OFFICIAL STATEMENT DATED OCTOBER 14, 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 THE BONDS IS NOT SUBJECT TO THE ALTERNATIVE MINIMUM TAX ON INDIVIDUALS. SEE "TAX MATTERS" FOR A DISCUSSION OF THE OPINION OF BOND COUNSEL.

THE BONDS HAVE BEEN DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS. SEE "TAX MATTERS–QUALIFIED TAX-EXEMPT OBLIGATIONS."

NEW ISSUE-Book-Entry Only

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

$3,025,000

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
(A political subdivision of the State of Texas located within Harris County)
UNLIMITED TAX REFUNDING BONDS
SERIES 2020

The bonds described above (the "Bonds") are obligations solely of Harris County Municipal Utility District No. 383 (the "District") and are not obligations of the State of Texas, Harris County, the City of Houston or any entity other than the District.

The Bonds, when issued, will constitute valid and legally binding obligations of the District and will be payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. THE BONDS ARE SUBJECT TO SPECIAL INVESTMENT CONSIDERATIONS DESCRIBED HEREIN. See "INVESTMENT CONSIDERATIONS."

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

Principal of the Bonds is payable at maturity or earlier redemption 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") upon surrender of the Bonds for payment. Interest on the Bonds accrues from November 1, 2020, and is payable each March 1 and September 1, commencing March 1, 2021, until maturity or prior redemption. The Bonds will be issued only in fully registered form in denominations of $5,000 each or integral multiples thereof. The Bonds are subject to redemption prior to their maturity, as shown below.

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

Principal Amount	Maturity (September 1)	CUSIP Number(b)	Interest Rate	Initial Reoffering Yield(c)
$ 15,000	2021	413957 SK8	3.00 %	0.39 %
325,000	2022	413957 SL6	3.00	0.45
345,000	2023	413957 SM4	3.00	0.56
355,000	2024	413957 SN2	3.00	0.70
365,000	2025	413957 SP7	3.00	0.86
380,000	2026	413957 SQ5	3.00	1.01
400,000	2027 (a)	413957 SR3	2.00	1.20
415,000	2028 (a)	413957 SS1	2.00	1.33
425,000	2029 (a)	413957 ST9	2.00	1.47

(a) Bonds maturing on and after September 1, 2027, 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, 2026, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. See "THE BONDS—Redemption Provisions."
(b) CUSIP Numbers have been assigned to the Bonds by CUSIP Service Bureau and are included solely for the convenience of the purchasers of the Bonds. Neither the District nor the Underwriter shall be responsible for the selection or correctness of the CUSIP Numbers set forth herein.
(c) Initial reoffering yield represents the initial offering yield to the public which has been established by the Underwriter (as herein defined) for offers to the public and which may be subsequently changed by the Underwriter and is the sole responsibility of the Underwriter. The initial reoffering yields indicated above represent the lower of the yields resulting when priced at maturity or to the first call date. Accrued interest from November 1, 2020, is to be added to the price.

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. See "BOOK-ENTRY-ONLY SYSTEM."

The Bonds are offered by the Underwriter subject to prior sale, when, as and if issued by the District and accepted by the Underwriter, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Allen Boone Humphries Robinson LLP, Bond Counsel. See "LEGAL MATTERS." Certain legal matters will be reviewed by McCall, Parkhurst & Horton L.L.P., Houston, Texas, as Underwriter's Counsel. Delivery of the Bonds through DTC is expected on or about November 19, 2020.

SAMCO CAPITAL

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APPENDIX A—Auditor's Report and Financial Statements of the District for the fiscal year ended March 31, 2020
APPENDIX B—Specimen Municipal Bond Insurance Policy

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, 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 Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, Texas, 77027-7528 upon payment of the costs of duplication therefor.

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 Underwriter (as herein defined) and thereafter only as specified in "PREPARATION OF THE 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."

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

The Bonds are being purchased by SAMCO Capital Markets, Inc. (the "Underwriter") pursuant to a bond purchase agreement with the District (the "Bond Purchase Agreement") at a price of $3,187,760.02 (representing the par amount of the Bonds of $3,025,000.00, plus a premium on the Bonds of $193,224.85, less an Underwriter's discount of $30,464.83) plus accrued interest. The Underwriter's obligation is to purchase all of the Bonds, if any are purchased. See "PLAN OF FINANCING—Sources and Uses of Funds."

The Underwriter has reviewed the information in this OFFICIAL STATEMENT pursuant to its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

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 Underwriter after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts. In connection with the offering of the Bonds, the Underwriter may over-allot or effect transactions 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.

OFFICIAL STATEMENT SUMMARY

The following is a brief summary of certain information contained herein which is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this OFFICIAL STATEMENT. The summary should not be detached and should be used in conjunction with more complete information contained herein. A full review should be made of the entire Official Statement and of the documents summarized or described therein.

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 and commercial activity within the District. The Bonds are secured by an unlimited ad valorem tax, and a reduction in commercial activity and property values may affect the ability of taxpayers to timely pay their tax bills or 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 the Pandemic on the District cannot be quantified at this time, the continued outbreak of the Pandemic could have an adverse effect on the District's operations and financial condition or its ratings (see "MUNICIPAL BOND RATING AND MUNICIPAL BOND INSURANCE"). 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

General... The greater Houston area, including Harris County, 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 25, 2017, and brought historic levels of rainfall during the successive four days.

Impact on the District... According to Costello, Inc. (the "Engineer"), the District's water and wastewater system did not sustain any material damage, there was no interruption of water and sewer service, and no homes, apartments, or commercial improvements within the District experienced structural flooding or other material damage as a result of Hurricane Harvey.

If a future weather event significantly damaged all or part of the improvements within the District, the assessed value of property within the District could be substantially reduced, which could result in a decrease in tax revenues and/or necessitate an increase the District's tax rate. 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."

THE DISTRICT

Description...

Harris County Municipal Utility District No. 383 (the "District") is a political subdivision of the State of Texas, created by order of the Texas Natural Resource Conservation Commission, predecessor to the Texas Commission on Environmental Quality ("TCEQ" or "Commission"), on April 2, 2002, and operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended. At the time of creation, the District contained approximately 402 acres of land. Subsequent to creation, the District annexed approximately 478 acres and currently consists of approximately 880 acres of land. See "THE DISTRICT."

Location…

The District is located approximately 23 miles northwest of the central downtown business district of the City of Houston and lies wholly within the extraterritorial jurisdiction of the City of Houston and within the boundaries of the Klein Independent School District. The District is bounded on the north by Boudreaux Road and is located approximately two miles northeast of the intersection of State Highway 249 and Spring-Cypress Road. Segment F-2 of the Grand Parkway has been constructed across the northern most portion of the District. Approximately 45 acres of District is located on the north side of the Grand Parkway, with the remainder of the District located south of the Grand Parkway. See "THE DISTRICT."

Status of Development...

The District is part of an approximately 2,200 acre master-planned community, Gleannloch Farms, of which 880 acres are located within the District. The development in the District currently includes 1,496 single-family residential lots on approximately 440 acres and 86 townhome lots on approximately 16 acres. As of September 1, 2020, 1,567 homes and/or townhomes were constructed (1,559 occupied), approximately 14 homes were under construction or continue to be owned by a builder and 1 vacant developed home lot was available for home construction. Homes within the District range in value from approximately $145,000 to $600,000 and townhomes have an average value of $110,000.

A 360-unit apartment community has been constructed on approximately 15 acres, a 260-unit apartment community has been constructed on approximately 12 acres and a 384-unit apartment community on approximately 13. Commercial development in the District includes an HEB grocery store on approximately 14 acres, a CVS Pharmacy on approximately 2 acres, The Shops at Gleannloch Crossing on approximately 10 acres, a Children's Lighthouse daycare center on approximately 2 acres, the Glennloch Ridge Office Condos on approximately 5 acres, The Village at Gleannloch Farms Assisted Living Facility on approximately 25 acres, the Enclave Business Park on approximately 4 acres and a Jiffy Lube on approximately one acre in the District. Approximately 21 acres of commercial reserves within the District are currently served by underground trunkline utilities, however no taxable improvements have been constructed. In addition, the Frank Elementary School has been constructed on approximately 14 acres, a fire station has been constructed on approximately 1 acre and a church has been constructed on approximately 4 acres. The elementary school, church and fire station are not subject to taxation by the District. Approximately 281 acres are not developable. See "THE DISTRICT."

Builder…

Pulte Homes is currently building single-family homes in the District.

Payment Record...

The District has issued $48,820,000 principal amount of unlimited tax bonds in eleven series, $22,270,000 principal amount of unlimited tax refunding bonds in five series, and $2,500,000 principal amount of unlimited tax park bonds in one series. The District currently has $37,050,000 principal amount of bonds outstanding (the "Outstanding Bonds"). The District has never defaulted on the payment of principal or interest on the Outstanding Bonds. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Outstanding Bonds."

THE BONDS

Description...

The $3,025,000 Unlimited Tax Refunding Bonds, Series 2020 (the "Bonds") are being issued as fully registered bonds pursuant to a resolution authorizing the issuance of the Bonds adopted by the District's Board of Directors (the "Board"). The Bonds are scheduled to mature serially on September 1 in each of the years 2021 through 2029, both inclusive, in the principal amounts and on the dates shown on the cover page hereof. The Bonds will be issued in denominations of $5,000 or integral multiples of $5,000. Interest on the Bonds accrues from November 1, 2020, and is payable March 1, 2021, and each September 1 and March 1 thereafter, until the earlier of maturity or prior redemption. See "THE BONDS."

Book-Entry-Only…	The Depository Trust Company (defined as "DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds and will be deposited with DTC. See "BOOK-ENTRY-ONLY SYSTEM."
Redemption...	Bonds maturing on or after September 1, 2027 are subject to redemption in whole, or from time to time in part, at the option of the District prior to their maturity dates on September 1, 2026, or on any date thereafter at a price of par value plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. See "THE BONDS—Redemption Provisions."
Use of Proceeds...	Proceeds from the sale of the Bonds will be used to pay certain costs incurred in connection with the issuance of the Bonds and to currently refund and defease $3,055,000 principal amount of the Outstanding Bonds in order to achieve net savings in the District's annual debt service expense. The bonds to be refunded and discharged with Bond proceeds are referred to herein as the "Refunded Bonds." After the issuance of the Bonds, $33,995,000 principal amount of the Outstanding Bonds will remain outstanding (the "Remaining Outstanding Bonds"). See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)."
Authority for Issuance...	The Bonds are the sixth series of bonds issued out of an aggregate of $25,000,000 principal amount of unlimited tax refunding bonds authorized by the District's voters for the purpose of refunding outstanding bonds. The Bonds are issued by the District pursuant to the terms and conditions of the Bond Resolution, Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, Chapter 1207 of the Texas Government Code, as amended, City of Houston Ordinance No. 97-416, an election held within the District, and general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas. See "THE BONDS—Authority for Issuance."
Source of Payment...	Principal of and interest on the Bonds and the Remaining Outstanding Bonds are 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 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 Houston, or any entity other than the District. See "THE BONDS—Source of Payment."
Municipal Bond Rating and Municipal Bond Insurance...	It is expected that S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, ("S&P") and Moody's Investors Service, Inc. (Moody's) will assign 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 "A2" to the Bonds. An explanation of the ratings may be obtained from S&P and Moody's. See "INVESTMENT CONSIDERATIONS—Risk Factors on Municipal Bond Insurance," "MUNICIPAL BOND RATING," "MUNICIPAL BOND INSURANCE," and "APPENDIX B."
Qualified Tax-Exempt Obligations...	The District has designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended See "TAX MATTERS—Qualified Tax-Exempt Obligations."
Bond Counsel...	Allen Boone Humphries Robinson LLP, Houston, Texas. See "MANAGEMENT OF THE DISTRICT," "LEGAL MATTERS," and "TAX MATTERS."
Financial Advisor...	Masterson Advisors LLC, Houston, Texas. See "MANAGEMENT OF THE DISTRICT."
Underwriter's Counsel...	McCall, Parkhurst & Horton L.L.P., Houston, Texas.
Paying Agent/Registrar...	The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. See "THE BONDS—Method of Payment of Principal and Interest."

Paying Agent for Refunded Bonds...	The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. See "PLAN OF FINANCING—Defeasance of Refunded Bonds."
Verification Agent...	Public Finance Partners LLC, Rockford, Minnesota. See "VERIFICATION OF MATHEMATICAL CALCULATIONS."

INVESTMENT CONSIDERATIONS

The purchase and ownership of the Bonds are subject to special INVESTMENT CONSIDERATIONS and all prospective purchasers are urged to examine carefully this entire Official Statement with respect to the investment security of the Bonds, including particularly the section captioned "INVESTMENT CONSIDERATIONS."

SELECTED FINANCIAL INFORMATION (UNAUDITED)

2020 Taxable Assessed Valuation	$654,571,701 (a)
Gross Direct Debt Outstanding	$37,020,000 (b)
Estimated Overlapping Debt	38,239,032 (c)
Gross Direct Debt and Estimated Overlapping Debt	$75,259,032
Ratio of Gross Direct Debt to:	
2020 Taxable Assessed Valuation	5.66%
Ratio of Gross Direct Debt and Estimated Overlapping Debt to:	
2020 Taxable Assessed Valuation	11.50%
Debt Service Funds Available as of October 7, 2020	$1,798,434
General Operating Fund Balance as of October 7, 2020	$4,133,886
Capital Projects Fund Balance as of October 7, 2020	$611,681
2020 Debt Service Tax Rate	$0.48
2020 Maintenance Tax Rate	0.22
2020 Total Tax Rate	$0.70
Average Annual Debt Service Requirement (2021-2040)	$2,411,919 (d)
Maximum Annual Debt Service Requirement (2021)	$3,264,923 (d)
Tax Rate Required to Pay Average Annual Debt Service (2021-2040) at a 95% Collection Rate	
Based upon 2020 Taxable Assessed Valuation	$0.39 (e)
Tax Rates Required to Pay Maximum Annual Debt Service (2021) at a 95% Collection Rate	
Based upon 2020 Taxable Assessed Valuation	$0.53 (e)
Status of Development as of September 1, 2020 (f):	
Homes/Townhomes Completed (1,559 Occupied)	1,567
Homes Under Construction or Owned by a Builder	14
Lots Available for Construction	1
Multi-Family (Units)	620
Multi-Family Units Under Construction	384
Commercial Connections	(f)
Estimated Population	6,634 (g)

(a) The Harris County Appraisal District (the "Appraisal District") has certified $600,118,740 of taxable value and an additional $54,452,961 of taxable value remains uncertified. According to the Appraisal District, the uncertified value represents the landowner's opinion of the taxable value; however, such value could be subject to downward revision. No tax will be levied on the uncertified value until it is certified. The 2020 Taxable Valuation shown throughout this OFFICIAL STATEMENT is the certified value plus the uncertified value. See "TAXING PROCEDURES."

(b) After the issuance of the Bonds. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Outstanding Bonds."

(c) See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Estimated Overlapping Debt."

(d) See "FINANCIAL INFORMATION CONCERNING THE DISTRICT—Debt Service Requirements."

(e) See "TAX DATA—Tax Adequacy for Debt Service."

(f) See "THE DISTRICT—Land Use" and "—Status of Development."

(g) Based upon 3.5 persons per occupied single-family residence and 2.0 per occupied apartment unit (at an assumed 95% occupancy).

OFFICIAL STATEMENT

$3,025,000

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383

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

UNLIMITED TAX REFUNDING BONDS
SERIES 2020

This OFFICIAL STATEMENT provides certain information in connection with the issuance by Harris County Municipal Utility District No. 383 (the "District") of its $3,025,000 Unlimited Tax Refunding Bonds, Series 2020 (the "Bonds").

The Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, Chapter 1207 of the Texas Government Code, as amended, City of Houston Ordinance No. 97-416, the general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas, an election held within the District and a resolution authorizing the issuance of the Bonds (the "Bond Resolution") adopted by the Board of Directors of the District (the "Board").

This OFFICIAL STATEMENT includes descriptions, among others, of the Bonds and the Bond Resolution and certain other information about the District and development activity in the District. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each document. Copies of documents referenced herein may be obtained from Allen Boone Humphries Robinson LLP ("Bond Counsel"), 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027, upon payment of duplication costs.

PLAN OF FINANCING

Purpose

The District has issued $48,820,000 principal amount of unlimited tax bonds for the purpose of purchasing and constructing water, sewer, and drainage facilities in the District in eleven series, $2,500,000 principal amount of unlimited tax bonds for the purpose of financing park facilities in one series, and $22,270,000 of unlimited tax refunding bonds for the purpose of refunding outstanding bonds of the District in five series. Currently, the District has $37,050,000 principal amount of such bonds outstanding (the "Outstanding Bonds").

The proceeds of the Bonds will be used to currently refund and defease portions of the District's Unlimited Tax Refunding Bonds, Series 2013, totaling an aggregate principal amount of $3,055,000 (the "Refunded Bonds") in order to achieve a net savings in the District's debt service expense. The proceeds will also be used to pay the costs of issuance of the Bonds. See "Sources and Uses of Funds" herein. A total of $33,995,000 in principal amount of the Outstanding Bonds will remain outstanding after the issuance of the Bonds (the "Remaining Outstanding Bonds").

See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements" and "—Outstanding Bonds."

Refunded Bonds

Proceeds of the Bonds will be applied to currently refund and defease the Refunded Bonds in the principal amounts and with maturity dates set forth below and to pay certain costs of issuing the Bonds.

Maturity Date	Series 2013
2022	$ 325,000
2023	345,000
2024	360,000
2025	370,000
2026	385,000
2027	405,000
2028	425,000
2029	440,000
	$ 3,055,000
Redemption Date:	November 19, 2020

Defeasance of Refunded Bonds

The Refunded Bonds and the interest due thereon, are to be paid on the redemption date from funds to be deposited with The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, as Paying Agent for the Refunded Bonds. The Bond Resolution provides that from the proceeds of the sale of the Bonds the District will deposit with the Paying Agent for the Refunded Bonds the amount necessary to accomplish the discharge and final payment of the Refunded Bonds. Such funds will be held by the Paying Agent for the Refunded Bonds in a segregated payment account (the "Payment Account"). At the time of delivery of the Bonds, Public Finance Partners LLC, will verify to the District, the Paying Agent for the Refunded Bonds, Bond Counsel, and the Financial Advisor that the monies held in the Payment Account are sufficient to pay, when due, the principal of and interest on the Refunded Bonds. By the deposit of the cash with the Paying Agent for the Refunded Bonds and the making of irrevocable arrangements for the giving of notice of redemption of the Refunded Bonds, the terms of the prior resolution of the District securing payment of the Refunded Bonds shall have been satisfied and such Refunded Bonds will no longer be considered outstanding except for the payment out of the amounts so deposited in the Payment Account, and the amounts so deposited in the Payment Account will constitute firm banking arrangements under Texas law for the discharge and final payment of the Refunded Bonds.

