income Tax Accounting Treatment of Original Discount Bonds

The initial public offering price to be paid for one or more maturities of the Bonds is less than the principal amount thereof, or one or more periods for the payment of interest on the bonds may not be equal to the accrual period or be in excess of one year (the "Original Issue Discount Bonds"). In such event, the difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the bonds less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under existing law, any owner who has purchased such Original Issue Discount Bond in the initial public offering is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Bond was held by such initial owner) is includable in gross income.

Under existing law, the original issue discount on each Original Issue Discount Bond is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Original Issue Discount Bond.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of Original Issue Discount Bonds should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of the treatment of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Bonds.

Federal Income Tax Accounting Treatment of Premium Bonds

The initial public offering price of certain Bonds (the “Premium Bonds”) is greater than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser must be reduced each year by the amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon the sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser’s yield to maturity. Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium with respect to the Premium Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning Premium Bonds.

Collateral Federal Income Tax Consequences

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Bonds. This discussion is based on existing statutes, regulations, published rulings and court decisions, all of which are subject to change or modification, retroactively.

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with accumulated earnings and profits and excess passive investment income, taxpayers qualifying for the health-insurance premium assistance credit, foreign corporations subject to the branch profits tax and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIAL PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE BONDS.

Under section 6012 of the Code, holders of tax-exempt obligations, such as the Bonds, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Bonds, if such obligation was acquired at a “market discount” and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to “market discount bonds” to the extent such gain does not exceed the accrued market discount of such bonds; although for this purpose, a de minimis amount of market discount is ignored. A “market discount bond” is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the “revised issue price” (i.e., the issue price plus accrued original issue discount). The “accrued market discount” is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

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.

State, Local and Foreign Taxes

Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership or disposition of the Bonds under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

Qualified Tax-Exempt Obligations for Financial Institutions

Section 265(a) of the Code provides, in pertinent part, that interest paid or incurred by a taxpayer, including a "financial institution," on indebtedness incurred or continued to purchase or carry tax-exempt obligations is not deductible in determining the taxpayer's taxable income. Section 265(b) of the Code provides an exception to the disallowance of such deduction for any interest expense paid or incurred on indebtedness of a taxpayer that is a "financial institution" allocable to tax-exempt obligations, other than "private activity bonds," that are designated by a "qualified small issuer" as "qualified tax- exempt obligations." A "qualified small issuer" is any governmental issuer (together with any "on-behalf of" and "subordinate" issuers) who issues no more than $10,000,000 of tax-exempt obligations during the calendar year. Section 265(b)(5) of the Code defines the term "financial institution" as any "bank" described in Section 585(a)(2) of the Code, or any person accepting deposits from the public in the ordinary course of such person's trade or business that is subject to federal or state supervision as a financial institution. Notwithstanding the exception to the disallowance of the deduction of interest on indebtedness related to "qualified tax-exempt obligations" provided by Section 265(b) of the Code, Section 291 of the Code provides that the allowable deduction to a "bank," as defined in Section 585(a)(2) of the Code, for interest on indebtedness incurred or continued to purchase "qualified tax-exempt obligations" shall be reduced by twenty-percent (20%) as a "financial institution preference item."

The District has designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Code. In furtherance of that designation, the District will covenant to take such action that would assure, or to refrain from such action that would adversely affect the treatment of the Bonds as "qualified tax-exempt obligations."

MUNICIPAL BOND RATING

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, ("S&P") and Moody's Investors Service ("Moody's") has assigned municipal bond ratings of "AA" (stable outlook) and "A2" (stable outlook, respectively, to this issue of Bonds with the understanding that upon delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by Assured Guaranty Municipal Corp. Moody's has also assigned an underlying rating of "A3" to the Bonds An explanation of the ratings may be obtained from S&P and Moody's. See "INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance," "MUNICIPAL BOND INSURANCE" and "APPENDIX B."

There is no assurance that such ratings will continue for any given period of time or that it will not be revised or withdrawn entirely by S&P or Moody's, if in their judgment, circumstances so warrant. Any such revisions or withdrawal of the ratings may have an adverse effect on the market price of the Bonds.

MUNICIPAL BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM") 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 APPENDIX B 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.

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and international public finance (including infrastructure) and structured finance markets and, as of October 1, 2019, asset management services. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A2" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM 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 relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On July 16, 2020, S&P announced it had affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On December 19, 2019, KBRA announced it had affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

On August 13, 2019, Moody's announced it had affirmed AGM's insurance financial strength rating of "A2" (stable outlook). AGM can give no assurance as to any further ratings action that Moody's may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2019.

Capitalization of AGM

At June 30, 2020:

- The policyholders' surplus of AGM was approximately $2,667 million.
- The contingency reserves of AGM and its indirect subsidiary Municipal Assurance Corp. ("MAC") (as described below) were approximately $1,018 million. Such amount includes 100% of AGM's contingency reserve and 60.7% of MAC's contingency reserve.
- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately $2,048 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM, (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiaries Assured Guaranty (Europe) plc ("AGE UK") and Assured Guaranty (Europe) SA ("AGE SA"), and (iii) 60.7% of the net unearned premium reserve of MAC.

The policyholders' surplus of AGM and the contingency reserves, net unearned premium reserves and deferred ceding commission income of AGM and MAC were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGE UK and AGE SA were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2019 (filed by AGL with the SEC on February 28, 2020);

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2020 (filed by AGL with the SEC on May 8, 2020); and

(iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2020 (filed by AGL with the SEC on August 7, 2020).

All consolidated financial statements of AGM and all other information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "MUNICIPAL BOND INSURANCE – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM 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 AGM supplied by AGM and presented under the heading "MUNICIPAL BOND INSURANCE".

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District accepted the bid resulting in the lowest net interest cost, which bid was tendered by SAMCO Capital Markets, Inc. (the "Initial Purchaser") bearing the interest rates shown on the cover page hereof, at a price of $7,201,187.10, representing 97.0510% of the principal amount thereof plus accrued interest to the date of delivery which resulted in a net effective interest rate of 1.915531% as calculated pursuant to Chapter 1204 of the Texas Government Code.

Prices and Marketability

The prices and other terms with respect to the offering and sale of the Bonds may be changed at any time by the Initial Purchaser 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 Initial Purchaser may over-allot or effect transactions that stabilize or maintain the market prices of the Bonds at levels above those that 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 utility 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 municipal 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 offer and sale of the Bonds has been filed with the 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 jurisdiction.

PREPARATION OF OFFICIAL STATEMENT

Sources and Compilation of Information

The financial data and other information contained in this Official Statement has been obtained primarily from the District's records, the Engineer, the Tax Assessor/Collector, the Appraisal District and information from certain other sources. All of these sources are believed to be reliable, but no guarantee is made by the District as to the accuracy or completeness of the information derived from such sources, and its inclusion herein is not to be construed as a representation on the part of the District except as described below under "Certification of Official Statement." Furthermore, there is no guarantee that any of the assumptions or estimates contained herein will be realized. The summaries of the agreements, reports, statutes, resolutions, engineering and other related information 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.

Financial Advisor

Masterson Advisors LLC is engaged as the Financial Advisor to the District to render certain professional services, including advising the District on a plan of financing and preparing the Official Statement, including the Official Notice of Sale and the Official Bid Form for the sale of the Bonds. In its capacity as Financial Advisor, Masterson Advisors LLC has compiled and edited this Official Statement. In addition to compiling and editing, the Financial Advisor has obtained the information set forth herein under the caption indicated from the following sources:

> "THE DISTRICT" - A&S Engineers, Inc. ("Engineer") and Records of the District ("Records"); "THE SYSTEM" - Engineer; "BONDS AUTHORIZED BUT UNISSUED" - Records; "FINANCIAL STATEMENT" - Harris County Appraisal District, "ESTIMATED OVERLAPPING DEBT AND TAX RATES STATEMENT" - Municipal Advisory Council of Texas and Financial Advisor; "TAX DATA" – Harris County Tax Assessor Collector's Office; "MANAGEMENT" - District Directors; "WATER AND SEWER OPERATIONS" - Records; "DEBT SERVICE REQUIREMENTS" - Financial Advisor; 'THE BONDS," "TAX PROCEDURES," "LEGAL MATTERS," "TAX MATTERS" and "CONTINUING DISCLOSURE OF INFORMATION" - Smith, Murdaugh, Little & Bonham, L.L.P..

The Financial Advisor has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the District and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

Consultants

In approving this OFFICIAL STATEMENT the District has relied upon the following consultants.

Auditor: The financial statements of the District, as of June 30, 2019, and for the year then ended, included in this offering document, have been audited by McCall Gibson Swedlund Barfoot, PLLC, Certified Public Accountants, as stated in their report appearing herein. See "APPENDIX A" for a copy of the District's June 30, 2019, audited financial statements.

Engineer: The information contained in this Official Statement relating to engineering matters and to the description of the System and, in particular that information included in the sections entitled "THE DISTRICT" and "THE SYSTEM," has been provided by A&S Engineers, Inc., and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

Appraisal District: The information contained in this Official Statement relating to the assessed valuations has been provided by the Harris County Appraisal District and has been included herein in reliance upon the authority of such entity to establish the taxable value of property in Harris County, including the District.

Updating the Official Statement

If, subsequent to the date of the Official Statement, the District learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the Initial Purchaser, of any adverse event which causes the Official Statement to be materially misleading, and unless the Initial Purchaser elects to terminate its obligation to purchase the Bonds, the District will promptly prepare and supply to the Initial Purchaser an appropriate amendment or supplement to the Official Statement satisfactory to the Initial Purchaser; 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 Initial Purchaser, unless the Initial Purchaser 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 as required by law (but not more than 90 days after the date the District delivers the Bonds).

Certification of Official Statement

The District, acting through its Board of Directors in its official capacity, hereby certifies, as of the date hereof, that the information, statements, and descriptions or any addenda, supplement and amendment thereto pertaining to the District and its affairs contained herein, to the best of its knowledge and belief, contain no untrue statement 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 District 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 the light of the circumstances under which they are made, not misleading; however, the Board has made no independent investigation as to the accuracy or completeness of the information derived from sources other than the District.

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Order, the District has made the following agreement for the benefit of the registered 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 events, to the Municipal Securities Rulemaking Board (the "MSRB"). This information will be available to the public without charge through its Electronic Municipal Market Access ("EMMA") internet portal at www.emma.msrb.org.

Annual Reports

The District will provide annually to the MSRB certain updated financial information and operating data. The information to be updated includes the quantitative financial information and operating data with respect to the District of the general type included in this Official Statement under the headings "FINANCIAL STATEMENT," "TAX DATA," "THE SYSTEM" and "DEBT SERVICE REQUIREMENTS" (most of which information is contained in the District's annual audited financial statements) and in APPENDIX A. The District will update and provide this information to the MSRB within six (6) months after the end of each fiscal year ending in or after 2020.

The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12 (the "Rule"). The updated information will include audited financial statements, if the District commissions an audit and the audit is completed by the required time. If the audit of such financial statements is not complete within such period, then the District will provide unaudited financial statements by the required time, and audited financial statements when and if such audited financial statements become available. Any such financial statements will be prepared in accordance with the accounting principles described in the Bond Order or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation.

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

Specified Event Notices

The District will provide timely notices of certain events to the MSRB via EMMA, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (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 beneficial owners 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) consummation of a merger, consolidation, or acquisition involving the District 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 an definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or an obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or an obligated person, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or an obligated person, any of which reflect financial difficulties. The terms "financial obligation" and "material" when used in this paragraph shall have the meanings ascribed to them under federal securities laws. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described above under “Annual Reports.”

Availability of Information from the MSRB

The District has agreed to provide the foregoing information only to the MSRB. Investors will be able to access, without charge from the MSRB, continuing disclosure information filed with the MSRB at www.emma.msrb.org.

Limitations and Amendments

The District has agreed to update information and to provide notices of specified events only as described above. The District has not agreed to provide other information that may be relevant or material to a 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 or Beneficial Owners 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, taking into account any amendments or interpretations of SEC Rule 15c2-12 to the date of such amendment, as well as such 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 person unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the Registered Owners 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 above 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.

Compliance With Prior Undertakings

During the last five years, the District has complied in all material respects with its previous continuing disclosure agreements.

MISCELLANEOUS

All estimates, statements and assumptions in this Official Statement and the APPENDIX hereto have been made on the basis of the best information available and are believed to be reliable and accurate. Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact, and no representation is made that any such statements will be realized.

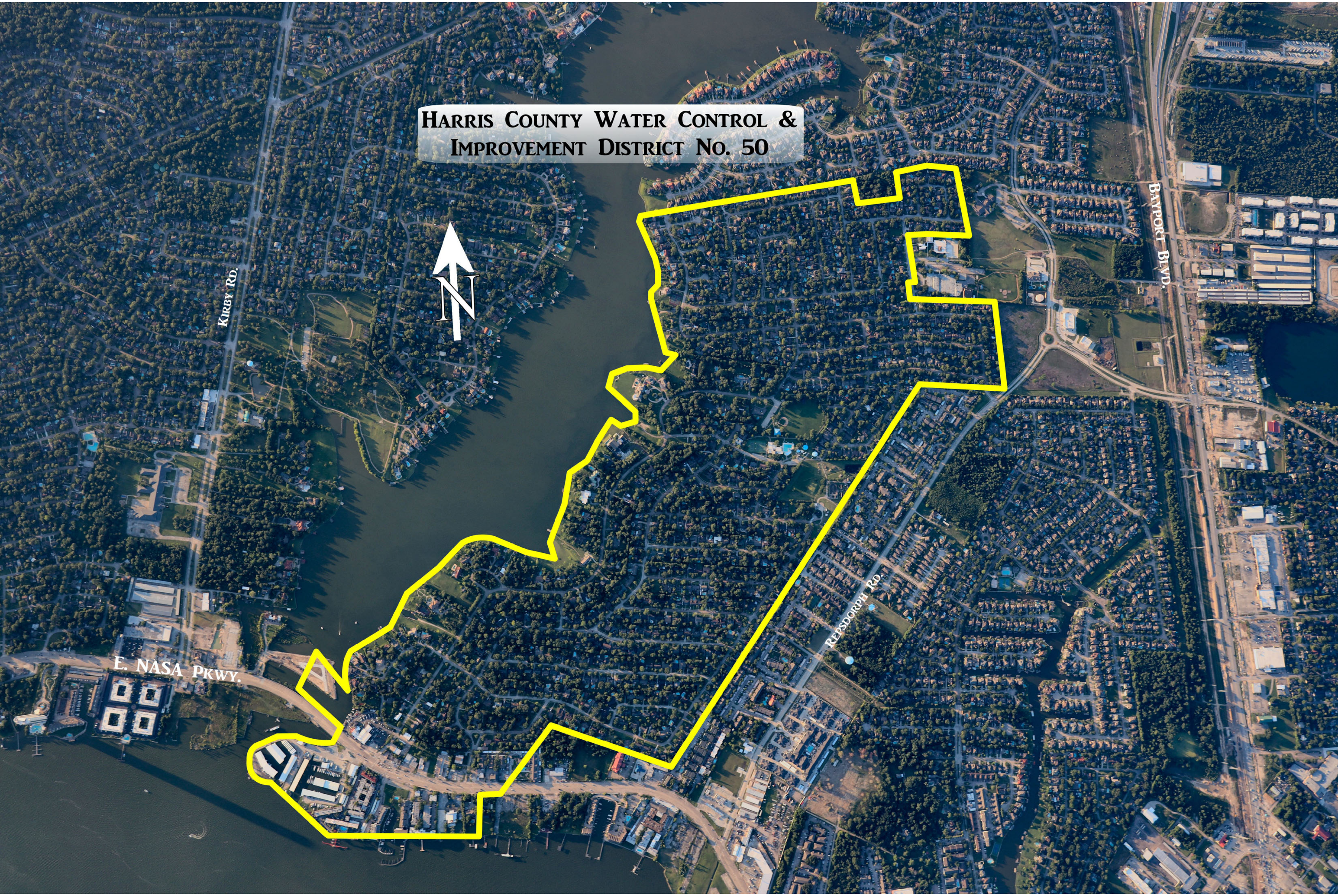
This Official Statement was approved by the Board of Directors of Harris County Water Control & Improvement District No. 50, as of the date shown on the cover page.

/s/ Mario Runco
President, Board of Directors

ATTEST:

/s/ M.B. Eisenbarth
Secretary, Board of Directors

AERIAL PHOTOGRAPH
(As of June 2020)


Harris County Water Control &
Improvement District No. 50
N
Kirby Rd.
Bayport Blvd.
Reedsdorph Rd.
E. NASA Pkwy.

PHOTOGRAPHS OF THE DISTRICT
(As of June 2020)


Lakeshore Condominiums
Private Residence
FIRE LANE NO PARKING


6
RESERVED


Clear Lake
Marine Center
4141 NASA Pkwy.
TAKE YOUR
INNER
12-YR-OLD
OUT FOR
A SPIN
MERCURY


COMICS
TOYS
GAMES
COMICS
Fantasy Gaming
Action Figures
Comic Books
Artwork
THE CUT AND COLOUR BAR
From Concept to Creation!
KAYAK and SUP RENTALS
WINE BAR
BOONDOGGLES PUB


WATERS EDGE


ALPHA
CLEANERS
ALL WORK DONE
ON PREMISES
SPACE CITY
IRON
FOR LEASE

APPENDIX A

Independent Auditor’s Report and Financial Statements of the District for the fiscal year ended June 30, 2019

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 50

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

JUNE 30, 2019

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 50

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

JUNE 30, 2019

T A B L E O F C O N T E N T S

T A B L E O F C O N T E N T S (Continued)

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
Harris County Water Control
and Improvement District No. 50
Harris County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Harris County Water Control and Improvement District No. 50 (the "District"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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
Harris County Water Control and
Improvement District No. 50

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 June 30, 2019, 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, the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund, the Schedule of Changes in Net Pension Liability and Related Ratios, the Schedule of District Contributions – Pension, the Schedule of Changes in Net Other Postemployment Benefits Liability Related Ratios, and the Schedule of District Contributions – Other Postemployment Benefits be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

McCall Gibson Swedlund Barfoot PLLC

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

November 6, 2019

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 50
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

Management's discussion and analysis of Harris County Water Control and Improvement District No. 50's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2019. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The Statement of Net Position includes all of the District's assets, liabilities, deferred inflows of resources and deferred 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 three governmental fund types. The General Fund accounts for customer service revenues, tax revenues and general expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information ("RSI"). The budgetary comparison schedule is included as RSI for the General Fund. Additional information related to the net pension liability and the total OPEB liability are included as RSI as well.