Sources and Uses of Funds

The proceeds derived from the sale of the Bonds, exclusive of accrued interest, will be applied as follows:

Sources of Funds:	
Principal Amount of the Bonds	$3,025,000.00
Plus: Premium on the Bonds	193,224.85
Total Sources of Funds	$3,218,224.85
Uses of Funds:	
Deposit to Paying Agent for Refunded Bonds	$3,076,436.46
Issuance Expenses and Underwriters' Discount (a)	141,788.39
Total Uses of Funds	$3,218,224.85

(a) Includes municipal bond insurance premium.

THE BONDS

Description

The Bonds will be dated and accrue interest from November 1, 2020, with interest payable each March 1 and September 1, beginning March 1, 2021 (the "Interest Payment Date"), and will mature on the dates and in the principal amounts and accrue interest at the rates shown on the cover page hereof. The Bonds are issued in fully registered form, in denominations of $5,000 or any integral multiple of $5,000. Interest calculations are based on a 360-day year comprised of twelve 30-day months.

Method of Payment of Principal and Interest

In the Bond Resolution, the Board has appointed The Bank of New York Mellon Trust Company, N.A., in Dallas, Texas as the initial Paying Agent/Registrar for the Bonds. The principal of the Bonds shall be payable, without exchange or collection charges, in any coin or currency of the United States of America, which, on the date of payment, is legal tender for the payment of debts due the United States of America. In the event the book-entry system is discontinued, principal of the Bonds shall be payable upon presentation and surrender of the Bonds as they respectively become due and payable, at the principal payment office of the Paying Agent/Registrar in Dallas, Texas and interest on each Bond shall be payable by check payable on each Interest Payment Date, mailed by the Paying Agent/Registrar on or before each Interest Payment Date to the Registered Owner of record as of the close of business on the February 15 or August 15 immediately preceding each Interest Payment Date (defined herein as the "Record Date"), to the address of such Registered Owner as shown on the Paying Agent/Registrar's records (the "Register") or by such other customary banking arrangements as may be agreed upon by the Paying Agent/Registrar and the Registered Owners at the risk and expense of the Registered Owners.

If the date for payment of the principal of or interest on any Bond is not a business day, then the date for such payment shall be the next succeeding business day, as defined in the Bond Resolution.

Source of Payment

While the Bonds or any part of the principal thereof or interest thereon remain outstanding and unpaid, the District covenants to levy and annually assess and collect in due time, form and manner, and at the same time as other District taxes are appraised, levied and collected, in each year, a continuing direct annual ad valorem tax, without limit as to rate, upon all taxable property in the District sufficient to pay the interest on the Bonds as the same becomes due and to pay each installment of the principal of the Bonds as the same matures, with full allowance being made for delinquencies and costs of collection. In the Bond Resolution, the District covenants that said taxes are irrevocably pledged to the payment of the interest on and principal of the Bonds and to no other purpose.

The Bonds are obligations solely of the District and are not obligations of the State of Texas, Harris County, the City of Houston, or any entity other than the District.

Funds

In the Bond Resolution, the Debt Service Fund is confirmed, and the proceeds from all taxes levied, assessed and collected for and on account of the Bonds authorized by the Bond Resolution shall be deposited, as collected, in such fund.

Accrued interest on the Bonds shall be deposited into the Debt Service Fund upon receipt. Any monies remaining after the refunding of the Refunded Bonds and payment of issuance costs will be deposited into the Debt Service Fund.

No Arbitrage

The District will certify as of the date the Bonds are delivered and paid for that, based upon all facts and estimates now known or reasonably expected to be in existence on the date the Bonds are delivered and paid for, the District reasonably expects that the proceeds of the Bonds will not be used in a manner that would cause the Bonds, or any portion of the Bonds, to be "arbitrage bonds" under the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations prescribed thereunder. Furthermore, all officers, employees, and agents of the District have been authorized and directed to provide certifications of facts and estimates that are material to the reasonable expectations of the District as of the date the Bonds are delivered and paid for. In particular, all or any officers of the District are authorized to certify to the facts and circumstances and reasonable expectations of the District on the date the Bonds are delivered and paid for regarding the amount and use of the proceeds of the Bonds. Moreover, the District covenants in the Bond Resolution that it shall make such use of the proceeds of the Bonds, regulate investment of proceeds of the Bonds, and take such other and further actions and follow such procedures, including, without limitation, calculating the yield on the Bonds, as may be required so that the Bonds shall not become "arbitrage bonds" under the Code and the regulations prescribed from time to time thereunder.

Redemption Provisions

The District reserves the right, at its option, to redeem the Bonds maturing on or after September 1, 2027, prior to their scheduled maturities, in whole or from time-to-time in part, in integral multiples of $5,000 on September 1, 2026, or any date thereafter, at a price of par value plus accrued interest on the principal amounts called for redemption to the date fixed for redemption.

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 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).

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 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 are to be redeemed, the numbers of the Bonds or the portions thereof to be redeemed. Any notice 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 a bond election held within the District, voters of the District have authorized the issuance of $25,000,000 principal amount of unlimited tax refunding bonds. The Bonds are issued pursuant to such authorization. See "Issuance of Additional Debt" herein.

The Bonds are issued by the District pursuant to the terms and conditions of the Bond Resolution, Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, Chapter 1207 of the Texas Government Code, City of Houston Ordinance No. 97-416, an election held within the District, and general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas.

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.

Registration and Transfer

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 terms of the Bond Resolution.

In the event the Book-Entry-Only System should be discontinued, each Bond shall be transferable only upon the presentation and surrender of such Bond at the principal payment office of the Paying Agent/Registrar, duly endorsed for transfer, or accompanied by an assignment duly executed by the Registered Owner or his authorized representative in form satisfactory to the Paying Agent/Registrar. Upon due presentation of any Bond in proper form for transfer, the Paying Agent/Registrar has been directed by the District to authenticate and deliver in exchange therefor, within three (3) business days after such presentation, a new Bond or Bonds, registered in the name of the transferee or transferees, in authorized denominations and of the same maturity and aggregate principal amount and paying interest at the same rate as the Bond or Bonds so presented.

All Bonds shall be exchangeable upon presentation and surrender thereof at the principal payment office of the Paying Agent/Registrar for a Bond or Bonds of the same maturity and interest rate and in any authorized denomination in an aggregate amount equal to the unpaid principal amount of the Bond or Bonds presented for exchange. The Paying Agent/Registrar is authorized to authenticate and deliver exchange Bonds. Each Bond delivered shall be entitled to the benefits and security of the Bond Resolution to the same extent as the Bond or Bonds in lieu of which such Bond is delivered.

Neither the District nor the Paying Agent/Registrar shall be required to transfer or to exchange any Bond during the period beginning on a Record Date and ending the next succeeding Interest Payment Date or to transfer or exchange any Bond called for redemption during the thirty (30) day period prior to the date fixed for redemption of such Bond.

The District or the Paying Agent/Registrar may require the Registered Owner of any Bond to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with the transfer or exchange of such Bond. Any fee or charge of the Paying Agent/Registrar for such transfer or exchange shall be paid by the District.

Lost, Stolen or Destroyed Bonds

In the event the Book-Entry-Only System should be 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 therefor a replacement Bond of like 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 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.

Replacement of Paying Agent/Registrar

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

Issuance of Additional Debt

The District's voters have authorized the issuance of $120,000,000 principal amount of unlimited tax bonds for the purpose of constructing water, sewer and drainage facilities, $25,000,000 principal amount of unlimited tax bonds for refunding purposes and $2,500,000 principal amount of unlimited tax bonds for the purpose of financing park facilities and could authorize additional amounts. Any additional bonds sold would be on a parity with the Bonds. The District currently has $71,180,000 principal amount of unlimited tax bonds for the purpose of purchasing and constructing a water, sewer and drainage system authorized but unissued and no remaining authorization of unlimited tax bonds for the purpose of financing park facilities. After the issuance of the Bonds, the District will have $24,235,000 principal amount of unlimited tax refunding bonds authorized but unissued.

The Bond Resolution impose no limitation on the amount of additional parity bonds which may be authorized for issuance by the District's voters or the amount ultimately issued by the District. See "INVESTMENT CONSIDERATIONS—Future Debt."

The District is 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 Texas Commission on Environmental Quality (the "TCEQ") and (c) approval of bonds by the Attorney General of Texas. The Board has not considered calling such an election at this time because the District receives fire service from Harris County Emergency Services District No. 16.

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 can issue park bonds payable from taxes, the following actions are required: (a) amendment to the Park Plan and an election to authorize additional park bonds; (b) approval of the park projects and bonds by the TCEQ; and (c) approval of the bonds by the Attorney General of Texas. The outstanding principal amount of park bonds may not exceed an amount equal to one percent of the value of the taxable property in the District. The District has previously issued all of its $2,500,000 principal amount of authorized unlimited tax park bonds and has no remaining authorization of park bonds.

Pursuant to Chapter 54 of the Water Code, a municipal utility district may petition the TCEQ for the power to issue bonds supported by property taxes to finance roads. Further, the District could seek approval by the Texas Legislature to acquire road powers. Before the District could issue such bonds, the District would be required to receive a grant of such power from the TCEQ or the State Legislature, authorization from the District's voters to issue such bonds, and approval of the bonds by the Attorney General of Texas. The District has not considered seeking "road powers" nor calling such an election at this time.

The issuance of additional debt for any of the above described purposes and the levy of taxes to pay debt service on such debt could dilute the investment security for the Bonds.

Annexation by the City of Houston

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Houston, the District must conform to a City of Houston consent ordinance. Generally, the District may be annexed by the City of Houston without the District's consent, and the City cannot annex territory within the District unless it annexes the entire District; however, under legislation effective December 1, 2017, the City may not annex the District unless (i) such annexation has been approved by a majority of those voting in an election held for that purpose within the area to be annexed, and (ii) if the registered voters in the area to be annexed do not own more than 50 percent of the land in the area, a petition has been signed by more than 50 percent of the landowners consenting to the annexation. Notwithstanding the preceding sentence, the described election and petition process does not apply during the term of a strategic partnership agreement between the City and the District specifying the procedures for full purpose annexation of all or a portion of the District. See "Strategic Partnership" below for a description of terms of the Strategic Partnership Agreement between the City and the District.

If the District is annexed, the City of Houston will assume the District's assets and obligations (including the Bonds) and dissolve the District. Annexation of territory by the City of Houston is a policy-making matter within the discretion of the Mayor and City Council of the City of Houston, and therefore, the District makes no representation that the City of Houston will ever annex the District and assume its debt. Moreover, no representation is made concerning the ability of the City of Houston to make debt service payments should annexation occur.

Strategic Partnership

The District entered into a Strategic Partnership Agreement (the "SPA") with the City of Houston pursuant to Chapter 43 of the Texas Local Government Code on December 12, 2008. The SPA provides for a "limited purpose annexation" of that portion of the District developed for retail and commercial purposes in order to apply certain City of Houston health, safety, planning and zoning ordinances and sales tax within the District. Pursuant to the terms of the SPA, certain commercial tracts within the District have been annexed into the City of Houston for limited purposes and the City of Houston has imposed a one percent (1%) sales and use tax (but no property tax) within the areas of limited-purpose annexation and agreed to remit one-half of such sales and use tax to the District to be used for any lawful District purpose. Residential development within the District is not subject to the limited purpose annexation. The SPA provides the terms and conditions under which services would be provided and funded by the parties and under which the District would continue to exist if the land within the District were to be annexed for full or limited purposes by the City of Houston. The SPA also provides that the City of Houston will not annex the District for "full purposes" (a traditional municipal annexation) for at least thirty (30) years from the date of entering into the SPA, which is 2038.

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.

Remedies in Event of Default

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 or confirmed in the Bond Resolution, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Bond Resolution, 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 Resolution. Except for mandamus, the Bond Resolution 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 Resolution 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."

Legal 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 might 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.

Defeasance

The Bond Resolution provides 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 either (i) 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 (ii) 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, 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 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.

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 of 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 affect 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.

Principal, premium, if any, interest payments and redemption proceeds 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.

THE DISTRICT

General

The District is a municipal utility district created by an order of the TCEQ dated April 2, 2002, after a hearing on a petition for creation. The rights, powers, privileges, authority and functions of the District are established by the general laws of the State of Texas pertaining to utility districts, particularly Article XVI, Section 59 of the Texas Constitution, and Chapters 49 and 54 of the Texas Water Code, as amended. At the time of creation, the District contained approximately 402 acres of land. Subsequent to creation, the District annexed approximately 478 acres and currently consists of approximately 880 acres of land.

The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary to provide water, sanitary sewer service, storm sewer drainage, irrigation, solid waste collection and disposal, including recycling, and parks and recreational facilities for the residents of the District. The District is also empowered to contract for or employ its own peace officers with power to make arrests and to establish, operate and maintain a fire department to perform all fire-fighting activities within the District.

The TCEQ exercises continuing supervisory jurisdiction over the District. In order to obtain the consent for creation of the District from the City of Houston, within whose extraterritorial jurisdiction the District lies, the District is required to observe certain requirements of the City of Houston which (1) limit the purposes for which the District may sell bonds to the acquisition, construction, and improvement of waterworks, wastewater, and drainage, road, park and fire-fighting facilities, (2) require approval by the City of Houston of District construction plans, and (3) permit connections only to single-family lots and commercial or multi-family/commercial platted reserves which have been approved by the Planning Commission of the City of Houston. Construction and operation of the District's system is subject to the regulatory jurisdiction of additional governmental agencies. See "THE SYSTEM—Regulation."

Location

The District is located approximately 23 miles northwest of the central downtown business district of the City of Houston in Harris County. The District lies wholly within the extraterritorial jurisdiction of the City of Houston and within the boundaries of the Klein Independent School District. The District is located approximately two miles northeast of the intersection of State Highway 249 and Spring-Cypress Road. Segment F-2 of the Grand Parkway has been constructed across the northern-most portion of the District. Approximately 45 acres of District is located on the north side of the Grand Parkway, with the remainder of the District located south of the Grand Parkway.

Land Use

The District currently includes approximately 456 developed acres of single-family residential development (1,496 residential lots and 86 townhome lots), approximately 281 undevelopable acres (drainage and pipeline easements, street rights-of-way and utility sites) and approximately 43 acres which have been developed as sites of a school, a church, and an assisted living facility. In addition, a 360-unit apartment community has been constructed on approximately 15 acres, a 260-unit apartment community has been constructed on approximately 12 acres and an a 384-unit apartment community has been constructed on approximately 13 acres. Approximately 59 acres have been developed for commercial use. The table below represents a detailed breakdown of the current acreage and development in the District.

	Approximate Acres	Lots/Units
Single-Family Residential		
The Grove at Gleannloch:		
Section One	23	83
Section Two	22	67
Gleannloch Farms:		
Section Twenty-Two	27	115
Section Twenty-Three	30	136
Section Thirty	24	88
Section Thirty-One	34	114
Section Thirty-Two	23	79
Section Thirty-Three	21	93
Section Thirty-Six	19	70
Section Thirty-Seven	9	31
Section Thirty-Eight	20	58
Section Thirty-Nine	43	118
Section Forty	53	149
North Lake at Gleannloch Farms:		
Section One	30	83
Section Two	21	56
Legends at Gleannloch Farms:		
Section One	21	69
East Lake at Gleannloch Farms	20	87
Subtotal	440	1,496
Arbors of Gleannloch, Section One (Townhome Lots)	16	86
Total Single-Family Residential	456	1,582
Multi-Family (a)	40	1,004
School	14	0
Church	4	0
Fire Station	1	0
Assisted Living Facility	25	0
Commercial (b)	59	0
Non-Developable (c)	281	---
Totals	879	2,586

(a) Includes 360 units on approximately 15 acres, 260 units on approximately 12 acres and 384 units on approximately 13 acres.
(b) Includes 38 acres with commercial improvements as described below under "Status of Development—Commercial" and 21 acres of developed commercial reserves.
(c) Includes public rights-of-way, detention, open spaces, easements, utility sites, landscaping, recreation and drill sites.

Status of Development

Single-Family Residential: The District is part of an approximately 2,200-acre master-planned community, Gleannloch Farms, of which 880 acres are located within the District. The development in the District currently includes 1,496 single-family residential lots on approximately 440 acres and 86 townhome lots on approximately 16 acres. As of September 1, 2020, 1,567 homes and/or townhomes were constructed (1,559 occupied), approximately 14 homes were under construction or continue to be owned by a builder and 1 vacant developed residential lot was available for home construction. Homes within the District range in value from approximately $145,000 to $600,000 and townhomes have an average sales price of $110,000.

Multi-Family Residential: A 360-unit apartment community has been constructed on approximately 15 acres, a 260-unit apartment community has been constructed on approximately 12 acres and a 384-unit apartment community on approximately 13 acres.

Commercial: Commercial development in the District includes an HEB grocery store on approximately 14 acres, a CVS Pharmacy on approximately 2 acres, The Shops at Gleannloch Crossing on approximately 10 acres, a Children's Lighthouse daycare center on approximately 2 acres, the Glennloch Ridge Office Condos on approximately 5 acres, The Village at Gleannloch Farms Assisted Living Facility on approximately 25 acres, the Enclave Business Park on approximately 4 acres and a Jiffy Lube on approximately one acre in the District. Approximately 35 acres of commercial reserves within the District are currently served by underground trunkline utilities, however no taxable improvements have been constructed.

School/Church/Fire Station: The District contains Frank Elementary School constructed on approximately 14 acres; a fire station constructed on approximately one acre and a church constructed on approximately 4 acres, none of which are not subject to taxation by the District.

Builders

Pulte Homes is currently building single-family homes in the District.

MANAGEMENT OF THE DISTRICT

Board of Directors

The District is governed by the Board, consisting of five (5) directors, which has control over and management supervision of all affairs of the District. Directors are elected to staggered four-year terms and elections are held in May in even numbered years only. All of the Board members reside within the District. The current members and officers of the Board along with their titles and terms, are listed as follows:

Name	District Board	Term Expires
John Porea	President	May 2022
John J. Ryan	Vice President	May 2022
Jody Chouinard	Assistant Vice President	May 2024
Ron Benton	Secretary	May 2022
Jean M. Casagrande	Assistant Secretary	May 2024

District Consultants

While the District does not employ any full time employees, it has contracted for certain services as follows:

Bond Counsel/Attorney: The District has engaged Allen Boone Humphries Robinson LLP as general counsel to the District and as Bond Counsel in connection with the issuance of the District's debt obligations. The fees of the attorneys in their capacity as Bond Counsel are contingent upon the sale and delivery of the Bonds. Compensation to the attorneys for other services to the District is based on time charges actually incurred.