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 $3,642,853 as of June 30, 2019. A portion of the District's net position reflects its net investment in capital assets (buildings and equipment as well as the water, sewer and drainage facilities, less any debt used to acquire those assets that is still outstanding). The following is the summary of the Statement of Net Position as of June 30, 2019, and June 30, 2018:

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2019	2018	Change Positive (Negative)
Current and Other Assets	$ 4,090,380	$ 4,819,611	$ (729,231)
Capital Assets (Net of Accumulated Depreciation)	4,638,245	3,480,162	1,158,083
Total Assets	$ 8,728,625	$ 8,299,773	$ 428,852
Deferred Outflows of Resources	$ 137,276	$ 68,786	$ 68,490
Bonds Payable	$ 4,330,000	$ 4,455,000	$ 125,000
Other Liabilities	856,446	454,326	(402,120)
Total Liabilities	$ 5,186,446	$ 4,909,326	$ (277,120)
Deferred Inflows of Resources	$ 36,602	$ 46,593	$ 9,991
Net Position:			
Net Investment in Capital Assets	$ 903,817	$ 819,738	$ 84,079
Restricted	453,268	386,729	66,539
Unrestricted	2,285,768	2,206,173	79,595
Total Net Position	$ 3,642,853	$ 3,412,640	$ 230,213

The following table provides a summary of the District's operations for the years ended June 30, 2019, and June 30, 2018.

	Summary of Changes in the Statement of Activities		
	2019	2018	Change Positive (Negative)
Revenues:			
Property Taxes	$ 922,363	$ 883,660	$ 38,703
Charges for Services	833,439	803,646	29,793
Other Revenues	28,352	28,432	(80)
Total Revenues	$ 1,784,154	$ 1,715,738	$ 68,416
Expenses for Services	1,553,941	1,771,581	217,640
Change in Net Position	$ 230,213	$ (55,843)	$ 286,056
Net Position, Beginning of Year	3,412,640	3,468,483	(55,843)
Net Position, End of Year	$ 3,642,853	$ 3,412,640	$ 230,213

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of June 30, 2019, were $3,424,180, a decrease of $1,046,750 from the prior year.

The General Fund fund balance increased by $88,245, primarily due to operating revenues being higher than operating costs.

The Debt Service Fund fund balance increased by $64,009, primarily due to the structure of the District's outstanding debt.

The Capital Projects Fund fund balance decreased by $1,199,004. The District used bond proceeds received in a prior year to pay for current year projects.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors did not amend the budget during the fiscal year. Actual revenues were $191,473 more than budgeted revenues primarily due to higher than expected service and property tax revenues. Actual expenditures were $140,728 more than budgeted expenditures primarily due to capital expenditures that were not budgeted and higher than expected professional fees, contracted services, and personnel expenditures.

LONG-TERM DEBT ACTIVITY

As of June 30, 2019, the District had total bond debt payable of $4,330,000. The changes in the debt position of the District during the fiscal year ended June 30, 2019, are summarized as follows:

Bond Debt Payable, July 1, 2018	$ 4,455,000
Less: Bond Principal Paid	125,000
Bond Debt Payable, June 30, 2019	$ 4,330,000

The District Series 2015 Bonds carry an underlying rating of "A3" issued by Standard & Poor's and an insured rating of "AA" by virtue of bond insurance issued by Assured Guaranty Municipal. These ratings were in effect for the current and prior fiscal years.

CAPITAL ASSETS

Capital assets as of June 30, 2019, total $4,638,245 (net of accumulated depreciation) and include land, buildings and equipment as well as the water, sewer and drainage systems. Current year capital asset additions included a new pump at the water plant, a new vehicle, and the wastewater treatment plant lift station replacement. Construction in progress includes GST no. 2 replacement and sanitary sewer rehab, phase 2.

Capital Assets At Year-End, Net of Accumulated Depreciation

	2019	2018	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	$ 18,333	$ 18,333	$
Construction in Progress	1,339,910	1,027,981	311,929
Capital Assets, Net of Accumulated Depreciation:			
Buildings and Equipment	152,316	140,816	11,500
Water, Sewer, and Drainage Facilities	3,127,686	2,293,032	834,654
Total Net Capital Assets	$ 4,638,245	$ 3,480,162	$ 1,158,083

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 Harris County Water Control and Improvement District No. 50, 1122 Cedar Lane, El Lago, Texas 77586-6004.

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 50

STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET

JUNE 30, 2019

	General Fund	Debt Service Fund
ASSETS		
Cash	$ 1,617,112	$ 461,919
Investments	748,351	
Cash with Fiscal Agent	6,792	
Receivables:		
Property Taxes	23,415	9,370
Penalty and Interest on Delinquent Taxes		
Service Accounts	81,101	
Other	4,578	
Inventory	43,353	
Due from Other Funds		20,545
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	$ 2,524,702	$ 491,834
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Pension Plan Charges	$	$
Deferred Other Post Employment Benefit Plan Expense		
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$ -0-	$ -0-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 2,524,702	$ 491,834

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
$ 1,084,880	$ 3,163,911	$	$ 3,163,911
	748,351		748,351
	6,792		6,792
	32,785		32,785
		9,509	9,509
	81,101		81,101
	4,578		4,578
	43,353		43,353
	20,545	(20,545)	
		18,333	18,333
		1,339,910	1,339,910
		3,280,002	3,280,002
$ 1,084,880	$ 4,101,416	$ 4,627,209	$ 8,728,625
$	$	$ 135,965	$ 135,965
		1,311	1,311
$ -0-	$ -0-	$ 137,276	$ 137,276
$ 1,084,880	$ 4,101,416	$ 4,764,485	$ 8,865,901

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

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 50
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2019

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	$ 55,505	$
Accrued Compensated Absences		
Accrued Interest Payable		
Due to Other Funds	20,545	
Security Deposits	79,093	
Net Pension Liability		
Net Other Postemployment Benefit Plan Liability		
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	$ 155,143	$ -0-
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	$ 23,415	$ 9,370
Pension Plan Income		
Deferred Other Post Employment Benefit Plan Income		
TOTAL DEFERRED INFLOWS OF RESOURCES	$ 23,415	$ 9,370
FUND BALANCES		
Nonspendable:		
Inventory	$ 43,353	$
Restricted for Authorized Construction		
Restricted for Debt Service		482,464
Unassigned	2,302,791	
TOTAL FUND BALANCES	$ 2,346,144	$ 482,464
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 2,524,702	$ 491,834
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
$ 489,308	$ 544,813	$	$ 544,813
		23,256	23,256
		48,075	48,075
	20,545	(20,545)	
	79,093		79,093
		149,911	149,911
		11,298	11,298
		130,000	130,000
		4,200,000	4,200,000
$ 489,308	$ 644,451	$ 4,541,995	$ 5,186,446
$	$ 32,785	$ (32,785)	$
		35,505	35,505
		1,097	1,097
$ -0-	$ 32,785	$ 3,817	$ 36,602
$	$ 43,353	$ (43,353)	$
595,572	595,572	(595,572)	
	482,464	(482,464)	
	2,302,791	(2,302,791)	
$ 595,572	$ 3,424,180	$ (3,424,180)	$ - 0 -
$ 1,084,880	$ 4,101,416		
		$ 903,817	$ 903,817
		453,268	453,268
		2,285,768	2,285,768
		$ 3,642,853	$ 3,642,853

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

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 50
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2019

Total Fund Balance - Governmental Funds			$ 3,424,180
Amounts reported for governmental activities in the Statement of Net Position are different because:			
Portions of the change in net pension liability and net other postemployment benefit plan liability that are not immediately recognized as pension expense are recorded as deferred outflows of resources.			101,771
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.			4,638,245
Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2018 and prior tax levies became part of recognized revenue in the governmental activities of the District.			42,294
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:			
Accrued Interest Payable	$ (48,075)		
Accrued Compensated Balances	(23,256)		
Net Pension Liability	(149,911)		
Net Other Post Employment Benefit Liability	(12,395)		
Bonds Payable	(4,330,000)		(4,563,637)
Total Net Position - Governmental Activities			$ 3,642,853

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

THIS PAGE INTENTIONALLY LEFT BLANK

HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 50
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	$ 587,417	$ 335,234
Water Service	465,116	
Wastewater Service	350,805	
Penalty and Interest	15,783	
Miscellaneous Revenues	28,352	
TOTAL REVENUES	$ 1,447,473	$ 335,234
EXPENDITURES/EXPENSES		
Service Operations:		
Personnel	$ 620,224	$
Professional Fees	240,137	750
Purchased Water Service	98,324	
Utilities	51,538	
Repairs and Maintenance	51,005	
Depreciation		
Other	212,420	
Capital Outlay	85,580	
Debt Service:		
Bond Principal		125,000
Bond Interest		145,475
TOTAL EXPENDITURES/EXPENSES	$ 1,359,228	$ 271,225
NET CHANGE IN FUND BALANCES	$ 88,245	$ 64,009
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - JULY 1, 2018	2,257,899	418,455
FUND BALANCES/NET POSITION - JUNE 30, 2019	$ 2,346,144	$ 482,464