Financial Advisor: Masterson Advisors LLC serves as the District's Financial Advisor. The fee for services rendered in connection with the issuance of the Bonds is contingent upon the 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 annual audit is filed with the TCEQ. The District's financial statements for the fiscal year ended March 31, 2020 were audited by McCall Gibson Swedlund Barfoot PLLC. See "APPENDIX A" for a copy of the District's March 31, 2020, audited financial statements.

Engineer: The District's consulting engineer is Costello, Inc. (the "Engineer").

Bookkeeper: The District has contracted with Municipal Accounts & Consulting, L.P. (the "Bookkeeper") for bookkeeping services.

Tax Appraisal: The Harris County Appraisal District has the responsibility of appraising all property within the District. See "TAXING PROCEDURES."

Tax Assessor/Collector: The District has appointed an independent tax assessor/collector to perform the tax collection function. Tax Tech, Inc. (the "Tax Assessor/Collector") has been employed by the District to serve in this capacity.

Utility System Operator: The operator of the District's internal water and wastewater system is Municipal Operations and Consulting, Inc.

THE SYSTEM

Regulation

Construction and operation of the District's water, wastewater and storm drainage system (the "System") as it now exists or as it may be expanded from time to time is subject to regulatory jurisdiction of federal, state and local authorities. The TCEQ exercises continuing, supervisory authority over the District. Discharge of treated sewage into Texas waters is also subject to the regulatory authority of the TCEQ and the United States Environmental Protection Agency. Withdrawal of ground water and the issuance of water well permits is subject to the regulatory authority of the Harris Galveston Subsidence District where applicable (see "Water Supply" below). Construction of drainage facilities is subject to the regulatory authority of the Harris County Flood Control District. Harris County, the City of Houston, and the Texas Department of Health also exercise regulatory jurisdiction over the District's water and wastewater system.

Water Supply

Water Supply Facilities: The District has entered into an agreement to integrate water systems and share operating costs with neighboring Harris County Municipal Utility District No. 367 ("MUD 367"), which is part of the Gleannloch Farms development. The District is the operator of this regional system. The water supply system currently consists of three water plants. Water Plant No. 1 includes a 1,100 gallon per minute ("gpm") water well, a surface water supply line from the North Harris County Regional Water Authority (the "Authority") capable of supplying water at a rate of 1,389 gpm and up to 2,000,000 gallons per day, two 20,000 gallon pressure tanks, two 230,000 gallon ground storage tanks, 4,250 gpm of booster pump capacity and an auxiliary generator. Water Plant No. 2 consists of a 1,250 gpm water well, two 20,000 gallon pressure tanks, two 230,000 gallon ground storage tanks, 4,250 gpm booster pump capacity and an auxiliary generator. Water Plant No. 3 consists of a surface water supply line from the Authority capable of supplying water at a rate of 833 gpm and up to 1,200,000 gallons per day, two 15,000 gallon pressure tanks, two 230,000 gallon ground storage tanks, 3,400 gpm booster pump capacity and an auxiliary generator. Collectively, the three water plants provide the District and MUD 367 with total capacity for 5,445 active connections, of which 2,968 active connections are owned by the District. As of September 1, 2020, the District was serving 1,723 active connections (including 1,567 residential connections, 8 homes under construction and 29 connections allocated to commercial businesses) and MUD 367 was serving approximately 2,166 active connections. The District and MUD 367 are currently receiving up to 3,200,000 gallons per day of water from the Authority. The District has an emergency water supply interconnect with Harris County Water Control and Improvement District No. 119.

Subsidence and Conversion to Surface Water Supply: The District is within the boundaries of the Harris Galveston Subsidence District (the "Subsidence District") which regulates groundwater withdrawal. The Subsidence District has adopted regulations requiring reduction of groundwater withdrawals through conversion to alternate source water (e.g., surface water) in certain areas within the Subsidence District's jurisdiction, including the area within the District. In 1999, the Texas legislature created the Authority to, among other things, reduce groundwater usage in, and to provide surface water to, the northern portion of Harris County. The District is located within the boundaries of the Authority. The Authority has entered into a Water Supply Contract with the City of Houston, Texas ("Houston") to obtain treated surface water from Houston. The Authority has developed a groundwater reduction plan ("GRP") and obtained Subsidence District approval of its GRP. The Authority's GRP sets forth the Authority's plan to comply with Subsidence District regulations, construct surface water facilities, and convert users from groundwater to alternate source water (e.g., surface water). The District's groundwater well(s) are included within the Authority's GRP. The District's authority to pump groundwater is subject to an annual permit issued by the Subsidence District to the Authority, which permit includes all groundwater wells that are included in the Authority's GRP.

The Authority, among other powers, has the power to (i) issue debt supported by the revenues pledged for the payment of its obligations; (ii) establish fees (including fees to be paid by the District for groundwater pumped by the District or for surface water received by the District from the Authority), user fees, rates, and charges as necessary to accomplish its purposes; and (iii) mandate water users, including the District, to convert from groundwater to surface water. The Authority currently charges the District, and other major groundwater users, a fee per 1,000 gallons based on the amount of groundwater pumped by the District and the amount of surface water, if any, received by the District from the Authority. The Authority has issued revenue bonds to fund, among other things, Authority surface water project costs. It is expected that the Authority will continue to issue a substantial amount of bonds by the year 2035 to finance the Authority's project costs, and it is expected that the fees charged by the Authority will increase substantially over such period.

Under the Subsidence District regulations and the GRP, the Authority is required: (i) through the year 2024, to limit groundwater withdrawals to no more than 70% of the total annual water demand of the water users within the Authority's GRP; (ii) beginning in the year 2027, to limit groundwater withdrawals to no more than 40% of the total annual water demand of the water users within the Authority's GRP; and (iii) beginning in the year 2035, and continuing thereafter, to limit groundwater withdrawals to no more than 20% of the total annual water demand of the water users within the Authority's GRP. If the Authority fails to comply with the above Subsidence District regulations or its GRP, the Authority is subject to a disincentive fee penalty of $9.00 per 1,000 gallons ("Disincentive Fees") imposed by the Subsidence District for any groundwater withdrawn in excess of 20% of the total water demand in the Authority's GRP. In the event of such Authority failure to comply, the Subsidence District may also seek to collect Disincentive Fees from the District. If the District failed to comply with surface water conversion requirements mandated by the Authority, the Authority would likely impose monetary or other penalties against the District.

The District cannot predict the amount or level of fees and charges, which may be due the Authority in the future, but anticipates the need to pass such fees through to its customers: (i) through higher water rates and/or (ii) with portions of maintenance tax proceeds, if any. In addition, conversion to surface water could necessitate improvements to the System which could require the issuance of additional bonds by the District. No representation is made that the Authority: (i) will build the necessary facilities to meet the requirements of the Subsidence District for conversion to surface water, (ii) will comply with the Subsidence District's surface water conversion requirements, or (iii) will comply with its GRP.

Wastewater Treatment

Wastewater treatment is provided by a 1,500,000 gallon per day ("gpd") wastewater treatment plant. The total capacity of the plant is 6,667 active connections. The District's capacity in the plant is 61.75%, or 926,250 gpd, capable of serving 4,116 active connections. As of September 1, 2020, the District was serving 1,723 active connections (including 1,567 residential connections, 8 homes under construction and 29 connections allocated to commercial businesses).

Drainage Facilities

Natural ground elevations within the District generally and gently slope to the southeast. All of the District's rainfall runoff drains to Dry Gully which in turn drains south to Cypress Creek. The drainage system improvements within the District are generally composed of concrete roads with curbs and gutters that direct stormwater into reinforced concrete pipes or boxes. These storm sewers outfall to a series of detention ponds and detention channels which drain into Dry Gully and then to Cypress Creek.

Water Distribution, Wastewater Collection and Storm Drainage Facilities

Water distribution, wastewater collection and storm drainage facilities have been constructed to serve 1,496 standard residential lots and 86 townhome lots in the District, approximately 43 acres where a school, a church, and an assisted living facility are located, approximately 40 acres where three apartment communities are located and 59 acres of commercial tracts.

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 and a number of neighborhoods in the Greater Houston Area that are above the 100-year flood plain have flooded multiple times in the past several years. The District's drainage system has been designed and constructed to all current standards. Further, according to the Engineer, none of the developable acreage within the District is located within the 100-year flood plain. See "INVESTMENT CONSIDERATIONS—Recent Extreme Weather Events; Hurricane Harvey."

Pursuant to Harris County's adoption of new floodplain management criteria in July 2019, Harris County now regulates development and construction within the effective 500-year floodplain (Shaded Zone X) which is serving as a proxy for the future Atlas 14 100-year floodplain. A comparison of the effective 500-year floodplain indicates portions of the developed areas of the district may be subject to the 500-year floodplain.

Water and Wastewater Operations

The Remaining Outstanding Bonds and the Bonds are payable solely from the levy of an ad valorem tax, without legal limitation as to rate or amount, upon all taxable property in the District. However, net revenues from operations of the District's water and wastewater system, if any, are available for any legal purpose, including the payment of debt service on the Remaining Outstanding Bonds and the Bonds, upon Board action. It is not anticipated that net revenues will be available to pay debt service on the Bonds or the Outstanding Bonds.

The following statement sets forth in condensed form the General Fund as derived from the District's audited financial statement for the years ending March 31, 2016 through March 31, 2020. Accounting principles customarily employed in the determination of net revenues have been observed and in all instances exclude depreciation. This summary should be used in conjunction with the full audit attached hereto as "APPENDIX A" and should not be detached. A full review of the documents described herein is recommended.

	Fiscal Year Ended March 31				
	2020	2019	2018	2017	2016
Revenues:					
Property Taxes	$ 1,409,509	$ 1,108,898	$ 1,026,393	$ 757,283	$ 533,473
Water and Sewer Service	1,056,170	1,004,837	1,024,697	951,068	830,503
Penalty and Interest	37,247	27,102	24,910	25,401	26,360
Tap Connection and Sewer Inspection	437,120	531,445	300,675	179,200	331,915
Regional Water Authority	1,106,415	901,977	874,383	687,336	524,499
Sales Tax Revenues	107,755	113,499	87,263	-	-
Investment Revenues	97,484	73,918	27,745	16,866	11,891
Other	90,125	17,352	17,334	9,425	10,454
Total Revenue	$ 4,341,825	$ 3,779,028	$ 3,383,400	$ 2,626,579	$ 2,269,095
Expenditures:					
Professional Fees	$ 222,923	$ 203,898	$ 279,925	$ 242,463	$ 197,962
Purchased or Contracted Services	1,879,458	1,695,989	1,612,160	1,420,883	1,151,189
Utilities	4,942	6,067	5,030	4,796	4,818
Repairs and Maintenance	468,141	440,804	346,015	327,981	350,827
Community Improvements	436,445	-	-	-	-
Capital Outlay	67,736	86,131	463,105	319,533	174,462
Other	456,855	629,499	284,885	189,545	279,784
Total Expenditures	$ 3,536,500	$ 3,062,388	$ 2,991,120	$ 2,505,201	$ 2,159,042
NET REVENUES	$ 805,325	$ 716,640	$ 392,280	$ 121,378	$ 110,053
Other Financing Sources	$ 43,853	$ 160,638	$ 3,071	$ -	$ 76,404
General Operating Fund Balance (Beginning of Year)	$ 4,443,096	$ 3,565,818	$ 3,170,467	$ 3,049,089	$ 2,862,632
General Operating Fund Balance (End of Year)	$ 5,292,274	$ 4,443,096	$ 3,565,818	$ 3,170,467	$ 3,049,089

FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)

2020 Taxable Assessed Valuation	$654,571,701 (a)
Gross Direct Debt Outstanding	$37,020,000 (b)
Estimated Overlapping Debt	38,239,032 (c)
Gross Direct Debt and Estimated Overlapping Debt	$75,259,032
Ratio of Gross Direct Debt to:	
2020 Taxable Assessed Valuation	5.66%
Ratio of Gross Direct Debt and Estimated Overlapping Debt to:	
2020 Taxable Assessed Valuation	11.50%
Debt Service Funds Available as of October 7, 2020	$1,798,434
General Operating Fund Balance as of October 7, 2020	$4,133,886
Capital Projects Fund Balance as of October 7, 2020	$611,681

(a) The Harris County Appraisal District (the "Appraisal District") has certified $600,118,740 of taxable value and an additional $54,452,961 of taxable value remains uncertified. According to the Appraisal District, the uncertified value represents the landowner's opinion of the taxable value; however, such value could be subject to downward revision. No tax will be levied on the uncertified value until it is certified. The 2020 Taxable Valuation shown throughout this OFFICIAL STATEMENT is the certified value plus the uncertified value. See "TAXING PROCEDURES."

(b) After the issuance of the Bonds and the refunding of the Refunded Bonds. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Outstanding Bonds."

(c) See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Estimated Overlapping Debt."

Investments of the District

The District has adopted an Investment Policy as required by the Public Funds Investment Act, Chapter 2256, Texas Government Code. The District's goal is to preserve principal and maintain liquidity while securing a competitive yield on its portfolio. Funds of the District will be invested in short term U.S. Treasuries, certificates of deposit insured by the Federal Deposit Insurance Corporation ("FDIC") or secured by collateral evidenced by perfected safekeeping receipts held by a third- party bank, and public funds investment pools rated in the highest rating category by a nationally recognized rating service. The District does not currently own, nor does it anticipate the inclusion of, long term securities or derivative products in the District portfolio.

Debt Service Requirements

The following sets forth the debt service requirements for the Outstanding Bonds, less the debt service on the Refunded Bonds ($3,055,000 principal amount), plus the debt service on the Bonds.

Year	Outstanding Debt Service	Less: Debt Service on the Refunded Bonds	Plus: Debt Service on the Bonds Principal	Interest	Total	Debt Service Requirements
2021	$ 3,283,569	$ 98,938	$ 15,000	$ 65,291.67	$ 80,291.67	$ 3,264,922.93
2022	3,254,769	423,938	325,000	77,900.00	402,900.00	3,233,731.26
2023	3,227,919	432,563	345,000	68,150.00	413,150.00	3,208,506.26
2024	3,209,256	435,488	355,000	57,800.00	412,800.00	3,186,568.76
2025	3,171,538	432,888	365,000	47,150.00	412,150.00	3,150,800.00
2026	3,142,338	436,788	380,000	36,200.00	416,200.00	3,121,750.00
2027	3,111,169	445,238	400,000	24,800.00	424,800.00	3,090,731.26
2028	3,090,238	452,581	415,000	16,800.00	431,800.00	3,069,456.24
2029	3,046,619	454,300	425,000	8,500.00	433,500.00	3,025,818.76
2030	2,560,394	-	-	-	-	2,560,393.76
2031	2,871,769	-	-	-	-	2,871,768.76
2032	2,246,806	-	-	-	-	2,246,806.26
2033	1,961,750	-	-	-	-	1,961,750.00
2034	1,907,194	-	-	-	-	1,907,193.76
2035	1,847,313	-	-	-	-	1,847,312.50
2036	1,786,425	-	-	-	-	1,786,425.00
2037	1,720,444	-	-	-	-	1,720,443.76
2038	1,029,088	-	-	-	-	1,029,087.50
2039	996,469	-	-	-	-	996,468.76
2040	958,438	-	-	-	-	958,437.50
Total	$ 48,423,500.12	$ 3,612,718.76	$ 3,025,000.00	$ 402,591.67	$ 3,427,591.67	$ 48,238,373.03

Average Annual Debt Service Requirements (2021-2040) $2,411,919
Maximum Annual Debt Service Requirement (2021) $3,264,923

Outstanding Bonds

The following table lists the original principal amount of Outstanding Bonds, and the current principal balance of the Outstanding Bonds, the Refunded Bonds and the Remaining Outstanding Bonds.

Series	Original Principal Amount	Principal Currently Outstanding	Refunded Bonds	Remaining Outstanding Bonds
2004	$ 3,520,000	$ -	$ -	$ -
2005	2,810,000	-	-	-
2006	4,820,000	-	-	-
2007	6,360,000	-	-	-
2008	5,560,000	-	-	-
2012	4,400,000	-	-	-
2013 (a)	5,095,000	3,365,000	3,055,000	310,000
2013	1,500,000	-	-	-
2014 (a)	4,180,000	2,970,000	-	2,970,000
2014A	7,120,000	5,475,000	-	5,475,000
2015	5,580,000	4,640,000	-	4,640,000
2015A (b)	2,500,000	2,080,000	-	2,080,000
2016 (a)	4,610,000	3,810,000	-	3,810,000
2016A (a)	2,930,000	2,660,000	-	2,660,000
2018	3,900,000	3,540,000	-	3,540,000
2019	3,250,000	3,095,000	-	3,095,000
2019A(a)	5,455,000	5,415,000	-	5,415,000
Total	$ 73,590,000	$ 37,050,000	$ 3,055,000	$ 33,995,000
The Bonds				3,025,000
The Bonds and Remaining Outstanding Bonds				$ 37,020,000

(a) Unlimited tax refunding bonds.
(b) Unlimited tax park bonds.

Estimated Overlapping Debt

The following table indicates the outstanding debt payable from ad valorem taxes, of governmental entities within which the District is located and the estimated percentages and amounts of such indebtedness attributable to property within the District. Debt figures equated herein to outstanding obligations payable from ad valorem taxes are based upon data obtained from individual jurisdictions or Texas Municipal Reports compiled and published by the Municipal Advisory Council of Texas. Furthermore, certain entities listed below may have issued additional obligations since the date listed and may have plans to incur significant amounts of additional debt. Political subdivisions overlapping the District are authorized by Texas law to levy and collect ad valorem taxes for the purposes of operation, maintenance and/or general revenue purposes in addition to taxes for the payment of debt service and the tax burden for operation, maintenance and/or general revenue purposes is not included in these figures. The District has no control over the issuance of debt or tax levies of any such entities.

Taxing Jurisdiction	Outstanding Bonds	As of	Overlapping Percent	Overlapping Amount
Harris County……………………………………………	$ 1,966,627,125	9/30/2020	0.14%	$ 2,753,278
Harris County Flood Control District………………..	83,075,000	9/30/2020	0.14%	116,305
Harris County Hospital District……………………….	86,050,000	9/30/2020	0.14%	120,470
Harris County Department of Education……………..	6,320,000	9/30/2020	0.14%	8,848
Port of Houston Authority……………………………	531,699,397	9/30/2020	0.14%	744,379
Klein Independent School District……………………	1,141,950,000	9/30/2020	2.87%	32,773,965
Lone Star College District……………………………..	555,415,000	9/30/2020	0.31%	1,721,787
Total Estimated Overlapping Debt……………………				$ 38,239,032
The District……………………………………………..	37,020,000	(a)	100.00%	37,020,000
Total Direct and Estimated Overlapping Debt…….				$ 75,259,032

Direct and Estimated Overlapping Debt as a Percentage of:
2020 Taxable Assessed Valuation of $654,571,701 .... 11.50%

(a) The Bonds and the Remaining Outstanding Bonds.

Overlapping Taxes

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 imposed on such 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" 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 taxes levied for the 2019 tax year by all taxing jurisdictions overlapping the District and the District's 2020 tax rate. No recognition is given to local assessments for civic association dues, fire department contributions, solid waste disposal charges or any other levy of entities other than political subdivisions.

	Tax Rate Per $100 Assessed Valuation
Harris County (including Harris County Flood Control District, Harris County Hospital District, Harris Dept. of Education and the Port of Houston Authority)..	$0.63517
Harris County Emergency Services District No. 16..	0.04957
Klein Independent School District	1.36000
Lone Star College District..	0.10780
Total Overlapping Tax Rate	$2.15254
The District	0.70000
Total Tax Rate..	$2.85254

TAX DATA

Debt Service Tax

The Board covenants in the Bond Resolution 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. See "Historical Tax Rate Distribution" and "Tax Roll Information" below, and "TAXING PROCEDURES."

Maintenance Tax

The Board has the statutory authority to levy and collect an annual ad valorem tax for the operation and maintenance of the District, if such a maintenance tax is authorized by the District's voters. A maintenance tax election was conducted May 4, 2002, and voters of the District authorized, among other things, the Board to levy a maintenance tax at a rate not to exceed $1.20 per $100 appraised valuation. A maintenance tax is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds. See "Debt Service Tax" above.

Tax Exemptions

For 2020, the District granted a $75,000 homestead exemption for individuals disabled and/or 65 years of age or older.

Additional Penalties

The District has contracted with a delinquent tax attorney to collect certain delinquent taxes. In connection with that contract, the District established an additional penalty of twenty percent (20%) of the tax 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 November 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.

Historical Tax Rate Distribution

	2020	2019	2018	2017	2016
Debt Service Tax	$ 0.480	$ 0.485	0.54	0.58	0.60
Maintenance Tax	0.220	0.245	0.21	0.19	0.17
Total District Tax Rate	$ 0.700	$ 0.730	$ 0.750	$ 0.770	$ 0.770

Historical Tax Collections

The following statement of tax collections sets forth in condensed form a portion of the historical tax experience of the District. Such table has been prepared for inclusion herein, based upon information obtained from the District's Tax Assessor/Collector. Reference is made to such statements and records for further and complete information. See "Tax Roll Information" below. Information in this summary may differ slightly from the assessed valuations shown herein due to differences in dates of data.

Tax Year	Taxable Assessed Valuation (a)	Tax Rate	Total Tax Levy	Collections as of 9/30/2020 (b) Amount	Percent
2015	$ 383,804,236	$ 0.84	$ 3,223,956	$ 3,221,716	99.93%
2016	471,599,490	0.77	3,631,316	3,627,653	99.90%
2017	505,500,718	0.77	3,892,356	3,887,537	99.88%
2018	535,853,134	0.75	4,018,899	4,007,624	99.72%
2019	582,823,501	0.73	4,254,612	4,237,420	99.60%
2020	654,571,701	0.70	4,582,002	(c)	(c)

(a) As certified by the Appraisal District. See "Tax Roll Information" below for gross appraised value and exemptions granted by the District.
(b) Unaudited.
(c) In the process of collection. Taxes for the 2020 tax year are due January 31, 2021.

Tax Roll Information

The District's assessed value as of January 1 of each year is used by the District in establishing its tax rate. See "TAXING PROCEDURES—Valuation of Property for Taxation." The following represents the composition of property comprising the 2016 through 2020 Taxable Assessed Valuations. No tax will be levied on such amount. Taxes are levied on taxable value certified by the Appraisal District as of January 1 of each year.

	Type of Property			Gross	Deferments		Net
Tax Roll Year	Land	Improvements	Personal Property	Assessed Valuations	and Exemptions	Uncertified Value	Assessed Valuations
2016	$ 109,051,716	$ 409,824,771	$ 5,067,961	$ 523,944,448	$ (52,344,958)		$ 471,599,490
2017	131,566,092	431,630,115	5,085,271	568,281,478	(62,780,760)		505,500,718
2018	134,336,507	457,730,294	10,440,235	602,507,036	(66,653,902)		535,853,134
2019	137,603,114	502,648,009	12,266,798	652,517,921	(69,694,420)		582,823,501
2020	108,158,885	529,962,542	12,681,644	650,803,071	(50,684,331)	54,452,961	654,571,701

Principal Taxpayers

The following table represents the ten principal taxpayers, the taxable appraised value of such property, and such property's taxable assessed valuation as a percentage of the certified portion ($600,118,740) of the 2020 Taxable Assessed Valuation of $654,571,701, which represents ownership as of January 1, 2020. A principal taxpayer list related to the uncertified portion ($54,452,961) is not available.

	2020 Certified	
Taxpayer	Taxable Assessed Value	% of Taxable Assessed Value
Grand Champion Apartments LLC	$ 44,697,856	7.45%
CCRC Propco Gleannloch Farms LLC	32,904,956	5.48%
DD Gleannloch LLC	29,080,821	4.85%
HEB Grocery Com LP	25,719,778	4.29%
Shops at Gleannloch Crossing LLC	10,043,433	1.67%
HMP Gleannloch LP	9,628,365	1.60%
Sand Pharmacy Spring 10980 LLC	2,407,167	0.40%
CenterPoint Energy	1,818,740	0.30%
Top Canyon LLC	1,166,552	0.19%
Scholer TBP Spring LLC	963,110	0.16%
	$ 158,430,778	26.40%

Tax Adequacy for Debt Service

The tax rate calculations set forth below are presented to indicate the tax rates per $100 taxable assessed valuation which would be required to meet average annual and maximum debt service requirements if no growth in the District's tax base occurred beyond the 2020 Taxable Assessed Valuation of $654,571,701 ($600,118,740 of certified value plus $54,452,961 of uncertified value). The calculations contained in the following table merely represent the tax rates required to pay principal of and interest on the Bonds and the Remaining Outstanding Bonds when due, assuming no further increase or any decrease in taxable values in the District, collection of ninety-five percent (95%) of taxes levied, the sale of no additional bonds, and no other funds available for the payment of debt service. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements."

Average Annual Debt Service Requirement (2021-2040) $2,411,919
$0.39 Tax Rate on 2020 Taxable Assessed Valuation $2,425,188

Maximum Annual Debt Service Requirement (2021) $3,264,923
$0.53 Tax Rate on 2020 Taxable Assessed Valuation $3,295,769

No representation or suggestion is made that the uncertified value will not be adjusted downward prior to certification and no person should rely upon such amount or its inclusion herein as assurance of their attainment. See "TAXING PROCEDURES."

TAXING 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 Bonds, the Remaining Outstanding 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 Resolution to levy such a tax from year-to-year as described more fully herein under "THE BONDS—Source of 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—Debt Service Tax" and "—Maintenance Tax."

Property Tax Code and County-Wide Appraisal District

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

The Property 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 (the "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 of age or older and of certain disabled persons to the extent deemed advisable by the Board. The District may be required to call such an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the previous election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, of between $3,000 and $12,000 of taxable valuation depending upon the disability rating of the veteran claiming the exemption, and qualifying surviving spouses of persons 65 years of age or older will be entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse. A veteran who receives a disability rating of 100% is entitled to an exemption for the full amount of the veteran's residential homestead. Additionally, 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. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. Also, the surviving spouse of a member of the armed forced 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 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. See "TAX DATA."

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) 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. The adoption of a homestead exemption may be considered each year, but must be adopted before July 1. 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 may designate all or part of the area within the District as a reinvestment zone. Thereafter, Harris County, the City of Houston (after annexation of the District) and the District, at the option and discretion of each entity, 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 appraised valuation of property covered by the agreement over its appraised 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 agreement. 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. Assessments under the Property Tax Code are to be based on one hundred percent (100%) of market value, as such is defined in the Property Tax Code. Nevertheless, certain land may be appraised at less than market value under the Property Tax Code. Increases in the appraised value of residence homesteads are limited by the Texas Constitution to ten percent (10%) annually regardless of the market value of the property.

The Property Tax Code permits land designated for agricultural use, open space or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its fair market value. The Property 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 such property would bring if sold as a unit to a purchaser who would continue the business. Provisions of the Property Tax Code are complex and are not fully summarized here. Landowners wishing to avail themselves of the agricultural use, open space or timberland designation or residential real property inventory designation must apply for the designation and the appraiser is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions while claiming it as to another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three (3) years for agricultural use open space land and timberland.

The Property 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.

Reappraisal of Property

When requested by a local taxing unit, such as the District, the Appraisal District is required to complete a reappraisal as soon as practicable of all property damaged in an area that the Governor declares a disaster area. For reappraised property, the taxes are pro-rated for the year in which the disaster occurred. The taxing unit assesses taxes prior to the date the disaster occurred based upon market value as of January 1. Beginning on the date of the disaster and for the remainder of the year, the taxing unit applies its tax rate to the reappraised market value of the property.

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 Property Tax Code. The Property 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.

Tax Payment Installments

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 Operation and Maintenance Tax Rate

Chapter 49 of the Texas Water Code, as amended, classifies districts differently based on the current operation and maintenance tax rate or on the percentage of build-out that the 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 as "Special Taxing Units." Districts that have financed, completed, and issued bonds to pay for all 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 s described for each classification below. Debt service and contract tax rates cannot be reduced by a rollback 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, 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 1.08 times the previous year's operation and maintenance tax rate.

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, subject to certain homestead exemptions for the preceding tax year, 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 1.035 times the previous year's operation and maintenance tax rate 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 rate imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, 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 1.08 times the previous year's operation and maintenance tax rate.

The District: A determination as to the 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. For the 2020 tax year, the District designated its status as a Developed District. 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 “FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Overlapping Taxes.” 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, 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 in the preceding section 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 amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights or by bankruptcy proceedings which restrict the collection of taxpayer debts. 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. See “INVESTMENT CONSIDERATIONS—General” and “—Tax Collection Limitations and Foreclosure Remedies.”

The Effect of FIRREA on Tax Collections of the District

The Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA") contains certain provisions which affect the time for protesting property valuations, the fixing of tax liens and the collection of penalties and interest on delinquent taxes on real property owned by the Federal Deposit Insurance Corporation ("FDIC") when the FDIC is acting as the conservator or receiver of an insolvent financial institution.

Under FIRREA, real property held by the FDIC is still subject to ad valorem taxation, but such act states (i) that no real property of the FDIC shall be subject to foreclosure or sale without the consent of the FDIC and no involuntary liens shall attach to such property, (ii) the FDIC shall not be liable for any penalties, interest, or fines, including those arising from the failure to pay any real or personal property tax when due, and (iii) notwithstanding failure of a person to challenge an appraisal in accordance with state law, such value shall be determined as of the period for which such tax is imposed.

To the extent that the FDIC attempts to enforce the same, these provisions may affect the timeliness of collection of taxes on property, if any, owned by the FDIC in the District and may prevent the collection of penalties and interest on such taxes or may affect the valuation of such property.

INVESTMENT CONSIDERATIONS

General

The Bonds, which are obligations of the District and not obligations of the State of Texas, Harris County, the City of Houston, or any other political entity other than the District, will be secured by a continuing direct annual ad valorem tax levied, without legal limitation as to rate or amount, on all taxable property within the District. The ultimate security for payment of the principal of and interest on the Bonds depends on the ability of the District to collect from the property owners within the District all taxes levied against the property, or in the event of foreclosure, on the value of the taxable property with respect to taxes levied by the District and by other taxing authorities.

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 (the "President") 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"). The Governor has issued successive renewals of the disaster declarations. On March 25, 2020, in response to a request from the Governor, the President issued a Major Disaster Declaration for the State of Texas.

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 and commercial activity within the District. The Bonds are secured by an unlimited ad valorem tax, and a reduction in commercial activity and property values may require an increase in the ad valorem tax rate required to pay the Bonds as well as the District's operations and maintenance expenses. See "THE DISTRICT—Land Use and Status of Development"

While the potential impact of the Pandemic on the District cannot be quantified at this time, the continued outbreak of the Pandemic 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.

Recent Extreme Weather Events

The greater Houston area, including Harris County, 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 25, 2017, and brought historic levels of rainfall during the successive four days.

According to the Engineer, the District's water and wastewater system did not sustain any material damage, there was no interruption of water and sewer service, and no homes, apartments, or commercial improvements within the District experienced structural flooding or other material damage as a result of Hurricane Harvey.

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

Specific Flood Type Risks

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

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

Economic Factors and Interest Rates

A substantial percentage of the taxable value of the District currently results from the current market value of single-family residences, vacant lots and commercial properties. The market value of such properties is related to general economic conditions in Houston, the State of Texas and the nation and those conditions can affect the demand for such properties. Demand for residential properties can be significantly affected by factors such as interest rates, credit availability, construction costs and the prosperity and demographic characteristics of the urban center toward which the marketing of such properties is directed.

Credit Markets and Liquidity in the Financial Markets

Interest rates and the availability of mortgage and development funding have a direct impact on the construction activity, particularly short-term interest rates at which developer are able to obtain financing for development costs. Interest rate levels may affect the ability of a landowner with undeveloped property to undertake and complete construction activities within the District. Because of the numerous and changing factors affecting the availability of funds, particularly liquidity in the national credit markets, the District is unable to assess the future availability of such funds for continued construction within the District. In addition, since the District is located approximately 23 miles from the central downtown business district of the City of Houston, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the Houston metropolitan and regional economies and national credit and financial markets. A downturn in the economic conditions of Houston and decline in the nation's real estate and financial markets could affect development and home-building plans in the District and restrain the growth or reduce the value of the District's property tax base.

Landowner Obligation to the District

There are no commitments from or obligations of any developer or any landowner to the District to proceed at any particular rate or according to any specified plan with the development of land or the construction of improvements in the District, and there is no restriction on any landowner's right to sell its land. Failure to construct taxable improvements on developed tracts of land or developed lots would restrict the rate of growth of taxable values in the District. The District cannot and does not make any representations that over the life of the Bonds, the District will maintain its taxable value.

Tax Collections Limitations and Foreclosure Remedies

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 local taxing authorities on the property against which taxes are levied, and such lien may be enforced by judicial foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by (a) cumbersome, time-consuming and expensive collection procedures, (b) a bankruptcy court's stay of tax collection procedures against a taxpayer, or (c) market conditions affecting the marketability of taxable property within the District and limiting the proceeds from a foreclosure sale of such property. Moreover, the proceeds of any sale of property within the District available to pay debt service on the Bonds may be limited by the existence of other tax liens on the property (see "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Overlapping Taxes"), by the current aggregate tax rate being levied against the property, and by other factors (including the taxpayers' right to redeem property within two years of foreclosure for residential and agricultural use property and six months for other property). Finally, any bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to the Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes assessed 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.

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 Resolution, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Bond Resolution, 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 Resolution. Except for mandamus, the Bond Resolution 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 Resolution 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 (1) is 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 TCEQ as a condition to seeking relief under the Federal Bankruptcy Code. The TCEQ 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.

Future Debt

The District has the right to issue obligations other than the Bonds, including tax anticipation notes and bond anticipation notes, and to borrow for any valid corporate purpose. A total of $120,000,000 principal amount of unlimited tax bonds for the purpose of acquiring and constructing water, wastewater and drainage facilities, $25,000,000 principal amount of unlimited tax refunding bonds and $2,500,000 principal amount of unlimited tax bonds for the purpose of providing parks and recreational facilities have been authorized by the District's voters. The District currently has $71,180,000 principal amount of unlimited tax bonds for the purpose of acquiring and constructing water, wastewater and drainage facilities, no remaining authorization for the purpose of providing parks and recreational facilities, and after issuance of the Bonds, $24,235,000 principal amount of unlimited tax refunding bonds authorized but unissued,. Voters may authorize the issuance of additional bonds secured by ad valorem taxes. The issuance of additional obligations may increase the District's tax rate and adversely affect the security for, and the investment quality and value of, the Bonds.

The District does not employ any formula with respect to appraised valuations, tax collections or otherwise to limit the amount of parity bonds which it may issue. The issuance of additional bonds is subject to approval by the TCEQ pursuant to its rules regarding issuance and feasibility of bonds. In addition, additional bonds may be issued for purposes which do not result in any corresponding increases in taxable value in the District. See "THE BONDS—Issuance of Additional Debt."

Environmental Regulations

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 Issue: 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-Brazoria 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, the 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, the 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 the 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 the 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, with an attainment deadline of August 3, 2021. 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 is subject to the TCEQ's General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the "MS4 Permit"), which was issued by the TCEQ on January 24, 2019. The MS4 Permit authorizes the discharge of stormwater to surface water in the state from small municipal separate storm sewer systems. The District has submitted all necessary documentation to the TCEQ for MS4 Permit compliance. In order to maintain its current compliance with the TCEQ under the MS4 Permit, the District continues to develop, implement, and maintain the required 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. Unknown future costs associated with these compliance activities may be significant in the future.

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 became effective June 22, 2020, and is currently the subject of ongoing litigation.

Due to 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 District 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 insurance provider (the "Insurer") providing the Policy 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 Underwriter 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.

Marketability of the Bonds

The District has no understanding with the Underwriter 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 more generally bought, sold or traded in the secondary market.

Continuing Compliance with Certain Covenants

Failure of the District to comply with certain covenants contained in the Bond Resolution on a continuing basis prior to the maturity of the Bonds could result in interest on the Bonds becoming taxable retroactive to the date of original issuance. See "TAX MATTERS."

Changes in Tax Legislation

Certain tax legislation, whether currently proposed or proposed in the future, may directly or indirectly reduce or eliminate the benefit of the exclusion of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, may also affect the value and liquidity of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed, pending or future legislation.