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
$	$ 922,651	$ (288)	$ 922,363
	465,116		465,116
	350,805		350,805
	15,783	1,735	17,518
	28,352		28,352
$ - 0 -	$ 1,782,707	$ 1,447	$ 1,784,154
$	$ 620,224	$ 8,394	$ 628,618
	240,887		240,887
	98,324		98,324
	51,538		51,538
27,817	78,822		78,822
		98,685	98,685
	212,420		212,420
1,171,187	1,256,767	(1,256,767)	
	125,000	(125,000)	
	145,475	(828)	144,647
$ 1,199,004	$ 2,829,457	$ (1,275,516)	$ 1,553,941
$ (1,199,004)	$ (1,046,750)	$ 1,046,750	$
		230,213	230,213
1,794,576	4,470,930	(1,058,290)	3,412,640
$ 595,572	$ 3,424,180	$ 218,673	$ 3,642,853

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

HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 50
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Net Change in Fund Balances - Governmental Funds	$ (1,046,750)
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.	(288)
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.	1,735
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.	(98,685)
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.	1,256,767
The changes in the net pension liability and other postemployment benefit plan costs are recorded as an expense in the government-wide financial statements.	(8,394)
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.	125,000
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.	828
Change in Net Position - Governmental Activities	$ 230,213

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

NOTE 1. CREATION OF DISTRICT

Harris County Water Control and Improvement District No. 50 of Harris County, Texas (the "District") was created by an Order of the Texas State Board of Water Engineers under Chapter 3A, Title 128 of the Revised Civil Statutes of 1925 with amendments of Chapter 280, Acts of the 41st Legislature, 1929. On September 23, 1955, the District adopted the provisions of Chapter 51 of the Texas Water Code whereby the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary for the supply of water, collection, transportation and treatment of wastewater and storm sewer drainage. The Board of Directors held its first meeting on August 20, 1955, and voters confirmed the District's creation by an election on September 17, 1955.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

Financial Statement Presentation

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

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

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

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

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

Government-Wide Financial Statements

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

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

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. 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 statements. The fund statements include a Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds

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

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

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

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

Property taxes considered available by the District and included in revenue include taxes collected during the year and taxes collected after year-end, which were considered available to defray the expenditures of the current year. Deferred inflows of resources related to property tax revenues are those taxes which the District does not reasonably expect to be collected soon enough in the subsequent period to finance current expenditures.

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. As of June 30, 2019, the General Fund owed the Debt Service Fund $20,545 for tax collections.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

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

Individual capital items, including infrastructure assets are capitalized, if they have an original cost greater than $5,000 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:

	Years
Buildings	40
Water System	10-45
Wastewater System	10-45
All Other Equipment	3-20

Budgeting

In compliance with governmental accounting principles, the Board of Directors annually adopts an unappropriated budget for the General Fund. The budget was not amended during the current fiscal year.

Pension and Other Postemployment Benefits

Employees of the District participate in the TCDRS defined benefit pension plan and the TCDRS Group Term Life program. Further information is provided in Notes 8 and 9.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus

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

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

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

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

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

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

Unassigned: all other spendable amounts in the General Fund.

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Estimates

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

Inventory

Inventory is valued at current market price and has a June 30, 2019, value of $43,353. Inventory consists of many small, consumable parts which are expensed as used.

NOTE 3. LONG-TERM DEBT

	Series 2015
Amount Outstanding – June 30, 2019	$ 4,330,000
Interest Rates	2.00% - 4.00%
Maturity Date	September 1, 2019/2040
Interest Payment Dates	September 1/ March 1
Callable Dates	September 1, 2022*

*Or any date thereafter at a price of par plus unpaid accrued interest in whole or in part, at the option of the District. Series 2015 term bonds maturing on September 1, 2026, 2028, 2030, 2032 and 2040, are subject to mandatory redemption beginning September 1, 2025, 2027, 2029, 2031 and 2037, respectively.

The following is a summary of transactions regarding bonds payable for the year ended June 30, 2019:

	July 1, 2018	Additions	Retirements	June 30, 2019
Bonds Payable	$ 4,455,000	$ -0-	$ 125,000	$ 4,330,000

Amount Due Within One Year	$ 130,000
Amount Due After One Year	4,200,000
Total Bonds Payable	$ 4,330,000

NOTE 3. LONG-TERM DEBT (Continued)

As of June 30, 2019, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2020	$ 130,000	$ 142,924	$ 272,924
2021	135,000	140,274	275,274
2022	140,000	137,175	277,175
2023	145,000	133,612	278,612
2024	150,000	129,738	279,738
2025-2029	840,000	578,187	1,418,187
2030-2034	1,020,000	426,208	1,446,208
2035-2039	1,220,000	230,214	1,450,214
2040-2041	550,000	22,200	572,200
	$ 4,330,000	$ 1,940,532	$ 6,270,532

As of June 30, 2019, the District had authorized but unissued bonds in the amount of $37,310,000 for water, sanitary sewer and drainage bonds.

During the year ended June 30, 2019, the District levied ad valorem debt service tax rate of $0.117 per $100 of assessed valuation, which resulted in a levy of $335,831 on the adjusted taxable valuation of $287,004,717 for the 2018 tax year. The bond order requires the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the costs of assessing and collecting taxes. See Note 7 for the maintenance tax levy.

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 order states that the District is required by the Securities and Exchange Commission to provide annual 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.

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS (Continued)

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 each 5th year anniversary of each 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 District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District's deposits was $3,163,911 and the bank balance was $3,198,186. 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 June 30, 2019, as listed below:

GENERAL FUND	$ 1,617,112
DEBT SERVICE FUND	461,919
CAPITAL PROJECTS FUND	1,084,880
TOTAL DEPOSITS	$ 3,163,911

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.

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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.

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

The District invests in TexPool, an external investment pool that is not SEC-registered. The State Comptroller of Public Accounts of the State of Texas has oversight of the pool. Federated Investors, Inc. manages the daily operations of the pool under a contract with the Comptroller. TexPool measures all of its portfolio assets at amortized cost. As a result, the District also measures its investments in TexPool at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from TexPool. As of June 30, 2019, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
GENERAL FUND		
TexPool	$ 748,351	$ 748,351

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2019, 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 be redeemed each day at the discretion of the District.

Restrictions

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

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 50
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 is as follows:

	July 1, 2018	Increases	Decreases	June 30, 2019
Capital Assets Not Being Depreciated				
Land and Land Improvements	$ 18,333	$	$	$ 18,333
Construction in Progress	1,027,981	1,256,767	944,838	1,339,910
Total Capital Assets Not Being Depreciated	$ 1,046,314	$ 1,256,767	$ 944,838	$ 1,358,243
Capital Assets Subject to Depreciation				
Buildings and Equipment	$ 324,338	$ 22,080	$	$ 346,418
Water, Sewer, and Drainage Facilities	2,883,874	922,759		3,806,633
Total Capital Assets Subject to Depreciation	$ 3,208,212	$ 944,839	$ - 0 -	$ 4,153,051
Accumulated Depreciation				
Buildings and Equipment	$ 183,522	$ 10,580	$	$ 194,102
Water, Sewer, and Drainage Facilities	590,842	88,105		678,947
Total Accumulated Depreciation	$ 774,364	$ 98,685	$ - 0 -	$ 873,049
Total Depreciable Capital Assets, Net of Accumulated Depreciation	$ 2,433,848	$ 846,154	$ - 0 -	$ 3,280,002
Total Capital Assets, Net of Accumulated Depreciation	$ 3,480,162	$ 2,102,921	$ 944,838	$ 4,638,245

NOTE 7. MAINTENANCE TAX

The voters of the District approved the levy and collection of a maintenance tax not to exceed $0.25 per $100 of assessed valuation of taxable property within the District. During the year ended June 30, 2019, the District levied a maintenance tax rate of $0.205 per $100 of assessed valuation, which resulted in a tax levy of $588,422 on the adjusted taxable valuation of $287,004,717 for the 2018 tax year.

NOTE 8. PENSION PLAN

Plan Description

The District provides retirement for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System ("TCDRS"). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of more than 780 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available on the TCDRS website (www.tcdrs.org).

NOTE 8. PENSION PLAN (Continued)

Benefits Provided

The plan provisions are adopted by the governing body of the District, within the options available in the Texas state statutes governing the TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 30 years of service, regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service but must leave their accumulated deposits in the plan to receive any employer-financed benefit. Members who withdraw their personal deposits in a lump sum are not entitled to any amounts contributed by the District.

Benefit amounts are determined by the sum of the employee's deposits to the plan, with interest, and employer-financed monetary credit. The level of these monetary credits is adopted by the governing body of the District within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated deposits and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

At June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	1
Inactive employees entitled but not yet receiving benefits	5
Active employees	6

Contributions

The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The employer contributed using the actuarially determined rate of 8.68% for the months of the 2019 accounting year and a rate of 7.24% for the months of the 2018 accounting year. The deposit rate payable by the employee members for calendar years 2018 and 2019 is 5.0% as adopted by the governing body of the District. The employee deposit rate and the employer contribution rate may be changed by the governing body of the District within the options available in the TCDRS Act.

For the District's accounting year ended June 30, 2019, the annual pension cost for the TCDRS plan for its employees was $32,454 and the actual contributions were $32,454. The required contribution was determined as part of the December 31, 2018, actuarial valuation using the entry age actuarial cost method.

NOTE 8. PENSION PLAN (Continued)

	Actuarial Valuation Information		
Actuarial valuation date	12/31/16	12/31/17	12/31/18
Actuarial cost method	entry age	entry age	entry age
Amortization method	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed
Amortization period	11.4	11.0	7.1
Asset Valuation Method:			
Subdivision Accumulation Fund	5-yr smoothed value	5-yr smoothed value	5-yr smoothed value
Employees Saving Fund	Fund value	Fund value	Fund value
Actuarial Assumptions:			
Investment return[1]	8.0%	8.0%	8.0%
Projected salary increases[1]	4.9%	4.9%	4.9%
Inflation	3.0%	2.75%	2.75%
Cost-of-living adjustments	1.0%	0.0%	0.0%

[1] Includes inflation at the stated rate

All actuarial assumptions that determined the total pension liability as of December 31, 2018 were based on the results of an actuarial experience study for the period January 1, 2013 – December 31, 2016, except where required to be different by GASB 68.

Mortality rates were based on the following:

Depositing members – 90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate Scale after 2014.

Service retirees, beneficiaries and non-depositing members – 130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

Disabled retirees - 130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

NOTE 8. PENSION PLAN (Continued)

Depletion of Plan Assets/ GASB Discount Rate

The discount rate is the single rate of return that, when applied to all projected benefit payments results in an actuarial present value of projected benefit payments equal to the total of the following:

1) The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension plan's fiduciary net position is projected to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term rate of return, calculated using the long-term expected rate of return on pension plan investments.

2) The actuarial present value of projected benefit payments not included in (1), calculated using the municipal bond rate.

Therefore, if plan investments in a given future year are greater than projected benefit payments in that year and are invested such that they are expected to earn the long-term rate of return, the discount rate applied to projected benefit payments in that year should be the long-term expected rate of return on plan investments. If future years exist where this is not the case, then an index rate reflecting the yield on a 20-year, tax-exempt municipal bond should be used to discount the projected benefit payments for those years.

The determination of a future date when plan investments are not sufficient to pay projected benefit payments is often referred to as a depletion date projection. A depletion date projection compares projections of the pension plan's fiduciary net position to projected benefit payments and aims to determine a future date, if one exists, when the fiduciary net position is projected to be less than projected benefit payments. If an evaluation of the sufficiency of the projected fiduciary net position compared to projected benefit payments can be made with sufficient reliability without performing a depletion date projection, alternative methods to determine sufficiency may be applied.

In order to determine the discount rate to be used by the employer we have used an alternative method to determine the sufficiency of the fiduciary net position in all future years. Our alternative method reflects the funding requirements under the employer's funding policy and the legal requirements under the TCDRS Act.

NOTE 8. PENSION PLAN (Continued)

Depletion of Plan Assets/ GASB Discount Rate (Continued)

1) TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods.

2) Under the TCDRS Act, the employer is legally required to make the contribution specified in the funding policy.

3) The employer's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost.

4) An increased cost due to the adoption of a COLA is required to be funded over a period of 15 years, if applicable.

Based on the above, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments. Based on the expected level of cash flows and investment returns to the system, the fiduciary net position as a percentage of total pension liability is projected to increase from its current level in future years.

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the employer is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses for GASB 68 purposes.

Therefore, we have used a discount rate of 8.10%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 8.00%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

NOTE 8. PENSION PLAN (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2019 information for a 10-year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years and is set based on a 30-year time horizon; the most recent analysis was performed in 2017.

Asset Class	Target Allocation	Geometric Real Rate of Return (Expected minus Inflation)
US Equities	10.50%	5.40%
Private Equity	18.00%	8.40%
Global Equities	2.50%	5.70%
International Equities-Development	10.00%	5.40%
International Equities-Emerging	7.00%	5.90%
Investment-Grade Bonds	3.00%	1.60%
Strategic Credit	12.00%	4.39%
Direct Lending	11.00%	7.95%
Distressed Debt	2.00%	7.20%
REIT Equities	2.00%	4.15%
Master Limited Partnerships (MLPs)	3.00%	5.35%
Private Real Estate Partnerships	6.00%	6.30%
Hedge Funds	13.00%	3.90%
	100.00%	

NOTE 8. PENSION PLAN (Continued)

Changes in Net Pension Liability:

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net position (b)	Net Pension Liability (a)-(b)
Balances of December 31, 2017	$ 954,923	$ 890,548	$ 64,375
Changes for the year:			
Service cost	25,836		25,836
Interest on total pension liability	78,294		78,294
Effect of economic/demographic gains or losses	13,929		13,929
Refund of Contributions	(1,585)	(1,585)	
Benefit Payments	(27,308)	(27,308)	
Administrative expenses		(718)	718
Member Contributions		19,982	(19,982)
Net Investment income		(16,367)	16,367
Employer contributions		28,940	(28,940)
Other		686	(686)
Balances of December 31, 2018	$ 1,044,089	$ 894,178	$ 149,911

Sensitivity Analysis - The following presents the net pension liability of the District, calculated using the discount rate of 8.10%, as well as what the District net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.10%) or 1 percentage point higher (9.10%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
	7.10%	8.10%	9.10%
Total pension liability	$ 1,178,472	$ 1,044,089	$ 929,151
Fiduciary net position	894,178	894,178	894,178
Net pension liability	$ 284,294	$ 149,911	$ 34,973

NOTE 8. PENSION PLAN (Continued)

As of December 31, 2018, the deferred inflows and outflows of resources are as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	$ 5,601	$ 12,623
Change of Assumptions	-0-	10,460
Net difference between projected and actual earnings	29,904	84,676
Contributions subsequent to the measurement date	-0-	28,206
	$ 35,505	$ 135,965

The District made plan contributions subsequent to the measurement date and prior to the District fiscal year-end of $28,206, which are recorded as deferred outflows of resources. Other amounts reported as deferred outflows of resources will be recognized in pension expense as follows:

Year ended December 31:	
2019	$ 26,025
2020	14,021
2021	11,050
2022	20,902
2023	256
Thereafter	-0-

NOTE 9. OTHER POSTEMPLOYMENT BENEFITS

Plan Description - Group Term Life Program

The District participates in the retiree Group Term Life program for the Texas County & District Retirement System (TCDRS), which is a statewide, multiple-employer, public employee retirement system. All full-time and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year and are eligible for the TCDRS pension plan. Only employers that have elected participation in the retiree Group Term Life program are included in the OPEB plan. The plan provides a $5,000 post-retirement death benefit to beneficiaries of service retirees and disability retirees of employers that have elected participation in the retiree GTL program. Other plan specifics include: the OPEB benefit is a fixed $5,000 lump-sum benefit; no future increases are assumed in the $5,000 benefit amount; benefit terms are established under the TCDRS Act; participation in the retiree GTL program is optional and the employer may elect to opt out of (or opt into) coverage as of Jan. 1 each year.

NOTE 9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Plan Description - Group Term Life Program (Continued)

Contributions made to the retiree GTL Program are held in the GTL fund. The GTL fund does not meet the requirements of a trust under Paragraph 4b of GASB 75, as the assets of the GTL fund can be used to pay active GTL benefits which are not part of the OPEB plan. Benefit terms are established under the TCDRS Act. The District’s contributions to the GTL program for the year ending June 30, 2019, June 30, 2018, and June 30, 2017, were $1,283, $1,134, and $1,320, respectively.

Participation in the retiree GTL program is optional and the employer may elect to opt out of (or opt into) coverage as of Jan. 1 each year. The District’s contribution rate for the retiree GTL program is calculated annually on an actuarial basis, and is equal to the cost of providing a one-year death benefit equal to $5,000.

TCDRS issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information. This report is available at www.tcdrs.org. TCDRS' CAFR may also be obtained by writing to the Texas County & District Retirement System; P.O. Box 2034, Austin, TX 78768-2034, or by calling 800-823-7782.

The retiree death benefit paid from the GTL program is an OPEB benefit. The OPEB program is treated as an unfunded trust, because the GTL trust covers both actives and retirees and is not segregated. At June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	2
Inactive employees entitled but not yet receiving benefits	1
Active employees	6

NOTE 9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Methods and Assumptions Used for GASB Calculations

All actuarial assumptions and methods that determined the total OPEB liability as of December 31, 2018 were based on the results of an actuarial experience study for the period January 1, 2013 - December 31, 2016, except where required to be different by GASB 75.

Valuation Timing - Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.