MUNICIPAL BOND RATING

It is expected that S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, ("S&P") and Moody's Investors Service, Inc. ("Moody's") will assign 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 "A2" to the Bonds. An explanation of the ratings may be obtained from S&P and Moody's.

There is no assurance that such rating 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 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."

LEGAL MATTERS

Legal Proceedings

Delivery of the Bonds will be accompanied by the unqualified approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and legally binding obligations of the District under the Constitution and laws of the State of Texas payable from the proceeds of an annual ad valorem tax levied by the District, without limit as to rate or amount, upon all taxable property within the District, and, based upon their examination of a transcript of certified proceedings relating to the issuance and sale of the Bonds, the approving legal opinion of Allen Boone Humphries Robinson LLP, Bond Counsel, to a like effect and to the effect that under existing law interest on the Bonds is excludable from gross income for federal income tax purposes and interest on the Bonds is not subject to the alternative minimum tax on individuals.

Bond Counsel has reviewed the information appearing in this OFFICIAL STATEMENT under "PLAN OF FINANCING——Defesance of the Refunded Bonds," "THE BONDS," "THE DISTRICT— General," "TAXING PROCEDURES," "LEGAL MATTERS," "TAX MATTERS" and "CONTINUING DISCLOSURE OF INFORMATION" solely to determine whether such information fairly summarizes matters of law and the provisions of the documents referred to therein. Bond Counsel has not, however, independently verified any of the factual information contained in this OFFICIAL STATEMENT nor has it conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this OFFICIAL STATEMENT. No person is entitled to rely upon Bond Counsel's limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of any information contained herein.

Allen Boone Humphries Robinson LLP also serves as general counsel to the District on matters other than the issuance of bonds. The legal fees paid to 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 and, therefore, such fees are contingent upon the sale and delivery of the Bonds.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

No Material Adverse Change

The obligations of the Underwriter to take and pay for the Bonds, and of the District to deliver the Bonds, are subject to the condition that, up to the time of delivery of and receipt of payment for the Bonds, there shall have been no material adverse change in the condition (financial or otherwise) of the District from that set forth or contemplated in the PRELIMINARY OFFICIAL STATEMENT.

No-Litigation Certificate

The District will furnish the Underwriter a certificate, executed by both the President or Vice President and Secretary or Assistant Secretary of the Board, and dated as of the date of delivery of the Bonds, to the effect that no litigation of any nature is pending or to its knowledge threatened, either in state or federal courts, contesting or attacking the Bonds; restraining or enjoining the levy, assessment and collection of ad valorem taxes to pay the interest or the principal of 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 or the title of the present officers of the District.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

TAX MATTERS

In the opinion of Allen Boone Humphries Robinson LLP, Bond Counsel, under existing law, interest on the Bonds is excludable from gross income for federal income tax purposes and interest the Bonds is not subject to the alternative minimum tax on individuals.

The Internal Revenue Code of 1986, as amended (the "Code") imposes a number of requirements that must be satisfied for interest on state or local obligations, such as the Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of proceeds and the source of repayment, limitations on the investment of proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of proceeds be paid periodically to the United States and a requirement that the issuer file an information report with the Internal Revenue Service (the "Service"). The District has covenanted in the Bond Resolution that it will comply with these requirements.

Bond Counsel's opinion will assume continuing compliance with the covenants of the Bond Resolution pertaining to those sections of the Code which affect the exclusion from gross income of interest on the Bonds for federal income tax purposes and, in addition, will rely on representations by the District, the District's Financial Advisor and the Underwriter with respect to matters solely within the knowledge of the District, the District's Financial Advisor and the Underwriter, respectively, which Bond Counsel has not independently verified. In addition, the District will rely on the report of Public Finance Partners LLC, regarding the mathematical accuracy of certain computations. If the District should fail to comply with the covenants in the Bond Resolution or if the foregoing representations or report should be determined to be inaccurate or incomplete, interest on the Bonds could become taxable from the date of delivery of the Bonds, regardless of the date on which the event causing such taxability occurs.

Under the Code, taxpayers are required to report on their returns the amount of tax exempt interest, such as interest on the Bonds, received or accrued during the year. Payments of interest on tax-exempt obligations such as the Bonds are in many cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any owner who is not an "exempt recipient" and who fails to provide certain identifying information. Individuals generally are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients.

Except as stated above, Bond Counsel will express no opinion as to any federal, state or local tax consequences resulting from the ownership of, receipt of interest on, or disposition of, the Bonds.

Prospective purchasers of the Bonds should be aware that the ownership of tax exempt obligations may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax exempt obligations, taxpayers owning an interest in a FASIT that holds tax-exempt obligations, and individuals otherwise qualifying for the earned income credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively-connected earnings and profits, including tax exempt interest such as interest on the Bonds. These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on Bond Counsel's knowledge of facts as of the date hereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent Bond Counsel's legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the District as the taxpayer and the owners of the Bonds may not have a right to participate in such audit. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit regardless of the ultimate outcome of the audit.

Qualified Tax-Exempt Obligations

The Code requires a pro rata reduction in the interest expense deduction of a financial institution to reflect such financial institution's investment in tax-exempt obligations acquired after August 7, 1986. An exception to the foregoing provision is provided in the Code for "qualified tax-exempt obligations," which include tax-exempt obligations, such as the Bonds, (a) designated by the issuer as "qualified tax-exempt obligations" and (b) issued by or on behalf of a political subdivision for which the aggregate amount of tax-exempt obligations (not including private activity bonds other than qualified 501(c)(3) bonds) to be issued during the calendar year is not expected to exceed $10,000,000.

The District has designated the Bonds as "qualified tax-exempt obligations" and has represented that the aggregate amount of tax-exempt bonds (including the Bonds) issued by the District and entities aggregated with the District under the Code during calendar year 2020 is not expected to exceed $10,000,000 and that the District and entities aggregated with the District under the Code have not designated more than $10,000,000 in "qualified tax-exempt obligations" (including the Bonds) during calendar year 2020.

Notwithstanding these exceptions, financial institutions acquiring the Bonds will be subject to a 20% disallowance of allocable interest expense

VERIFICATION OF MATHEMATICAL CALCULATIONS

Public Finance Partners LLC, will deliver to the District, on or before the settlement date of the Bonds, its verification report indicating that it has verified the mathematical accuracy of (a) the mathematical computations of the adequacy of the cash to pay, when due, the maturing principal of, interest on and related call premium requirements of the Refunded Bonds; (b) the mathematical computations of yield used by Bond Counsel to support its opinion that interest on the Bonds will be excluded from gross income for federal income tax purposes; and (c) compliance with City of Houston Ordinance No. 97-416.

Public Finance Partners LLC relied on the accuracy, completeness and reliability of all information provided to it by, and on all decisions and approvals of, the District. In addition, Public Finance Partners LLC has relied on any information provided to it by the District's retained advisors, consultants or legal counsel.

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 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 employed 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. In its capacity as Financial Advisor, Masterson Advisors LLC has compiled and edited this OFFICIAL STATEMENT. The Financial Advisor has reviewed the information in this OFFICIAL STATEMENT in accordance with, and as a 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

Tax Assessor/Collector: The information contained in this OFFICIAL STATEMENT relating to the breakdown of the District's historical assessed value and principal taxpayers, including particularly such information contained in the section entitled "TAX DATA," has been provided by Tax Tech, Inc. and is included herein in reliance upon as an expert in assessing property values and collecting taxes.

Engineer: The information contained in this OFFICIAL STATEMENT relating to engineering 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 Costello, Inc. and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

Auditor: The District's financial statements for the year ended March 31, 2020, were audited by McCall Gibson Swedlund Barfoot PLLC. See "APPENDIX A" for a copy of the District's March 31, 2020, audited financial statements.

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 Underwriter, of any adverse event which causes the OFFICIAL STATEMENT to be materially misleading, and unless the Underwriter elects to terminate its obligation to purchase the Bonds, the District will promptly prepare and supply to the Underwriter an appropriate amendment or supplement to the OFFICIAL STATEMENT satisfactory to the Underwriter; provided, however, that the obligation of the District to the Underwriter to so amend or supplement the OFFICIAL STATEMENT will terminate when the District delivers the Bonds to the Underwriter, unless the Underwriter notifies the District on or before such date that less than all of the bonds have been sold to ultimate customers, in which case the District's obligations hereunder will extend for an additional period of time 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 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 the 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. In rendering such certificate, the Board has relied in part upon its examination of records of the District, and upon discussions with, or certificates or correspondence signed by, certain other officials, employees, consultants and representatives of the District.

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Resolution, 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"). The MSRB has established the Electronic Municipal Market Access ("EMMA") System.

Annual Reports

The District will provide certain financial information and operating data annually to the MSRB. The financial information and operating data which will be provided with respect to the District includes all quantitative financial information and operating data of the general type included in this OFFICIAL STATEMENT under the headings "THE SYSTEM," "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED), except for "Estimated Overlapping Debt," "TAX DATA," and in APPENDIX A (Auditor's Report and Financial Statements of the District and certain supplemental schedules). The District will update and provide this information to the MSRB within six months after the end of each of its fiscal years ending in or after 2021. Any financial statements provided by the District shall be prepared in accordance with generally accepted accounting principles or other such principles as the District may be required to employ from time to time pursuant to state law or regulation, and audited if the audit report is completed within the period during which it must be provided. If the audit report is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to the MSRB within such six month period, and audited financial statements when the audit report becomes available.

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

Specified Event Notices

The District will provide timely notices of certain events to the MRSB, 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 or other obligated person (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the District or other obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (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 other obligated person within the meaning of the Rule, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person, any of which affect Beneficial Owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the District or other obligated person, any of which reflect financial difficulties. The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. The terms "obligated person" and "financial obligation" when used in this paragraph shall have the meanings ascribed to them under SEC Rule 15c2-12 (the "Rule"). Neither the Bonds nor the Bond Resolution makes any provision for debt service reserves or liquidity enhancement. 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. The MSRB makes the information available to the public without charge through its Electronic Municipal Market Access ("EMMA") internet portal 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; nor has the District 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 the 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 the agreement, as amended, would have permitted an Underwriter to purchase or sell Bonds in the offering made hereby in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and either the holders of a majority in aggregate principal amount of the outstanding bonds consent to the amendment or any person unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and Beneficial Owners of the Bonds. The District may amend or repeal the agreement in the Bond Resolution if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid or unenforceable, but only to the extent that its right to do so would not prevent the Underwriter from lawfully purchasing the Bonds in the initial offering. 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 data so provided.

Compliance With Prior Undertakings

During the last five years, the District has complied in all material respects with all continuing disclosure agreements made by the District in accordance with SEC Rule 15c2-12.

MISCELLANEOUS

All estimates, statements and assumptions in this OFFICIAL STATEMENT and the APPENDICES 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.

/s/ John Porea
President, Board of Directors

ATTEST:

/s/ Ron Benton
Secretary, Board of Directors

APPENDIX A

The information contained in this appendix includes the Annual Audit Report of Harris County Municipal Utility District No. 383 for the fiscal year ended March 31, 2020.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

MARCH 31, 2020

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

MARCH 31, 2020

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Harris County Municipal
Utility District No. 383
Harris County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Harris County Municipal Utility District No. 383 (the "District"), as of and for the year ended March 31, 2020, 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 Municipal Utility District No. 383

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 March 31, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund and Special Revenue Funds 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

July 1, 2020

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2020

Management's discussion and analysis of Harris County Municipal Utility District No. 383's (the "District") financial performance provides an overview of the District's financial activities for the year ended March 31, 2020. 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 other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District's financial 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, deferred outflows of resources and liabilities, 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 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 five governmental fund types. The General Fund accounts for resources not accounted for in another fund, customer service revenues, costs and general expenditures. The District has two Special Revenue Funds. One Special Revenue Fund accounts for the water plants jointly owned by the District and Harris County Municipal Utility District No. 367. The other Special Revenue Fund accounts for the operations of a jointly owned wastewater treatment plant with Harris County Municipal Utility District No. 367. The Debt

FUND FINANCIAL STATEMENTS (Continued)

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.

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities by $2,332,026 as of March 31, 2020.

A portion of the District's net position reflects its net investment in capital assets (water, wastewater and drainage facilities less any debt used to acquire those assets that is still outstanding). The District uses these assets to provide water and wastewater services.

The following is a comparative analysis of government-wide changes in net position:

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2020	2019	Change Positive (Negative)
Current and Other Assets	$ 11,821,751	$ 12,261,389	$ (439,638)
Capital Assets (Net of Accumulated Depreciation)	31,025,254	31,781,698	(756,444)
Total Assets	$ 42,847,005	$ 44,043,087	$ (1,196,082)
Deferred Outflows of Resources	$ 582,472	$ 455,591	$ 126,881
Due to Developer	$ 18,509	$ 277,971	$ 259,462
Long -Term Liabilities	37,610,544	39,388,843	1,778,299
Other Liabilities	3,468,398	3,076,285	(392,113)
Total Liabilities	$ 41,097,451	$ 42,743,099	$ 1,645,648
Net Position:			
Net Investment in Capital Assets	$ (7,548,586)	$ (7,547,003)	$ (1,583)
Restricted	4,501,350	4,801,949	(300,599)
Unrestricted	5,379,262	4,500,633	878,629
Total Net Position	$ 2,332,026	$ 1,755,579	$ 576,447

The following table provides comparative analysis of the District's operations for the years ending March 31, 2020, and March 31, 2019. The District's net position increased by $576,447 during the current year.

	Summary of Changes in the Statement of Activities		
	2020	2019	Change Positive (Negative)
Revenues:			
Property Taxes	$ 4,207,869	$ 3,980,804	$ 227,065
Charges for Services	4,781,390	4,449,170	332,220
Other Revenues	721,082	330,982	390,100
Total Revenues	$ 9,710,341	$ 8,760,956	$ 949,385
Expenses for Services	9,133,894	8,211,220	(922,674)
Change in Net Position	$ 576,447	$ 549,736	$ 26,711
Net Position, Beginning of Year	1,755,579	1,205,843	549,736
Net Position, End of Year	$ 2,332,026	$ 1,755,579	$ 576,447

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of March 31, 2020, were $10,326,412, a decrease of $668,733 from the prior fiscal year.

The General Fund fund balance increased by $849,178, primarily due to service revenues exceeding current year operating and capital costs as well as a transfer from the Capital Projects Fund to reimburse engineering and construction costs.

The Debt Service Fund fund balance decreased by $298,297, primarily due to the structure of the District's debt service requirements.

The Special Revenue Funds of the District are revenue neutral. Costs incurred are billed to the respective participants on a monthly basis.

The Capital Projects Fund fund balance decreased by $1,219,614, primarily due to the use of surplus funds for projects, a developer reimbursement and a transfer of funds to the General Fund to reimburse construction and engineering costs.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors amended the budget during the year to increase projected property tax collections, purchased wastewater service cost and capital outlay. Actual revenues were $539,770 more than budgeted revenues. Actual expenditures were $389,060 less than budgeted expenditures. See page 41 for further information.

CAPITAL ASSETS

Capital assets as of March 31, 2020, total $31,025,254 (net accumulated depreciation) and include land, as well as the water, wastewater and drainage systems. Capital asset activity completed during the current year included the ground storage tank recoating project at water plant no. 1 and HMI equipment at water plant nos. 1 and 2, the wastewater treatment plant and lift stations no. 5.

CAPITAL ASSETS (Continued)

Capital Assets At Year-End, Net of Accumulated Depreciation

	2020	2019	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	$ 2,485,789	$ 2,485,789	$
Construction in Progress	189,994		189,994
Capital Assets, Net of Accumulated Depreciation:			
Greenbelt Fence	1,728,760	1,984,647	(255,887)
Water System	6,135,163	6,223,987	(88,824)
Wastewater System	12,418,322	12,766,884	(348,562)
Drainage System	8,067,226	8,320,391	(253,165)
Total Net Capital Assets	$ 31,025,254	$ 31,781,698	$ (756,444)

Additional information on the District's capital assets can be found in Note 6 of this report.

LONG-TERM DEBT ACTIVITY

At the end of the current year, the District had total bond debt payable of $39,125,000. The changes in the debt position of the District during the year ended March 31, 2020, are summarized as follows:

Bond Debt Payable, April 1, 2019	$ 40,845,000
Add: Bond Sales - Refunding Series 2019A	5,455,000
Less: Bond Principal Paid and Refunded	7,175,000
Bond Debt Payable, March 31, 2020	$ 39,125,000

The District's Series 2013 Refunding, Series 2013 and Series 2014 Refunding bonds carry an underlying rating of "BBB" from S&P. The District's Series 2014A, Series 2015, Series 2015A, Series 2016 Refunding, 2016A Refunding, Series 2018, Series 2019 and Series 2019 Refunding bonds carry an underlying rating of "A3" by Moody's. The Series 2013 and Series 2014 Refunding bonds carry an insured rating of "AA" by virtue of bond insurance issued by Assured Guaranty Municipal Corp. The Series 2013 Refunding, Series 2014A, Series 2015, Series 2015A, Series 2016 Refunding, Series 2016A Refunding, Series 2018, Series 2019 and Series 2019 Refunding bonds carry an insured rating of "AA" by virtue of bond insurance issued by Build America Mutual Assurance Company. Credit enhanced ratings provided through bond insurance policies are subject to change based on the rating of the bond insurance company. The above ratings are as of March 31, 2020 and reflect all rating changes through the year then ended.

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 Municipal Utility District No. 383, c/o Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, TX 77027.

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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
MARCH 31, 2020

		Special Revenue Funds	
	General Fund	Water Plant	Wastewater Treatment Plant
ASSETS			
Cash	$ 280,660	$ 403,401	$ 202,641
Investments	5,179,516		
Receivables:			
Property Taxes	35,769		
Penalty and Interest on Delinquent Taxes			
Service Accounts	133,363		
Accrued Interest	39,470		
Other	26,207		
Due from Other Funds	112,951	213,926	31,590
Prepaid Costs			
Due from Other Governmental Units	717	179,299	39,914
Advance for Water Plant Operations	204,075		
Advance for Regional Wastewater Treatment Plant Operations	90,212		
Land			
Construction in Progress			
Capital Assets (Net of Accumulated Depreciation)			
TOTAL ASSETS	$ 6,102,940	$ 796,626	$ 274,145
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charges on Refunding Bonds	$ -0-	$ -0-	$ -0-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 6,102,940	$ 796,626	$ 274,145

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

Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
$ 205,358	$ 1,981	$ 1,094,041	$	$ 1,094,041
4,293,674	612,385	10,085,575		10,085,575
78,614		114,383		114,383
			20,853	20,853
		133,363		133,363
36,710		76,180		76,180
		26,207		26,207
		358,467	(358,467)	
			51,219	51,219
		219,930		219,930
		204,075	(204,075)	
		90,212	(90,212)	
			2,485,789	2,485,789
			189,994	189,994
			28,349,471	28,349,471
$ 4,614,356	$ 614,366	$ 12,402,433	$ 30,444,572	$ 42,847,005
$ -0-	$ -0-	$ -0-	$ 582,472	$ 582,472
$ 4,614,356	$ 614,366	$ 12,402,433	$ 31,027,044	$ 43,429,477

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
MARCH 31, 2020

		Special Revenue Funds	
	General Fund	Water Plant	Wastewater Treatment Plant
LIABILITIES			
Accounts Payable	$ 129,247	$ 308,105	$ 64,361
Accrued Interest Payable			
Due to Other Governmental Units	1,220		
Due to Developers	18,509		
Due to Other Funds	245,516		
Due to Taxpayers			
Security Deposits	380,405		
Advance for Regional Wastewater Treatment Plant Operations			209,784
Advance for Water Plant Operations		488,521	
Long-Term Liabilities:			
Bonds Payable, Due Within One Year			
Bonds Payable, Due After One Year			
TOTAL LIABILITIES	$ 774,897	$ 796,626	$ 274,145
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	$ 35,769	$ -0-	$ -0-

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

Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
$	$ 1,881	$ 503,594	$	$ 503,594
			103,023	103,023
		1,220		1,220
		18,509		18,509
29,698	83,253	358,467	(358,467)	
1,138		1,138		1,138
		380,405		380,405
		209,784	(90,212)	119,572
		488,521	(204,075)	284,446
			2,075,000	2,075,000
			37,610,544	37,610,544
$ 30,836	$ 85,134	$ 1,961,638	$ 39,135,813	$ 41,097,451
$ 78,614	$ -0-	$ 114,383	$ (114,383)	$ -0-

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
MARCH 31, 2020

	General Fund	Special Revenue Funds: Water Plant	Special Revenue Funds: Wastewater Treatment Plant
FUND BALANCES			
Nonspendable:			
For Water Plant Operations	$ 204,075	$	$
For Regional Wastewater Treatment Plant Operations	90,212		
Restricted for Authorized Construction			
Restricted for Debt Service			
Assigned for Future Capital Improvements	775,000		
Unassigned	4,222,987		
TOTAL FUND BALANCES	$ 5,292,274	$ - 0 -	$ - 0 -
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 6,102,940	$ 796,626	$ 274,145
NET POSITION			
Net Investment in Capital Assets			
Restricted for Debt Service			
Unrestricted			
TOTAL NET POSITION			

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

Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
$	$	$ 204,075	$ (204,075)	$
		90,212	(90,212)	
	529,232	529,232	(529,232)	
4,504,906		4,504,906	(4,504,906)	
		775,000	(775,000)	
		4,222,987	(4,222,987)	
$ 4,504,906	$ 529,232	$ 10,326,412	$ (10,326,412)	$ - 0 -
$ 4,614,356	$ 614,366	$ 12,402,433		
			$ (7,548,586)	$ (7,548,586)
			4,501,350	4,501,350
			5,379,262	5,379,262
			$ 2,332,026	$ 2,332,026

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
MARCH 31, 2020

Total Fund Balances - Governmental Funds		$ 10,326,412
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Bond insurance premiums paid at closing are amortized over the term of the refunding bonds.		51,219
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		31,025,254
Interest paid in advance as part of a refunding bond sale is recorded as a deferred outflow in the governmental activities and systematically charged to interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter.		582,472
Deferred inflows of resources related property tax revenues and penalty and interest receivable on delinquent taxes for the 2019 and prior tax levies became part of recognized revenue in the governmental activities of the District.		135,236
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	$ (103,023)	
Bonds Payable Within One Year	(2,075,000)	
Bonds Payable After One Year	(37,610,544)	(39,788,567)
Total Net Position - Governmental Activities		$ 2,332,026

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

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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2020

		Special Revenue Funds	
	General Fund	Water Plant	Wastewater Treatment Plant
REVENUES			
Property Taxes	$ 1,409,509	$	$
Water Service	763,444	2,943,924	
Wastewater Service	292,726		629,518
Regional Water Authority Fees	1,106,415		
Penalty and Interest	37,247		
Tap Connection and Inspection Fees	437,120		
Sales Tax Revenues	107,755		
Investment Revenues	97,484	865	395
Water Reuse Credits		292,656	
Miscellaneous Revenues	90,125	600	
TOTAL REVENUES	$ 4,341,825	$ 3,238,045	$ 629,913
EXPENDITURES/EXPENSES			
Service Operations:			
Professional Fees	$ 222,923	$ 5,446	$ 24,335
Contracted Services	428,999	32,967	31,375
Purchased Water Service	1,178,073	2,102,151	
Purchased Wastewater Service	272,386		
Utilities	4,942	84,959	102,968
Regional Water Authority Assessment		554,874	
Repairs and Maintenance	468,141	87,145	132,957
Depreciation			
Contribution to Harris County	33,222		
Community Improvements	436,445		
Other	423,633	23,934	338,278
Capital Outlay	67,736	346,569	
Debt Service:			
Bond Principal			
Bond Interest			
Bond Issuance Costs			
Payment to Refunded Bond Escrow Agent			
TOTAL EXPENDITURES/EXPENSES	$ 3,536,500	$ 3,238,045	$ 629,913
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	$ 805,325	$ -0-	$ -0-

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

Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
$ 2,794,684	$	$ 4,204,193	$ 3,676	$ 4,207,869
		3,707,368	(1,178,073)	2,529,295
		922,244	(272,386)	649,858
		1,106,415		1,106,415
19,261		56,508	2,194	58,702
		437,120		437,120
		107,755		107,755
88,402	28,161	215,307		215,307
		292,656		292,656
14,639		105,364		105,364
$ 2,916,986	$ 28,161	$ 11,154,930	$ (1,444,589)	$ 9,710,341
$ 5,759	$ 19,730	$ 278,193	$	$ 278,193
66,765	1,354	561,460		561,460
		3,280,224	(1,178,073)	2,102,151
		272,386	(272,386)	
		192,869		192,869
		554,874		554,874
	913,476	1,601,719		1,601,719
			1,170,749	1,170,749
		33,222		33,222
		436,445		436,445
5,587	66	791,498		791,498
	269,296	683,601	(683,601)	
1,875,000		1,875,000	(1,875,000)	
1,199,542		1,199,542	22,341	1,221,883
216,174		216,174	(27,343)	188,831
66,000		66,000	(66,000)	
$ 3,434,827	$ 1,203,922	$ 12,043,207	$ (2,909,313)	$ 9,133,894
$ (517,841)	$ (1,175,761)	$ (888,277)	$ 1,464,724	$ 576,447

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2020

	General Fund	Special Revenue Funds: Water Plant	Special Revenue Funds: Wastewater Treatment Plant
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	$ 43,853	$	$
Refunding Bonds			
Payment to Refunded Bond Escrow Agent			
Bond Premium			
TOTAL OTHER FINANCING SOURCES (USES)	$ 43,853	$ -0-	$ -0-
NET CHANGE IN FUND BALANCES	$ 849,178	$ -0-	$ -0-
CHANGE IN NET POSITION			
FUND BALANCES/NET POSITION - APRIL 1, 2019	4,443,096		
FUND BALANCES/NET POSITION - MARCH 31, 2020	$ 5,292,274	$ -0-	$ -0-

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

Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
$	$ (43,853)	$	$	$
5,455,000		5,455,000	(5,455,000)	
(5,320,504)		(5,320,504)	5,320,504	
85,048		85,048	(85,048)	
$ 219,544	$ (43,853)	$ 219,544	$ (219,544)	$ -0-
$ (298,297)	$ (1,219,614)	$ (668,733)	$ 668,733	$
			576,447	576,447
4,803,203	1,748,846	10,995,145	(9,239,566)	1,755,579
$ 4,504,906	$ 529,232	$ 10,326,412	$ (7,994,386)	$ 2,332,026

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2020

Net Change in Fund Balances - Governmental Funds	$	(668,733)
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.		3,676
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.		2,194
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.		(1,170,749)
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.		683,601
Governmental funds report bond premiums as other financing aources. However, in the Statement of Net Position, bond premiums are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities. Bond insurance premiums are also amortized over the life of the bonds.		(57,705)
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.		1,875,000
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.		(22,341)
Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in the Statement of Net Position.		(5,455,000)
Governmental funds report the payment to the refunded bond escrow agent as an other financing use. However, the refunding of outstanding bonds decreases long-term liabilities in the Statement of Net Positon.		5,386,504
Change in Net Position - Governmental Activities	$	576,447

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

NOTE 1. CREATION OF DISTRICT

Harris County Municipal Utility District No. 383 (the "District") was created effective April 2, 2002, by an Order of the Texas Commission on Environmental Quality (the "Commission"). Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, sanitary sewer service, storm sewer drainage, irrigation, solid waste collection and disposal, including recycling, and to construct parks and recreational facilities for the residents of the District. The District is also empowered to contract for or employ its own peace officers with powers to make arrests and to establish, operate and maintain a fire department to perform all fire-fighting activities within the District. The Board of Directors held its first meeting on April 3, 2002, and the first bonds were sold on April 20, 2004.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic 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.

The District has entered into an agreement with Harris County Municipal Utility District No. 367 for water service through three joint water plants. The District has oversight over the water plants. Additional disclosure concerning this agreement is provided in Note 8.

The District has entered into an agreement with Harris County Municipal Utility District No. 367 for wastewater disposal through a regional wastewater treatment plant (the "Plant"). The District has oversight responsibility over the Plant. Additional disclosure concerning this agreement is provided in Note 9.

<u>Financial Statement Presentation</u>

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

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:

* 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 to obtain net total revenues and expenses of the government-wide Statement of Activities.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Governmental Funds

The District has five governmental funds and considers each to be major.

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

Special Revenue Fund Water Plant – To account for financial resources collected and administered by the District for the operation of the joint water plants which is a joint venture of the District with Harris County Municipal Utility District No. 367.

Special Revenue Fund Wastewater Treatment Plant – To account for financial resources collected and administered by the District for the operation of the joint wastewater treatment plant which is a joint venture of the District with Harris County Municipal Utility District No. 367.

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

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

Basis of Accounting

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

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. See Note 15 for interfund receivables/payables and transfers as of March 31, 2020.

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.

The District chose to early implement GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period.* Interest costs will no longer be capitalized as part of the asset but will be shown as an expenditure in the fund financial statements and as an expense in the government-wide financial statements.

Assets are capitalized, including infrastructure assets, if they have an original cost greater than $10,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Estimated useful lives are as follows:

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

Budgeting

An annual unappropriated budget is adopted for the General Fund and each Special Revenue Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was amended. Neither Special Revenue Fund budgets were amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund and Special Revenue Funds present the original and revised budget amounts, if revised, compared to the actual amounts of revenues and expenditures for the current year.

Pensions

A pension plan has not been established. The District does not have employees, except that the Internal Revenue Service has determined that directors are considered to be "employees" for federal payroll tax purposes only.

Measurement Focus

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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 has assigned $775,000 of its General Fund fund balance for future capital improvements.

Unassigned: all other spendable amounts in the General Fund.

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

Accounting Estimates

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

NOTE 3. LONG-TERM DEBT

	Refunding Series 2013	Series 2013
Amount Outstanding – March 31, 2020	$3,670,000	$65,000
Interest Rates	2.25% - 3.50%	2.60%
Maturity Date	September 1, 2020/2029	September 1, 2020
Interest Payment Dates	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2019*	September 1, 2019*

	Refunding Series 2014	Series 2014A	Series 2015
Amount Outstanding – March 31, 2020	$3,190,000	$5,750,000	$4,875,000
Interest Rates	2.00% - 3.625%	2.00% - 3.75%	2.00% - 3.75%
Maturity Date	September 1, 2020/2031	September 1, 2020/2040	September 1, 2020/2040
Interest Payment Dates	September 1/ March 1	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2022*	September 1, 2022*	September 1, 2023*

* 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 2014A term bonds maturing on September 1, 2027, and September 1, 2040, are subject to mandatory redemption by random selection beginning September 1, 2025, and September 1, 2038, respectively.

NOTE 3. LONG-TERM DEBT (Continued)

	Series 2015A	Refunding Series 2016	Refunding Series 2016A
Amount Outstanding – March 31, 2020	$2,185,000	$4,065,000	$2,900,000
Interest Rates	2.00% - 4.00%	3.00% - 4.00%	2.00% - 4.00%
Maturity Date	September 1, 2020/2040	September 1, 2020/2031	September 1, 2020/2032
Interest Payment Dates	September 1/ March 1	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2023*	September 1, 2023*	September 1, 2023*

	Series 2018	Series 2019	Refunding Series 2019A
Amount Outstanding – March 31, 2020	$3,720,000	$3,250,000	$5,455,000
Interest Rates	2.00% - 3.50%	2.00% - 3.375%	2.00% - 4.00%
Maturity Date	September 1, 2020/2040	September 1, 2020/2040	September 1, 2020/2037
Interest Payment Dates	September 1/ March 1	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2023*	September 1, 2024*	September 1, 2024*

* 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 2015A term bonds maturing on September 1, 2030, and September 1, 2033, are subject to mandatory redemption by random selection beginning September 1, 2029, and September 1, 2032, respectively. Series 2018 term bonds maturing on September 1, 2032, September 1, 2034, September 1, 2036, September 1, 2038, and September 1, 2040, are subject to mandatory redemption by random selection beginning September 1, 2031, September 1, 2033, September 1, 2035, September 1, 2037, and September 1, 2039, respectively. Series 2019 term bonds maturing on September 1, 2036, September 1, 2038, and September 1, 2040, are subject to mandatory redemption by random selection beginning September 1, 2035, September 1, 2037, and September 1, 2039, respectively. Series 2019A Refunding term bonds maturing on September 1, 2028, and September 1, 2030, are subject to mandatory redemption by random selection beginning September 1, 2027, and September 1, 2029, respectively.

NOTE 3. LONG-TERM DEBT (Continued)

The following is a summary of transactions regarding bonds payable for the year ended March 31, 2020:

	April 1, 2019	Additions	Retirements	March 31, 2020
Bonds Payable	$ 40,845,000	$ 5,455,000	$ 7,175,000	$ 39,125,000
Unamortized Discounts	(173,579)		(106,022)	(67,557)
Unamortized Premiums	592,422	85,048	49,369	628,101
Bonds Payable, Net	$ 41,263,843	$ 5,540,048	$ 7,118,347	$ 39,685,544

Amount Due Within One Year	$ 2,075,000
Amount Due After One Year	37,610,544
Bonds Payable, Net	$ 39,685,544

As of March 31, 2020, the District has authorized but unissued tax bonds of $71,180,000 and authorized but unissued refunding bonds of $24,235,000.

As of March 31, 2020, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2021	$ 2,075,000	$ 1,212,421	$ 3,287,421
2022	2,095,000	1,161,672	3,256,672
2023	2,120,000	1,106,344	3,226,344
2024	2,150,000	1,046,089	3,196,089
2025	2,195,000	980,396	3,175,396
2026-2030	11,550,000	3,823,829	15,373,829
2031-2035	9,405,000	1,983,873	11,388,873
2036-2040	6,610,000	660,288	7,270,288
2041	925,000	16,720	941,720
	$ 39,125,000	$ 11,991,632	$ 51,116,632

The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount. During the year ended March 31, 2020, the District levied an ad valorem debt service tax rate of $0.485 per $100 of assessed valuation, which resulted in a tax levy of $2,824,485 on the adjusted taxable valuation of $582,368,190 for the 2019 tax year. The bond resolutions require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for the maintenance tax levy.

NOTE 3. LONG-TERM DEBT (Continued)

All property values and exempt status, if any, are determined by the appraisal district. Assessed values are determined as of January 1 of each year, at which time a tax lien attaches to the related property. Taxes are levied around October/November, are due upon receipt and are delinquent the following February 1. Penalty and interest attach thereafter.

NOTE 4. SIGNIFICANT BOND RESOLUTION AND LEGAL REQUIREMENTS

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

B. The bond resolutions state that the District has covenanted that it will take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross proceeds of the bonds, within the meaning of Section 148(f) of the Internal Revenue Code, be rebated to the federal government. The minimum requirement for determination of the rebatable amount is on the five year anniversary of each 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 year end, the carrying amount of the District's deposits was $5,654,041 and the bank balance was $5,836,613. The District was not exposed to custodial credit risk at year-end.

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at March 31, 2020, as listed below:

	Cash	Certificates of Deposit	Total
GENERAL FUND	$ 280,660	$ 2,640,000	$ 2,920,660
SPECIAL REVENUE FUNDS	606,042		606,042
DEBT SERVICE FUND	205,358	1,920,000	2,125,358
CAPITAL PROJECTS FUND	1,981		1,981
TOTAL DEPOSITS	$ 1,094,041	$ 4,560,000	$ 5,654,041

Investments

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

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.

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

The District invests in Texas Cooperative Liquid Assets Securities System Trust ("Texas CLASS"), an external public funds investment pool that is not SEC-registered. Public Trust Advisors, LLC serves as the pool's administrator and investment advisor. The pool is subject to the general supervision of the Board of Trustees and its Advisory Board. Wells Fargo Bank, N.A. serves as custodian for the pool. Investments held by Texas CLASS are priced to market on a weekly basis. The investments are considered to be Level I investments because their fair value is measured by quoted prices in active markets. The fair value of the District's position in the pool is the same as the value of the pool shares. There are no limitations or restrictions on withdrawals from Texas CLASS.

As of March 31, 2020, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
GENERAL FUND		
Texas CLASS	$ 2,539,516	$ 2,539,516
Certificates of Deposit	2,640,000	2,640,000
DEBT SERVICE FUND		
Texas CLASS	2,373,674	2,373,674
Certificates of Deposit	1,920,000	1,920,000
CAPITAL PROJECTS FUND		
Texas CLASS	612,385	612,385
TOTAL INVESTMENTS	$ 10,085,575	$ 10,085,575

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At March 31, 2020, the District's investments in Texas CLASS was rated "AAAm" by Standard & Poor's. The District also manages credit risk by typically investing in certificates of deposit with balances below FDIC coverage.

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 Texas CLASS to have a maturity of less than one year due to the fact the share position can usually be redeemed each day at the discretion of the District, unless there has been a significant change in value. The District also manages interest rate risk by investing in certificates of deposit with maturities of less than one year.