Actuarial Cost - Method Entry Age Normal

Amortization Method - Recognition of economic/demographic gains or losses straight-line amortization over expected working life

Recognition of assumptions changes or inputs - Straight-line amortization over expected working life

Asset Valuation Method - Does not apply

Inflation - Does not apply

Salary Increases - Does not apply

Investment Rate of Return (Discount Rate) – 4.10% 20 Year Bond GO Index published by bondbuyer.com as of December 27, 2018

Cost-of-Living Adjustment - Does not apply

Mortality rates were based on the following:

Depositing members – 90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate Scale after 2014.

Service retirees, beneficiaries and non-depositing members – 130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

Disabled retirees - 130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

NOTE 9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Discount Rate

The total OPEB liability was determined by an actuarial valuation as of the measurement date, calculated based on the discount rate and actuarial assumptions discussed below. The discount rate reflects the long-term rate of return funding valuation assumption of 4.10%. The TCDRS GTL program is treated as an unfunded OPEB plan because the GTL trust covers both actives and retirees and the assets are not segregated for these groups. Under GASB 75 (paragraph 155), the discount rate for an unfunded OPEB plan should be based on 20-year tax-exempt AA or higher Municipal Bonds. Therefore, a discount rate of 4.10% based on the 20 Year Bond GO Index published by bondbuyer.com is used as of the measurement date of December 31, 2018. The total OPEB Liability as of December 31, 2017 was estimated using a discount rate of 3.44%.

Changes in Total OPEB Liability:

	Total OPEB Liability
Balances of December 31, 2017	$ 11,885
Changes for the year:	
Service cost	330
Interest on total OPEB liability	415
Effect of economic/demographic experience	242
Benefits Payments	(320)
Effect of assumption changes or inputs	(1,254)
Balances of December 31, 2018	$ 11,298

Sensitivity Analysis - The following presents the total OPEB liability of the District, calculated using the discount rate of 4.10%, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.10%) or 1 percentage point higher (5.10%) than the current rate.

NOTE 9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Sensitivity Analysis (Continued)

	1% Decrease	Current Discount Rate	1% Increase
	3.10%	4.10%	5.10%
Total OPEB Liability	$ 13,284	$ 11,298	$ 9,739

As of December 31, 2018, the deferred inflows and outflows of resources are as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	$ -0-	$ 241
Change of Assumptions	1,097	410
Contributions subsequent to the measurement date	-0-	660
	$ 1,097	$ 1,311

Other amounts reported as deferred outflows of resources will be recognized in OPEB expense as follows:

Year ended December 31:	
2019	$ (64)
2020	(64)
2021	(64)
2022	(64)
2023	(64)
Thereafter	(126)

NOTE 10. COMPENSATED ABSENCES

District employees are paid by a prescribed formula for vacation. Vacation leave is earned at a rate of two weeks for the first five years of service and three weeks for more than five but less than ten years. After ten years of service, one day is added for each year of service up to a maximum of 20 days. Unless approved by the Board, the eligibility for each benefit lapses at year end. At June 30, 2019, there were no material accumulated unpaid vacation benefits.

Short-Term Sick Leave

All employees working 16 hours or more per week are entitled to short-term sick leave benefits according to the amount of time employed by the District. The following schedule summarizes the method of accumulation:

NOTE 10. COMPENSATED ABSENCES

Short-Term Sick Leave (Continued)

Term of Service	Number of Days Accumulated
1 to 90 days	1 day
91 – 180 days	2 days
9 months – 1 year	3 days
1 to 2 years	5 days/year
2 to 5 years	8 days/year
5 to 10 years	9 days/year
10 to 15 years	10 days/year
15 to 20 years	12 days/year
>20 years	15 days/year

At the end of their anniversary year, any unused short-term sick leave is transferred to the employee's accumulated long-term illness/injury leave. Any unused short-term sick leave which is not transferred to long-term illness/injury leave may not be carried over to subsequent years.

Long-Term Illness/Injury Leave

All previously earned short-term sick leave must be exhausted before long-term illness/injury leave may be used. Any unused long-term illness/injury leave will be paid to an employee upon retirement from service with the District. This applies only to those persons who retire and receive pension benefits for service with the District. It does not apply to persons separated or terminated either voluntarily or involuntarily. As of June 30, 2019, the District recorded a liability of $23,256 for accrued compensation absences.

NOTE 11. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The District participates in the Texas Municipal League Intergovernmental Risk Pool (TML) to provide property, general liability, automobile, boiler and machinery, errors and omissions, windstorm and workers compensation coverage. The District, along with other participating entities, contributes annual amounts determined by TML's management. As claims arise they are submitted and paid by TML. 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. WATER SUPPLY AGREEMENT

On May 24, 1988, the District entered into a Potable Water Supply Agreement (Agreement) with the City of Seabrook, Texas (Seabrook). The contract calls for Seabrook to deliver to the District and the District to accept up to 500,000 gallons per day of potable water at a cost equal to the following:

> Base Potable Water Price = A + $.05
>
> In the foregoing formula:
>
> "A" is the lowest price Seabrook pays the City of Pasadena, Texas, for the same Billing Period, for each one thousand (1,000) gallons of potable water as specified in the contract between Seabrook and the City of Pasadena, or under any contract which may subsequently replace said contract.

In a prior fiscal year, the District paid Seabrook for its share of the cost of constructing a potable water transmission line in Seabrook to the point at which water is delivered by the City of Pasadena to Seabrook. The District also paid the cost of constructing a water transmission line to connect with Seabrook's water line at the point of delivery. This agreement is in effect until March 14, 2028, which is the expiration date of the contract between Seabrook and the City of Pasadena. During the current fiscal year, the District purchased water in the amount of $98,324.

THIS PAGE INTENTIONALLY LEFT BLANK

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 50

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2019

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 50

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2019

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	$ 500,000	$ 587,417	$ 87,417
Water Service	415,000	465,116	50,116
Wastewater Service	325,000	350,805	25,805
Penalty and Interest	7,800	15,783	7,983
Miscellaneous Revenues	8,200	28,352	20,152
TOTAL REVENUES	$ 1,256,000	$ 1,447,473	$ 191,473
EXPENDITURES			
Services Operations:			
Personnel	$ 559,000	$ 620,224	$ (61,224)
Professional Fees	190,000	240,137	(50,137)
Purchased Water Service	110,000	98,324	11,676
Utilities	102,300	51,538	50,762
Repairs and Maintenance	125,000	51,005	73,995
Other	132,200	212,420	(80,220)
Capital Outlay		85,580	(85,580)
TOTAL EXPENDITURES	$ 1,218,500	$ 1,359,228	$ (140,728)
NET CHANGE IN FUND BALANCE	$ 37,500	$ 88,245	$ 50,745
FUND BALANCE - JULY 1, 2018	2,257,899	2,257,899	
FUND BALANCE - JUNE 30, 2019	$ 2,295,399	$ 2,346,144	$ 50,745

See accompanying independent auditor’s report.

HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 50
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
JUNE 30, 2019

	Year Ended December 31 2018	Year Ended December 31 2017
Total Pension Liability		
Service cost	$ 25,836	$ 26,655
Interest on total pension liability	78,294	77,641
Effect on plan changes		(66,726)
Effect of assumption changes or inputs		9,639
Effect of economic/demographic (gains) or losses	13,929	(7,841)
Benefit payments/refunds of contributions	(28,893)	(32,032)
Net change in total pension liability	$ 89,166	$ (7,337)
Total pension liability, beginning	954,923	947,586
Total pension liability, ending (a)	$ 1,044,089	$ 954,923
Fiduciary Net Position		
Employer contributions	$ 28,940	$ 24,015
Member contributions	19,982	16,535
Investment income net of investment expenses	(16,367)	112,528
Benefit payments/refunds of contributions	(28,893)	(32,031)
Administrative expenses	(718)	(592)
Other	686	109
Net change in fiduciary net position	$ 3,630	$ 120,562
Fiduciary net position, beginning	890,548	769,986
Fiduciary net position, ending (b)	$ 894,178	$ 890,548
Net pension liability, ending (a)-(b)	$ 149,911	$ 64,375
Fiduciary net position as a % of total pension liability	85.64%	93.26%
Pensionable covered payroll	$ 399,649	$ 330,694
Net pension liability as a % of covered payroll	37.51%	19.47%

See accompanying independent auditor's report

Year Ended December 31 2016	Year Ended December 31 2015	Year Ended December 31 2014
$ 27,612	$ 27,564	$ 26,238
71,016	68,235	65,103
(2,015)	(76,963)	
	10,725	
698	436	5,922
(27,308)	(27,038)	(26,507)
$ 70,003	$ 2,959	$ 70,756
877,583	874,624	803,868
$ 947,586	$ 877,583	$ 874,624
$ 22,669	$ 22,603	$ 21,780
15,875	15,784	15,490
51,960	1,663	43,641
(27,308)	(27,038)	(26,507)
(564)	(500)	(508)
4,910	1,800	1,207
$ 67,542	$ 14,312	$ 55,103
702,444	688,132	633,029
$ 769,986	$ 702,444	$ 688,132
$ 177,600	$ 175,139	$ 186,492
81.26%	80.04%	78.68%
$ 317,492	$ 315,685	$ 309,809
55.94%	55.48%	60.20%