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Restrictions

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

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2020:

	April 1, 2019	Increases	Decreases	March 31, 2020
Capital Assets Not Being Depreciated				
Land and Land Improvements	$ 2,485,789		$	$ 2,485,789
Construction in Progress		414,304	224,310	189,994
Total Capital Assets Not Being Depreciated	$ 2,485,789	$ 414,304	$ 224,310	$ 2,675,783
Capital Assets Subject to Depreciation				
Greenbelt Fence	$ 2,551,877		$	$ 2,551,877
Water System	8,692,894	193,840		8,886,734
Wastewater System	15,231,118	30,471		15,261,589
Drainage System	10,668,823			10,668,823
Total Capital Assets Subject to Depreciation	$ 37,144,712	$ 224,311	$ - 0 -	$ 37,369,023
Accumulated Depreciation				
Greenbelt Fence	$ 567,230	$ 255,887	$	$ 823,117
Water System	2,468,907	282,664		2,751,571
Wastewater System	2,464,234	379,033		2,843,267
Drainage System	2,348,432	253,165		2,601,597
Total Accumulated Depreciation	$ 7,848,803	$ 1,170,749	$ - 0 -	$ 9,019,552
Total Depreciable Capital Assets, Net of Accumulated Depreciation	$ 29,295,909	$ (946,438)	$ - 0 -	$ 28,349,471
Total Capital Assets, Net of Accumulated Depreciation	$ 31,781,698	$ (532,134)	$ 224,310	$ 31,025,254

NOTE 7. MAINTENANCE TAX

On May 4, 2002, the voters of the District approved the levy and collection of a maintenance tax not to exceed $1.20 per $100 of assessed valuation of taxable property within the District. During the year ending March 31, 2020, the District levied an ad valorem maintenance tax rate of $0.245 per $100 of assessed valuation, which resulted in a tax levy of $1,426,802 on the adjusted taxable valuation of $582,368,190 for the 2019 tax year. This maintenance tax is to be used by the General Fund to pay expenditures of operating the District's waterworks and sanitary sewer system.

NOTE 8. WATER SUPPLY AGREEMENT

On July 10, 2002, the District and Harris County Municipal Utility District No. 367 ("District No. 367") agreed to combine the District's and District No. 367's water systems to become an integrated water system. On October 9, 2007, the First Amendment to this agreement was entered into. On April 8, 2015, the Second Amendment to this agreement was entered into. The District owns 54.51% of the capacity in water plant nos. 1, 2 and 3. District No. 367 owns the remaining 45.49%. The District performs the accounting for the integrated system and is responsible for operating the water plants. Each District is billed based upon their proportionate share of the prior month's usage of water. The districts have an operating reserve of $488,521, with the District funding $204,075 and District No. 367 funding $284,446 of the reserve. During the current fiscal year, the District recorded an expenditure of $1,178,073 in accordance with this agreement.

NOTE 9. REGIONAL SEWAGE TREATMENT PLANT AGREEMENT

On May 8, 2002, the District and District No. 367 entered into a regional sewage treatment plant agreement. On April 8, 2015, the First Amendment to this agreement was entered into. Wastewater treatment is currently provided by a 1,500,000 gallon per day ("gpd") wastewater treatment plant that is jointly owned by the District and District No. 367. Currently, the District owns 61.75% of the capacity in the plant and District No. 367 owns 38.25% of the capacity in the plant. The District is responsible for operating the plant.

The participating districts have been required to fund an operating reserve with the District. As of March 31, 2020, the reserve is $209,784, with the District's share being $90,212 and District No. 367's share being $119,572. The operating costs are shared based on the proportionate share of sewer connections of each district. During the current year, the District recorded an expenditure of $272,386 in accordance with this agreement.

NOTE 10. NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

The District is located within the boundaries of the North Harris County Regional Water Authority (the "Authority"). The Authority was created under Article 16, Section 59 of the Texas Constitution by House Bill 2965 (the "Act"), as passed by the Seventy-Fifth Texas Legislature, in 1999. The Act empowers the Authority to provide for the conservation, preservation, protection, recharge and prevention of waste of groundwater, and for the reduction of groundwater withdrawals. The Authority has entered into a contract for purchase of surface water from the City of Houston, Texas to assure that its participants comply with the Harris-Galveston Subsidence District ("HGSD") pumpage requirements, which mandate that districts within HGSD boundaries, including the District, convert a percentage of their water use to surface water over a period of time. A five-member board of directors governs the Authority. The directors serve staggered four-year terms.

The Authority currently charges a fee, based on the amount of water pumped from a well, to the owners of wells located within the boundaries of the Authority, unless exempted, of $3.85 per 1,000 gallons of water pumped from each well. This fee enables the Authority to fulfill its purpose and regulatory functions. During the current fiscal year, the Joint Water Plants recorded expenditures of $554,874 related to these fees. On July 1, 2020, the fee increased to $4.25 per 1,000 gallons.

On August 18, 2008, the District approved the Groundwater Transfer Agreement-Buyer with the Authority. In accordance with the agreement, the District elected to participate in the groundwater transfer program of the Authority, under the Regulations for Buy/Sell Agreement for Implementation of the Groundwater Transfer Program adopted by the Authority on September 8, 2003, as amended, and agreed to assume all rights and obligations of a buyer. The Authority agreed to the District electing the buyer status.

On March 15, 2010, the District and District No. 367 entered into a Water Supply Agreement (the "Agreement") with the Authority in order for the districts to maintain compliance with the Commission's requirements related to the districts' minimum water supply capacity. This Agreement replaced the August 18, 2008, Groundwater Transfer Agreement-Buyer with the Authority. In accordance with the Agreement, the Authority agrees to sell and deliver to the districts a volume of the Authority's water between 0.75 and 2.0 million gallons per day. The term of the Agreement shall end on January 1, 2040.

On November 7, 2011, the District and District No. 367 entered into an Interlocal Agreement Regarding the Delivery of Authority Water to Harris County Municipal Utility District Nos. 367 and 383 with the Authority (the "Interlocal Agreement") for the purpose of establishing the Authority as the provider of water to the districts' joint water plant no. 3 (which came online in October 2013). In accordance with the Interlocal Agreement, the Authority agrees to sell and deliver to the districts up to 0.7 million gallons of water average daily flow and up to 1.2 million gallons during peak day flow, at a rate not to exceed 90,000 gallons per hour. The term of the Interlocal Agreement shall end on November 6, 2051 unless renewed by mutual consent of the parties.

NOTE 10. NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY (Continued)

The current fee under the Agreement and the Interlocal Agreement is $4.30 per 1,000 gallons of water delivered. During the current fiscal year, the Joint Water Plants recorded expenditures of $2,102,151 related to the Agreement and the Interlocal Agreement. On July 1, 2020, the fee increased to $4.70 per 1,000 gallons.

On November 4, 2019, the District and Gleannloch Pines, LTD ("the Golf Club") entered into an Alternative Water Use Incentive Agreement with the Authority. Under the terms of the Agreement, the Golf Club may pump a combination of groundwater, effluent for reuse and captured rainwater from its storage pond for the purpose of irrigating its golf course. The District expended $2,803,484 for construction and engineering for an effluent reuse system. The Agreement calls on the Authority to reimburse 10%, or $280,348, through alternative water use credits within 30 days of the effective date of the Agreement. On a monthly basis, alternative water use credits shall be issued at the rate equal to one-half of the rate then being charged by the Authority for water pumped from a non-exempt well. The maximum alternative water credits shall not exceed the capital costs of $2,803,484. The Agreement shall be in force for 20 years from the effective date. During the current fiscal year, the Joint Water Plants recorded water reuse credits of $292,656, which included the return of 10% of the aforementioned capital costs.

NOTE 11. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, error and omission and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage and no settlements have exceeded coverage in the past three years.

NOTE 12. EMERGENCY WATER SUPPLY CONTRACT

On September 15, 1997, District No. 367 executed an Emergency Water Supply Contract with Harris County Water Control and Improvement District No. 119 (District No. 119). The agreement provides for water to be supplied on an emergency basis for up to thirty (30) days. An emergency is defined as a situation whereby a participant would lose 50% or more of the individual District's productive capacity. District No. 367 was responsible for the construction cost of the interconnect. The cost of water to both parties is $0.85 per 1,000 gallons of "average daily usage"; the contract spells out the definition of average daily usage. This agreement was amended May 10, 2000, to include a provision for allocating the costs incurred as a result of the fees being paid to the newly formed regional water authority. The term of the contract is 40 years.

NOTE 12. EMERGENCY WATER SUPPLY CONTRACT (Continued)

On October 15, 2007, the Second Amendment to Emergency Water Supply Contract was entered into. In accordance with the amendment, the District was added as a party to the contract. The amended agreement called for the District and District No. 367 to design and install a new two-way flow meter at the point of interconnect. On April 14, 2008, the Third Amendment to Emergency Water Supply Contract was approved. District No. 119 agreed to supply water to the District and District No. 367 on an interim basis until such time as the waterline connecting to the Authority's water facilities to water plant no. 1 was completed and declared operational, thus defining the interim period. The interim period has passed and the District is now receiving surface water from the Authority, as further described in Note 10.

NOTE 13. MASTER COST SHARING AGREEMENT

On May 13, 2008, and as amended on August 11, 2009, May 9, 2012, December 11, 2013, June 14, 2017, November 14, 2018 and May 8, 2019, the District entered into the Master Cost Sharing Agreement with District No. 367. This agreement was entered into to consolidate a series of prior cost sharing agreements between the districts into one formalized agreement. The costs for all joint facilities will now be shared based on the allocations outlined in this agreement except for the water plants and the wastewater treatment plant. See Notes 8 and 9.

NOTE 14. STRATEGIC PARTNERSHIP AGREEMENT

On December 12, 2008, the District entered into a Strategic Partnership Agreement with the City of Houston, Texas. The agreement provides that in accordance with Subchapter F of Chapter 43 of the Local Government Code and the Act, the City shall annex a tract or tracts of land for the limited purposes of applying the City's Planning, Zoning, Health, and Safety Ordinances within the Tract within the boundaries of the District. The District will continue to develop, own, operate, and maintain a water, wastewater, and drainage system in the District.

All taxable property within the District shall not be liable for any present or future debts of the City, and current and future taxes levied by the City shall not be levied on taxable property within the District. The District retains all rights to assess and levy ad valorem taxes on taxable property within the Tract. Upon the limited purpose annexation of the Tract, the City's municipal courts shall have jurisdiction to adjudicate criminal cases filed under the Planning, Zoning, Health and Safety Ordinances and State laws. Provisions of the Regulatory Plan adopted by the City will be applicable to the District and the Tract of land within the District. The District's assets, liabilities, indebtedness, and obligations will remain the responsibility of the District during the period of this agreement.

NOTE 14. STRATEGIC PARTNERSHIP AGREEMENT (Continued)

After the Tract is annexed for limited purposes by the City, the qualified voters of the Tract may vote in City elections pursuant to Local Government Code. The City is responsible for notifying the voters within the Tract.

The City shall impose a Sales and Use Tax within the boundaries of the Tract upon the limited-purpose annexation of the Tract. The Sales and Use Tax shall be imposed on the receipts from the sale and use at retail of taxable items at the rate of one percent or the rate specified under the future amendments to Chapter 321 of the Tax Code. The City agreed to pay to the District an amount equal to one-half of all Sales and Use Tax revenues generated within the boundaries of the Tract. The City agreed to deliver to the District its share of the sales tax receipts with 30 days of the City receiving the funds from the State Comptroller's office.

The City agrees that it will not annex the District for full purposes or commence any action to annex the District for full purposes during the term of this Agreement. The term of this Agreement is 30 years from the effective date of the Agreement. During the current fiscal year, the District recorded $107,755 in sales tax revenue, of which $26,207 was recorded as a receivable.

NOTE 15. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

As of March 31, 2020, the District had the following interfund liabilities: the Debt Service Fund owed the General Fund $29,698 for maintenance tax collections, the General Fund owed the Special Revenue Funds $245,516 for the water and wastewater treatment plant operating costs and the Capital Projects Fund owed the General Fund $83,253 for engineering and construction costs. During the current fiscal year, the Capital Projects Fund transferred $43,853 to the General Fund to reimburse for engineering and construction costs.

NOTE 16. USE OF SURPLUS FUNDS

On April 3, 2019, the District approved the use of $88,323 in surplus capital projects funds for the construction and engineering of the water plant no. 2 fencing repair project. During the current fiscal year, the District expended $83,253 on the project and it was in progress at year-end.

On February 5, 2020, the District approved the use of $135,650 in surplus capital projects funds for the construction and engineering of the recoating of the ground storage tank at water plant no.1, installation of HMI equipment at water plant nos. 1 and 2, installation of HMI equipment at the wastewater treatment plant, installation of HMI equipment at lift station no. 5, replacement of water plant no. 1 fencing and installation of a wastewater treatment plant effluent meter.

NOTE 17. INTERLOCAL AGREEMENT

On March 27, 2018, the District entered into an interlocal agreement with District No. 367 and Harris County. The agreement outlines how the districts and the County will share in the costs to upgrade Gleannloch Forest Drive between approximately 1,400 feet south of SH 99 and SH 99, to a 4-lane, concrete boulevard. The districts will share in the costs to prepare the plans, specifications and estimates for construction of the project. The County will award and advance fund the construction of the project. The District shall make six annual installments to the County including a 6% cost carry on the unpaid balance for its share of the related project costs funded by the County. As of March 31, 2020, the District has contributed $191,561 towards this project.

NOTE 18. REFUNDING BOND SALE

On June 20, 2019, the District issued $5,455,000 of Unlimited Tax Refunding Bonds, Series 2019A. The net proceeds of $5,505,073 and $66,000 of available Debt Service Fund monies were used to call and refund $4,250,000 of Series 2012 bonds and $1,050,000 of Series 2013 bonds. As a result, the refunded bonds are considered to be defeased and have been removed from the Statement of Net Position. The effect of the refunding decreased total debit service by $473,820 and obtained net present value savings of $347,799.

NOTE 19. UNCERTAINTIES

On March 11, 2020, the World Health Organization declared the COVID-19 virus a global pandemic. As a result, economic uncertainties have arisen which could have an impact on the operations of the District. The District is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty, as the potential financial impact of this pandemic is unknown at this time.

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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383

REQUIRED SUPPLEMENTARY INFORMATION

MARCH 31, 2020

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2020

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
REVENUES				
Property Taxes	$ 1,160,158	$ 1,424,148	$ 1,409,509	$ (14,639)
Water Service	723,300	723,300	763,444	40,144
Wastewater Service	281,630	281,630	292,726	11,096
Regional Water Authority Fee	1,022,877	1,022,877	1,106,415	83,538
Penalty and Interest	27,000	27,000	37,247	10,247
Tap Connection and Inspection Fees	117,800	117,800	437,120	319,320
Sales Tax Revenues	102,000	102,000	107,755	5,755
Investment Revenues	90,600	90,600	97,484	6,884
Miscellaneous Revenues	12,700	12,700	90,125	77,425
TOTAL REVENUES	$ 3,538,065	$ 3,802,055	$ 4,341,825	$ 539,770
EXPENDITURES				
Service Operations:				
Professional Fees	$ 243,300	$ 243,300	$ 222,923	$ 20,377
Contracted Services	382,926	382,926	428,999	(46,073)
Purchased Water Service	1,174,448	1,174,448	1,178,073	(3,625)
Purchased Wastewater Service	277,178	296,581	272,386	24,195
Utilities	6,240	6,240	4,942	1,298
Repairs and Maintenance	372,300	372,300	468,141	(95,841)
Contribution to Harris County			33,222	(33,222)
Community Improvements			436,445	(436,445)
Other	272,950	282,950	423,633	(140,683)
Capital Outlay	613,345	1,166,815	67,736	1,099,079
TOTAL EXPENDITURES	$ 3,342,687	$ 3,925,560	$ 3,536,500	$ 389,060
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 195,378	$ (123,505)	$ 805,325	$ 928,830
OTHER FINANCING SOURCES(USES)				
Transfers In	$ 263,200	$ 263,200	$ 43,853	$ (219,347)
NET CHANGE IN FUND BALANCE	$ 458,578	$ 139,695	$ 849,178	$ 709,483
FUND BALANCE - APRIL 1, 2019	4,443,096	4,443,096	4,443,096	
FUND BALANCE - MARCH 31, 2020	$ 4,901,674	$ 4,582,791	$ 5,292,274	$ 709,483

See accompanying independent auditor’s report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - SPECIAL REVENUE FUND - WATER PLANT
FOR THE YEAR ENDED MARCH 31, 2020

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Water Service	$ 3,074,422	$ 2,943,924	$ (130,498)
Investment Revenues	650	865	215
Water Reuse Credits		292,656	292,656
Miscellaneous Revenues		600	600
TOTAL REVENUES	$ 3,075,072	$ 3,238,045	$ 162,973
EXPENDITURES			
Service Operations:			
Professional Fees	$ 21,300	$ 5,446	$ 15,854
Contracted Services	33,200	32,967	233
Purchased Water Service	2,052,200	2,102,151	(49,951)
Utilities	90,700	84,959	5,741
Regional Water Authority Assessment	423,300	554,874	(131,574)
Repairs and Maintenance	91,100	87,145	3,955
Other	24,072	23,934	138
Capital Outlay	339,200	346,569	(7,369)
TOTAL EXPENDITURES	$ 3,075,072	$ 3,238,045	$ (162,973)
NET CHANGE IN FUND BALANCE	$ -0-	$ -0-	$ -0-
FUND BALANCE - APRIL 1, 2019			
FUND BALANCE - MARCH 31, 2020	$ -0-	$ -0-	$ -0-

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - SPECIAL REVENUE FUND - WASTEWATER TREATMENT PLANT
FOR THE YEAR ENDED MARCH 31, 2020

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Wastewater Service	$ 865,865	$ 629,518	$ (236,347)
Investment Revenues	300	395	95
Miscellaneous Revenues			
TOTAL REVENUES	$ 866,165	$ 629,913	$ (236,252)
EXPENDITURES			
Service Operations:			
Professional Fees	$ 47,500	$ 24,335	$ 23,165
Contracted Services	31,970	31,375	595
Utilities	130,300	102,968	27,332
Repairs and Maintenance	119,440	132,957	(13,517)
Other	374,725	338,278	36,447
Capital Outlay	162,230		162,230
TOTAL EXPENDITURES	$ 866,165	$ 629,913	$ 236,252
NET CHANGE IN FUND BALANCE	$ -0-	$ -0-	$ -0-
FUND BALANCE - APRIL 1, 2019			
FUND BALANCE - MARCH 31, 2020	$ -0-	$ -0-	$ -0-

See accompanying independent auditor's report.