See accompanying independent auditor's report

HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 50
SCHEDULE OF DISTRICT CONTRIBUTIONS - PENSION
JUNE 30, 2019

Year Ending December 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2009	$ 16,044	$ 16,044	$ -0-	$ 294,929	5.4%
2010	$ 18,566	$ 18,566	$ -0-	$ 280,037	6.6%
2011	$ 15,500	$ 15,500	$ -0-	$ 292,454	5.3%
2012	$ 17,327	$ 17,339	$ (13)	$ 302,911	5.7%
2013	$ 19,436	$ 19,436	$ -0-	$ 305,117	6.4%
2014	$ 21,780	$ 21,780	$ -0-	$ 309,809	7.0%
2015	$ 22,603	$ 22,603	$ -0-	$ 315,685	7.2%
2016	$ 22,447	$ 22,669	$ (222)	$ 317,492	7.1%
2017	$ 21,925	$ 24,015	$ (2,090)	$ 330,694	7.3%
2018	$ 27,376	$ 28,940	$ (1,564)	$ 399,649	7.2%

Valuation Date	Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	7.1 years (based on contribution rate calculated in 12/31/2018 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.75%
Salary Increases	Varies by age and service. 4.9% average over career including inflation.
Investment Rate of Return	8.00%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale of 2014.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	2015: Employer contributions reflect that a 2% flat COLA was adopted. 2016: Employer contributions reflect that a 1% flat COLA was adopted. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected in the schedule.

**Only changes that affect the benefit amount and that are effective 2015 and later are shown in the Notes to Schedule.*

See accompanying independent auditor's report

HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 50
SCHEDULE OF CHANGES IN NET OTHER POSTEMPLOYMENT BENEFITS LIABILITY AND RELATED RATIOS
JUNE 30, 2019

	Year Ended December 31 2018	Year Ended December 31 2017
Total OPEB Liability		
Service cost	$ 330	$ 291
Interest on total OPEB liability	415	417
Effect of assumption changes or inputs	(1,254)	528
Effect of economic/demographic (gains) or losses	242	37
Benefit payments/Postemployment Benefits	(320)	(265)
Net change in total OPEB liability	$ (587)	$ 1,008
Total OPEB liability, beginning	11,885	10,877
Total OPEB liability, ending	$ 11,298	$ 11,885
Pensionable covered payroll	$ 399,649	$ 330,694
Net OPEB liability as a % of covered payroll	2.83%	3.59%

See accompanying independent auditor's report

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 50

SCHEDULE OF DISTRICT CONTRIBUTIONS – OTHER POSTEMPLOYMENT BENEFITS

JUNE 30, 2019

Year Ending December 31	Actuarially Determined Contribution	Actual Employer Contributions	Contribution Deficiency (Excess)	Pensionable Covered Payroll[1]	Actual Contribution as a % of Covered Payroll
2017	$ 993	$ 993	$ -0-	$ 330,694	0.3%
2018	$ 1,239	$ 1,239	$ -0-	$ 399,649	0.3%

[1] *Payroll is calculated based on contributions as reported to TCDRS.*

All actuarial methods and assumptions used for this analysis were the same as those used in the December 31, 2017 funding valuation. Following are the key assumptions and methods used in this analysis.

Valuation Timing	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age Normal
Amortization Method	Straight-line method over expected working life
Asset Valuation Method	Does not apply
Inflation	Does not apply
Salary Increases	Does not apply
Investment Rate of Return	4.10%; 20-year Bond GO Index published by bondbuyer.com as of December 27, 2018
Cost-of-Living Adjustments	Does not apply
Retirement, Disability, Termination	Same as funding valuation
Mortality	Same as funding valuation, See Note 9

See accompanying independent auditor's report

HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 50

SUPPLEMENTARY INFORMATION – REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

JUNE 30, 2019

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 50
SERVICES AND RATES
FOR THE YEAR ENDED JUNE 30, 2019

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

X	Retail Water		Wholesale Water	X	Drainage
X	Retail Wastewater		Wholesale Wastewater		Irrigation
	Parks/Recreation		Fire Protection		Security
	Solid Waste/Garbage	X	Flood Control		Roads

_______ Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)

_______ Other (specify): ____

2. **RETAIL SERVICE PROVIDERS**

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

Based on the rate order effective April 12, 2019.

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons over Minimum Use	Usage Levels
WATER:	$ 10.10	3,000	N	$ 3.00	3,001 to 6,000
				$ 3.50	6,001 to 9,000
				$ 4.00	9,001 to 12,000
				$ 4.25	12,001 to 15,000
				$ 4.50	15,001 to 20,000
				$ 4.75	20,001 to 30,000
				$ 5.00	30,001 to 40,000
				$ 6.00	40,001 to 50,000
				$ 7.00	50,001 to 60,000
				$ 8.00	60,001 to 70,000
				$ 9.00	70,001 to 80,000
				$ 10.00	80,001 to 90,000
				$ 12.00	90,001 to 100,000
				$ 14.00	100,001 to 150,000
				$ 16.00	150,001 and up
WASTEWATER:	$ 25.00	N/A	Y		

SURCHARGE:

Commission Regulatory Assessments — 0.5% of actual water and sewer bill

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

Total monthly charges per 10,000 gallons usage: Water: $33.60 Wastewater: $25.00 Surcharge: $0.29

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"	1,003	1,003	x 1.0	1,003
1"	2	2	x 2.5	5
1½"	2	2	x 5.0	10
2"	4	4	x 8.0	32
3"			x 15.0	
4"	1	1	x 25.0	25
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water Connections	1,012	1,012		1,075
Total Wastewater Connections	1,013	1,011	x 1.0	1,011

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

Gallons pumped into system from wells:	34,000	Water Accountability Ratio: 99.89 % (Gallons billed/Gallons pumped and purchased)
Gallons purchased:	113,945,000	From: City of Seabrook, Texas
Total pumped and purchased:	113,979,000	
Gallons billed to customers:	113,850,000	

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 _X_ Partly ______ Not at all _____

Cities in which District is located:

El Lago, Texas, Taylor Lake Village, Texas and Seabrook, Texas

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

Entirely _____ Partly ______ Not at all _X_

Are Board Members appointed by an office outside the District?

Yes _____ No _X_

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 50
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2019

PERSONNEL EXPENDITURES (Including Benefits)		
Salaries	$	400,624
Payroll Taxes		31,867
Employee Insurance		153,996
Retirement		33,737
TOTAL PERSONNEL EXPENDITURES	$	620,224
PROFESSIONAL FEES:		
Auditing	$	17,250
Engineering		56,012
Legal		165,719
Delinquent Tax Attorney		1,156
TOTAL PROFESSIONAL FEES	$	240,137
PURCHASED WATER SERVICE	$	98,324
APPRAISAL DISTRICT	$	6,764
UTILITIES:		
Electricity	$	48,847
Telephone		2,691
TOTAL UTILITIES	$	51,538
REPAIRS AND MAINTENANCE	$	51,005
ADMINISTRATIVE EXPENDITURES:		
Contract Services	$	67,418
Director Fees		9,315
Insurance		30,406
Office Supplies and Postage		5,330
Travel and Meetings		2,848
Vehicle Expense		3,610
Other		21,494
TOTAL ADMINISTRATIVE EXPENDITURES	$	140,421
CAPITAL OUTLAY	$	85,580
OTHER EXPENDITURES:		
Chemicals	$	33,256
Permit Fees		12,899
Other		19,080
TOTAL OTHER EXPENDITURES	$	65,235
TOTAL EXPENDITURES	$	1,359,228

Number of persons employed by the District 6 Full-Time -0- Part-Time

See accompanying independent auditor's report.

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 50
INVESTMENTS
JUNE 30, 2019

Fund	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
GENERAL FUND					
TexPool	XXXX0001	Varies	Daily	$ 748,351	$ - 0 -

See accompanying independent auditor's report.

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 50

TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2019

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE - JULY 1, 2018	$ 23,665		$ 9,408	
Adjustments to Beginning Balance	(1,255)	$ 22,410	(635)	$ 8,773
Original 2018 Tax Levy	$ 573,724		$ 327,442	
Adjustment to 2018 Tax Levy	14,698	588,422	8,389	335,831
TOTAL TO BE ACCOUNTED FOR		$ 610,832		$ 344,604
TAX COLLECTIONS:				
Prior Years	$ 9,679		$ 5,501	
Current Year	577,738	587,417	329,733	335,234
TAXES RECEIVABLE - JUNE 30, 2019		$ 23,415		$ 9,370
TAXES RECEIVABLE BY YEAR:				
2018		$ 10,684		$ 6,098
2017		2,583		1,474
2016		1,782		1,002
2015		1,255		796
2014		1,232		
2013		1,059		
2012		834		
2011		1,106		
2010		1,212		
2009		715		
2008		787		
2007		165		
2006		1		
TOTAL		$ 23,415		$ 9,370

See accompanying independent auditor's report.

HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 50
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2019

	2018	2017	2016	2015
TOTAL PROPERTY VALUATIONS	$ 287,004,717	$ 274,568,611	$ 255,436,569	$ 230,067,544
TAX RATES PER $100 VALUATION:				
Debt Service	$ 0.117	$ 0.117	$ 0.117	$ 0.130
Maintenance	0.205	0.205	0.208	0.205
TOTAL TAX RATES PER $100 VALUATION	$ 0.322	$ 0.322	$ 0.325	$ 0.335
ADJUSTED TAX LEVY*	$ 924,253	$ 883,987	$ 830,169	$ 770,707
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	98.13 %	99.54 %	99.65 %	99.73 %

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

Maintenance Tax – Voters have approved a maintenance tax not to exceed $0.25 per $100 of assessed valuation.

See accompanying independent auditor's report.

THIS PAGE INTENTIONALLY LEFT BLANK

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 50
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2019

	SERIES - 2015		
Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2020	$ 130,000	$ 142,924	$ 272,924
2021	135,000	140,274	275,274
2022	140,000	137,175	277,175
2023	145,000	133,612	278,612
2024	150,000	129,738	279,738
2025	155,000	125,544	280,544
2026	160,000	121,012	281,012
2027	170,000	116,062	286,062
2028	175,000	110,669	285,669
2029	180,000	104,900	284,900
2030	190,000	98,769	288,769
2031	195,000	92,272	287,272
2032	205,000	85,522	290,522
2033	210,000	78,519	288,519
2034	220,000	71,126	291,126
2035	225,000	63,338	288,338
2036	235,000	55,288	290,288
2037	245,000	46,888	291,888
2038	255,000	37,500	292,500
2039	260,000	27,200	287,200
2040	270,000	16,600	286,600
2041	280,000	5,600	285,600
	$ 4,330,000	$ 1,940,532	$ 6,270,532

See accompanying independent auditor’s report.

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 50
ANALYSIS OF CHANGES IN LONG-TERM DEBT
FOR THE YEAR ENDED JUNE 30, 2019

Description	Original Bonds Issued	Bonds Outstanding July 1, 2018
Harris County Water Control and Improvement District No. 50 Unlimited Tax Bonds - Series 2015	$ 4,690,000	$ 4,455,000

Bond Authority:	Tax Bonds
Amount Authorized by Voters	$ 46,077,000
Amount Issued	8,767,000
Remaining to be Issued	$ 37,310,000

Debt Service Fund cash, investments and cash with paying agent balances as of June 30, 2019:	$ 461,919
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 285,024

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

Current Year Transactions				
	Retirements		Bonds Outstanding	
Bonds Sold	Principal	Interest	June 30, 2019	Paying Agent
$ - 0 -	$ 125,000	$ 145,475	$ 4,330,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX

See accompanying independent auditor's report.

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 50
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES GENERAL FUND - FIVE YEARS

	Amounts		
	2019	2018	2017
REVENUES			
Property Taxes	$ 587,417	$ 557,446	$ 526,720
Service Revenues	815,921	791,999	786,357
Penalty and Interest	15,783	9,687	10,947
Miscellaneous Revenues	28,352	19,626	24,422
TOTAL REVENUES	$ 1,447,473	$ 1,378,758	$ 1,348,446
EXPENDITURES			
Personnel	$ 620,224	$ 581,777	$ 492,465
Professional Fees	240,137	274,833	130,249
Purchased and Contracted Services	98,324	113,224	101,342
Utilities	51,538	50,254	57,090
Repairs and Maintenance	51,005	190,225	138,971
Other	212,420	364,295	209,936
Capital Outlay	85,580	126,048	25,230
TOTAL EXPENDITURES	$ 1,359,228	$ 1,700,656	$ 1,155,283
NET CHANGE IN FUND BALANCE	$ 88,245	$ (321,898)	$ 193,163
BEGINNING FUND BALANCE	2,257,899	2,579,797	2,386,634
ENDING FUND BALANCE	$ 2,346,144	$ 2,257,899	$ 2,579,797

See accompanying independent auditor's report.

2016	2015	2019	2018	2017	2016	2015
		Percentage of Total Revenues				
$ 470,483	$ 442,965	40.5 %	40.5 %	39.1 %	36.1 %	37.0 %
801,243	727,831	56.4	57.4	58.3	61.5	60.8
11,245	11,836	1.1	0.7	0.8	0.9	1.0
19,047	14,027	2.0	1.4	1.8	1.5	1.2
$ 1,302,018	$ 1,196,659	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 489,860	$ 486,534	42.8 %	42.2 %	36.5 %	37.6 %	40.7 %
101,265	92,934	16.6	19.9	9.7	7.8	7.8
98,292	80,304	6.8	8.2	7.5	7.5	6.7
64,852	67,650	3.6	3.6	4.2	5.0	5.7
29,963	114,237	3.5	13.8	10.3	2.3	9.5
167,026	159,534	14.7	26.4	15.6	12.8	13.3
102,045	8,879	5.9	9.1	1.9	7.8	0.7
$ 1,053,303	$ 1,010,072	93.9 %	123.2 %	85.7 %	80.8 %	84.4 %
$ 248,715	$ 186,587	6.1 %	(23.2) %	14.3 %	19.2 %	15.6 %
2,137,919	1,951,332					
$ 2,386,634	$ 2,137,919					

See accompanying independent auditor's report.

HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 50
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2019	2018	2017
REVENUES			
Property Taxes	$ 335,234	$ 318,094	$ 296,430
Miscellaneous Revenues			
TOTAL REVENUES	$ 335,234	$ 318,094	$ 296,430
EXPENDITURES			
Debt Service Interest, Fees and Other	$ 146,225	$ 148,675	$ 151,025
Debt Service Principal	125,000	120,000	115,000
TOTAL EXPENDITURES	$ 271,225	$ 268,675	$ 266,025
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 64,009	$ 49,419	$ 30,405
OTHER FINANCING SOURCES (USES)			
Proceeds from Long-Term Debt	$ - 0 -	$ - 0 -	$ - 0 -
NET CHANGE IN FUND BALANCE	$ 64,009	$ 49,419	$ 30,405
BEGINNING FUND BALANCE	418,455	369,036	338,631
ENDING FUND BALANCE	$ 482,464	$ 418,455	$ 369,036
TOTAL ACTIVE RETAIL WATER CONNECTIONS	1,012	1,012	1,012
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	1,011	1,011	1,011

See accompanying independent auditor’s report.

		Percentage of Total Revenues				
2016	2015	2019	2018	2017	2016	2015
$ 295,016	$	100.0 %	100.0 %	100.0 %	99.1 %	%
2,611					0.9	
$ 297,627	$ - 0 -	100.0 %	100.0 %	100.0 %	100.0 %	%
$ 110,170	$ 251	43.6 %	46.7 %	50.9 %	37.0 %	%
		37.3	37.7	38.8		
$ 110,170	$ 251	80.9 %	84.4 %	89.7 %	37.0 %	%
$ 187,457	$ (251)	19.1 %	15.6 %	10.3 %	63.0 %	N/A %
$ - 0 -	$ 151,425					
$ 187,457	$ 151,174					
151,174						
$ 338,631	$ 151,174					
1,012	1,012					
1,011	1,011					

See accompanying independent auditor's report.

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 50
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
JUNE 30, 2019

District Mailing Address - Harris County Water Control and Improvement District No. 50
1122 Cedar Lane
El Lago, Texas 77586-6004

District Telephone Number - (281) 326-5573

Board Members	Term of Office (Elected or Appointed)	Fees of office for the year ended June 30, 2019	Expense reimbursements for the year ended June 30, 2019	Title
Mario Runco	05/2016 05/2020 (Elected)	$ 2,025	$ -0-	President
Sheila Brown	05/2018 05/2022 (Elected)	$ 1,755	$ 665	Vice President
M.B. Eisenbarth	05/2018 05/2022 (Elected)	$ 1,755	$ -0-	Secretary
J. L. Restivo	05/2016 05/2020 (Elected)	$ 1,755	$ -0-	Assistant Secretary
George Shea, Jr.	05/2018 05/2022 (Elected)	$ 2,025	$ -0-	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): July 2, 2019

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

See accompanying independent auditor's report.

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 50
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
JUNE 30, 2019

Consultants:	Date Hired	Fees for the year ended June 30, 2019	Title
Smith, Murdaugh, Little & Bonham, L.L.P.	08/10/11	$ 165,656	General Counsel/ Litigation
		$ 1,219	Delinquent Tax Attorney
McCall Gibson Swedlund Barfoot PLLC	07/11/07	$ 17,250	Auditor
A&S Engineers Inc.	04/11/12	$ 276,583	Engineer
Masterson Advisors LLC	05/09/18	$ -0-	Financial Advisor

See accompanying independent auditor's report.

APPENDIX B

Specimen Municipal Bond Insurance Policy

ASSURED GUARANTY MUNICIPAL

MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No: -N

BONDS: $ in aggregate principal amount of Effective Date:

Premium: $

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, 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 Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the 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 AGM. 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 AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

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 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 AGM 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 of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount 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 or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

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

To the fullest extent permitted by applicable law, AGM 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 AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, 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, (a) 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 and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By ______________________________
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
1633 Broadway, New York, N.Y. 10019
(212) 974-0100

Form 500NY (5/90)