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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383

SUPPLEMENTARY INFORMATION REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

MARCH 31, 2020

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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
SERVICES AND RATES
FOR THE YEAR ENDED MARCH 31, 2020

1. SERVICES PROVIDED BY THE DISTRICT DURING THE YEAR:

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

2. RETAIL SERVICE PROVIDERS

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

Based on the Rate Order approved September 5, 2018.

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons over Minimum Use	Usage Levels
WATER:	$ 13.75	1,000	N	$ 1.00	1,001 to 10,000
				$ 1.50	10,001 – 20,000
				$ 2.75	20,001 – 30,000
				$ 4.00	30,001 – 40,000
				$ 4.50	40,001 and up
WASTEWATER:	$ 10.50		Y		
SURCHARGE:					
Solid Waste/ Garbage*					
Commission Regulatory Assessments*					
Regional Water Authority Fees			N	$ 4.30	0001 and up
Other					

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

Total monthly charges per 10,000 gallons usage: Water: $22.75 Wastewater: $10.50 Surcharge: $43.00 Total: $76.25

* Charges above include solid waste disposal and regulatory assessments

See accompanying independent auditor’s report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
SERVICES AND RATES
FOR THE YEAR ENDED MARCH 31, 2020

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"	1,137	1,124	x 1.0	1,124
1"	509	509	x 2.5	1,273
1½"	9	9	x 5.0	45
2"	53	53	x 8.0	424
3"	1	1	x 15.0	15
4"	2	2	x 25.0	50
6"	1	1	x 50.0	50
8"	4	4	x 80.0	320
10"			x 115.0	
Total Water Connections	1,716	1,703		3,301
Total Wastewater Connections	1,616	1,602	x 1.0	1,602

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

Gallons pumped into system:	142,387,000	Water Accountability Ratio: 98.1% (Gallons billed /Gallons pumped)
Gallons billed to customers:	266,691,000	
Total gallons purchased:	490,847,000	From: North Harris County Regional Water Authority
Total gallons sold:	348,721,000	To: Harris County Municipal Utility District No. 367
Leaks and Flushing:	6,000,000	

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 _____ Partly ______ Not at all __X__

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

Entirely __X__ Partly ______ Not at all _____

ETJ's in which District is located:

City of Houston, Texas.

Are Board Members appointed by an office outside the District?

Yes _____ No __X__

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2020

PROFESSIONAL FEES:		
Auditing	$	16,000
Engineering		21,299
Legal		185,624
TOTAL PROFESSIONAL FEES	$	222,923
PURCHASED SERVICES FOR RESALE:		
Purchased Water Service	$	1,178,073
Purchased Wastewater Service		272,386
TOTAL PURCHASED SERVICES FOR RESALE	$	1,450,459
CONTRACTED SERVICES:		
Bookkeeping	$	37,283
Operations and Billing		95,143
TOTAL CONTRACTED SERVICES	$	132,426
UTILITIES:		
Electricity	$	4,799
Telephone		143
TOTAL UTILITIES	$	4,942
REPAIRS AND MAINTENANCE	$	468,141
ADMINISTRATIVE EXPENDITURES:		
Director Fees	$	25,650
Election Costs		2,918
Insurance		13,308
Legal Notices		892
Office Supplies and Postage		31,338
Payroll Taxes		1,962
Travel and Meetings		15,488
Other		101,010
TOTAL ADMINISTRATIVE EXPENDITURES	$	192,566

See accompanying independent auditor’s report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2020

CONTRIBUTION TO HARRIS COUNTY	$	33,222
COMMUNITY IMPROVEMENTS	$	436,445
CAPITAL OUTLAY	$	67,736
TAP CONNECTIONS	$	177,583
SOLID WASTE DISPOSAL	$	296,573
OTHER EXPENDITURES:		
Laboratory Fees	$	18,590
Permit Fees		3,517
Reconnection Fees		11,900
Inspection Fees		14,257
Regulatory Assessment		5,220
TOTAL OTHER EXPENDITURES	$	53,484
TOTAL EXPENDITURES	$	3,536,500

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
INVESTMENTS
MARCH 31, 2020

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
GENERAL FUND					
Texas CLASS	XXXX0003	Varies	Daily	$ 1,734,594	$
Texas CLASS	XXXX0006	Varies	Daily	804,922	
Certificate of Deposit	XXXX5627	2.05%	12/03/20	240,000	1,591
Certificate of Deposit	XXXX9560	2.05%	09/28/20	240,000	2,507
Certificate of Deposit	XXXX0833	2.40%	05/31/20	240,000	4,781
Certificate of Deposit	XXXX3383	2.60%	05/07/20	240,000	5,607
Certificate of Deposit	XXXX2304	2.65%	04/14/20	240,000	6,099
Certificate of Deposit	XXXX5368	1.65%	02/11/21	240,000	521
Certificate of Deposit	XXXX0174	2.65%	05/13/20	240,000	5,628
Certificate of Deposit	XXXX0496	1.70%	01/16/21	240,000	894
Certificate of Deposit	XXXX3641	1.79%	01/04/21	240,000	1,012
Certificate of Deposit	XXXX2019	2.60%	07/04/20	240,000	4,616
Certificate of Deposit	XXXX4476	2.70%	04/14/20	240,000	6,214
TOTAL GENERAL FUND				$ 5,179,516	$ 39,470
DEBT SERVICE FUND					
Texas CLASS	XXXX0002	Varies	Daily	$ 2,373,674	$
Certificate of Deposit	XXXX8648	2.60%	04/17/20	240,000	5,949
Certificate of Deposit	XXXX6567	2.75%	05/08/20	240,000	5,931
Certificate of Deposit	XXXX2700	2.60%	04/16/20	240,000	5,949
Certificate of Deposit	XXXX5205	1.65%	01/31/21	240,000	629
Certificate of Deposit	XXXX0511	2.65%	04/17/20	240,000	6,064
Certificate of Deposit	XXXX0057	2.15%	08/27/20	240,000	3,068
Certificate of Deposit	XXXX0234	2.45%	08/25/20	240,000	3,512
Certificate of Deposit	XXXX4015	2.60%	05/07/20	240,000	5,608
TOTAL DEBT SERVICE FUND				$ 4,293,674	$ 36,710
CAPITAL PROJECTS FUND					
Texas CLASS	XXXX0005	Varies	Daily	$ 390,986	$
Texas CLASS	XXXX0009	Varies	Daily	221,399	
TOTAL CAPITAL PROJECTS FUND				$ 612,385	$ -0-
TOTAL - ALL FUNDS				$ 10,085,575	$ 76,180

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED MARCH 31, 2020

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
APRIL 1, 2019	$ 30,387		$ 80,320	
Adjustments to Beginning Balance	(11,911)	$ 18,476	(31,507)	$ 48,813
Original 2019 Tax Levy	$ 1,338,312		$ 2,649,311	
Adjustment to 2019 Tax Levy	88,490	1,426,802	175,174	2,824,485
TOTAL TO BE ACCOUNTED FOR		$ 1,445,278		$ 2,873,298
TAX COLLECTIONS:				
Prior Years	$ 8,213		$ 20,691	
Current Year	1,401,296	1,409,509	2,773,993	2,794,684
TAXES RECEIVABLE - MARCH 31, 2020		$ 35,769		$ 78,614
TAXES RECEIVABLE BY YEAR:				
2019		$ 25,506		$ 50,492
2018		4,970		12,780
2017		1,189		3,630
2016		809		2,855
2015		373		1,866
2014		438		1,374
2013		475		1,210
2012		404		1,115
2011		424		862
2010		550		1,145
2009		595		1,208
2008		36		77
TOTAL		$ 35,769		$ 78,614

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED MARCH 31, 2020

	2019	2018	2017	2016
PROPERTY VALUATIONS:				
Land	$ 134,331,678	$ 134,414,065	$ 132,282,534	$ 106,917,297
Improvements	505,273,448	462,228,838	437,062,517	412,906,958
Personal Property	11,946,874	9,414,021	2,883,636	3,180,483
Exemptions	(69,183,810)	(65,317,815)	(59,984,192)	(47,216,017)
TOTAL PROPERTY VALUATIONS	$ 582,368,190	$ 540,739,109	$ 512,244,495	$ 475,788,721
TAX RATES PER $100 VALUATION:				
Debt Service	$ 0.485	$ 0.54	$ 0.58	$ 0.60
Maintenance	0.245	0.21	0.19	0.17
TOTAL TAX RATES PER $100 VALUATION	$ 0.730	$ 0.75	$ 0.77	$ 0.77
ADJUSTED TAX LEVY*	$ 4,251,287	$ 4,055,543	$ 3,944,282	$ 3,663,573
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	98.21 %	99.56 %	99.88 %	99.90 %

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

Maintenance Tax – Maximum tax rate of $1.20 per $100 of assessed valuation approved by voters on May 4, 2002.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2020

	R E F U N D I N G S E R I E S - 2 0 1 3		
Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2021	$ 305,000	$ 111,669	$ 416,669
2022	310,000	103,588	413,588
2023	325,000	93,250	418,250
2024	345,000	81,525	426,525
2025	360,000	69,187	429,187
2026	370,000	57,338	427,338
2027	385,000	46,012	431,012
2028	405,000	33,910	438,910
2029	425,000	20,941	445,941
2030	440,000	7,150	447,150
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
	$ 3,670,000	$ 624,570	$ 4,294,570

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2020

	S E R I E S - 2 0 1 3		
Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2021	$ 65,000	$ 845	$ 65,845
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
	$ 65,000	$ 845	$ 65,845

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2020

	SERIES-2014 REFUNDING		
Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2021	$ 220,000	$ 94,831	$ 314,831
2022	225,000	89,819	314,819
2023	230,000	84,131	314,131
2024	235,000	77,731	312,731
2025	250,000	70,456	320,456
2026	255,000	62,881	317,881
2027	265,000	55,081	320,081
2028	280,000	46,731	326,731
2029	290,000	37,644	327,644
2030	300,000	27,868	327,868
2031	315,000	17,294	332,294
2032	325,000	5,891	330,891
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
	$ 3,190,000	$ 670,358	$ 3,860,358

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2020

	SERIES-2014A		
Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2021	$ 275,000	$ 177,488	$ 452,488
2022	275,000	171,301	446,301
2023	275,000	164,425	439,425
2024	275,000	156,863	431,863
2025	275,000	148,612	423,612
2026	275,000	140,362	415,362
2027	275,000	132,112	407,112
2028	275,000	123,862	398,862
2029	275,000	115,612	390,612
2030	275,000	107,363	382,363
2031	275,000	99,111	374,111
2032	275,000	90,691	365,691
2033	275,000	81,925	356,925
2034	275,000	72,987	347,987
2035	275,000	63,878	338,878
2036	275,000	54,425	329,425
2037	270,000	44,887	314,887
2038	270,000	35,268	305,268
2039	270,000	25,313	295,313
2040	270,000	15,187	285,187
2041	270,000	5,063	275,063
	$ 5,750,000	$ 2,026,735	$ 7,776,735

See accompanying independent auditor’s report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2020

	SERIES - 2015		
Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2021	$ 235,000	$ 141,112	$ 376,112
2022	235,000	136,413	371,413
2023	235,000	131,712	366,712
2024	235,000	127,013	362,013
2025	235,000	121,137	356,137
2026	235,000	114,088	349,088
2027	235,000	107,037	342,037
2028	235,000	99,988	334,988
2029	235,000	92,937	327,937
2030	230,000	85,963	315,963
2031	230,000	79,062	309,062
2032	230,000	72,163	302,163
2033	230,000	65,262	295,262
2034	230,000	58,363	288,363
2035	230,000	51,462	281,462
2036	230,000	44,275	274,275
2037	230,000	36,656	266,656
2038	230,000	28,750	258,750
2039	230,000	20,700	250,700
2040	230,000	12,650	242,650
2041	230,000	4,313	234,313
	$ 4,875,000	$ 1,631,056	$ 6,506,056

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2020

	SERIES-2015A		
Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2021	$ 105,000	$ 64,144	$ 169,144
2022	105,000	59,944	164,944
2023	105,000	56,794	161,794
2024	105,000	54,694	159,694
2025	105,000	52,528	157,528
2026	105,000	50,231	155,231
2027	105,000	47,803	152,803
2028	105,000	44,981	149,981
2029	105,000	41,831	146,831
2030	105,000	38,681	143,681
2031	105,000	35,531	140,531
2032	105,000	32,381	137,381
2033	105,000	29,166	134,166
2034	105,000	25,885	130,885
2035	105,000	22,538	127,538
2036	105,000	19,125	124,125
2037	105,000	15,646	120,646
2038	100,000	12,187	112,187
2039	100,000	8,750	108,750
2040	100,000	5,250	105,250
2041	100,000	1,750	101,750
	$ 2,185,000	$ 719,840	$ 2,904,840

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2020

	SERIES - 2016 REFUNDING		
Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2021	$ 255,000	$ 150,725	$ 405,725
2022	270,000	142,850	412,850
2023	280,000	134,600	414,600
2024	290,000	124,600	414,600
2025	305,000	112,700	417,700
2026	325,000	100,100	425,100
2027	345,000	86,700	431,700
2028	355,000	72,700	427,700
2029	380,000	58,000	438,000
2030	400,000	42,400	442,400
2031	420,000	26,000	446,000
2032	440,000	8,800	448,800
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
	$ 4,065,000	$ 1,060,175	$ 5,125,175

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2020

	SERIES-2016A REFUNDING		
Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2021	$ 240,000	$ 97,300	$ 337,300
2022	235,000	92,550	327,550
2023	230,000	86,750	316,750
2024	225,000	79,925	304,925
2025	225,000	73,175	298,175
2026	220,000	65,400	285,400
2027	220,000	56,600	276,600
2028	220,000	47,800	267,800
2029	220,000	39,000	259,000
2030	220,000	30,200	250,200
2031	215,000	21,500	236,500
2032	215,000	12,900	227,900
2033	215,000	4,300	219,300
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
	$ 2,900,000	$ 707,400	$ 3,607,400

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2020

	SERIES - 2018		
Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2021	$ 180,000	$ 109,638	$ 289,638
2022	180,000	105,813	285,813
2023	180,000	101,538	281,538
2024	180,000	97,038	277,038
2025	180,000	92,538	272,538
2026	180,000	87,588	267,588
2027	180,000	82,188	262,188
2028	180,000	76,788	256,788
2029	180,000	71,388	251,388
2030	175,000	66,063	241,063
2031	175,000	60,813	235,813
2032	175,000	55,344	230,344
2033	175,000	49,656	224,656
2034	175,000	43,969	218,969
2035	175,000	38,281	213,281
2036	175,000	32,594	207,594
2037	175,000	26,906	201,906
2038	175,000	21,109	196,109
2039	175,000	15,203	190,203
2040	175,000	9,188	184,188
2041	175,000	3,063	178,063
	$ 3,720,000	$ 1,246,706	$ 4,966,706

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2020

	SERIES - 2019		
Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2021	$ 155,000	$ 88,569	$ 243,569
2022	155,000	85,469	240,469
2023	155,000	82,369	237,369
2024	155,000	79,075	234,075
2025	155,000	75,588	230,588
2026	155,000	72,100	227,100
2027	155,000	68,419	223,419
2028	155,000	64,544	219,544
2029	155,000	60,475	215,475
2030	155,000	56,019	211,019
2031	155,000	51,369	206,369
2032	155,000	46,719	201,719
2033	155,000	42,069	197,069
2034	155,000	37,419	192,419
2035	155,000	32,769	187,769
2036	155,000	27,925	182,925
2037	155,000	22,888	177,888
2038	155,000	17,850	172,850
2039	155,000	12,803	167,803
2040	155,000	7,678	162,678
2041	150,000	2,531	152,531
	$ 3,250,000	$ 1,034,647	$ 4,284,647

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2020

	SERIES - 2019A REFUNDING		
Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2021	$ 40,000	$ 176,100	$ 216,100
2022	105,000	173,925	278,925
2023	105,000	170,775	275,775
2024	105,000	167,625	272,625
2025	105,000	164,475	269,475
2026	105,000	161,850	266,850
2027	100,000	159,800	259,800
2028	95,000	156,900	251,900
2029	95,000	153,100	248,100
2030	95,000	149,300	244,300
2031	100,000	145,400	245,400
2032	450,000	134,400	584,400
2033	675,000	111,900	786,900
2034	670,000	88,350	758,350
2035	665,000	68,325	733,325
2036	655,000	48,525	703,525
2037	650,000	28,950	678,950
2038	640,000	9,600	649,600
2039			
2040			
2041			
	$ 5,455,000	$ 2,269,300	$ 7,724,300

See accompanying independent auditor's report.

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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2020

	ANNUAL REQUIREMENTS FOR ALL SERIES		
Due During Fiscal Years Ending March 31	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2021	$ 2,075,000	$ 1,212,421	$ 3,287,421
2022	2,095,000	1,161,672	3,256,672
2023	2,120,000	1,106,344	3,226,344
2024	2,150,000	1,046,089	3,196,089
2025	2,195,000	980,396	3,175,396
2026	2,225,000	911,938	3,136,938
2027	2,265,000	841,752	3,106,752
2028	2,305,000	768,204	3,073,204
2029	2,360,000	690,928	3,050,928
2030	2,395,000	611,007	3,006,007
2031	1,990,000	536,080	2,526,080
2032	2,370,000	459,289	2,829,289
2033	1,830,000	384,278	2,214,278
2034	1,610,000	326,973	1,936,973
2035	1,605,000	277,253	1,882,253
2036	1,595,000	226,869	1,821,869
2037	1,585,000	175,933	1,760,933
2038	1,570,000	124,764	1,694,764
2039	930,000	82,769	1,012,769
2040	930,000	49,953	979,953
2041	925,000	16,720	941,720
	$ 39,125,000	$ 11,991,632	$ 51,116,632

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
CHANGE IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED MARCH 31, 2020

Description	Original Bonds Issued	Bonds Outstanding April 1, 2019
Harris County Municipal Utility District No. 383 Unlimited Tax Bonds - Series 2008	5,560,000	230,000
Harris County Municipal Utility District No. 383 Unlimited Tax Bonds - Series 2012	4,400,000	4,275,000
Harris County Municipal Utility District No. 383 Unlimited Tax Refunding Bonds - Series 2013	5,095,000	3,965,000
Harris County Municipal Utility District No. 383 Unlimited Tax Bonds - Series 2013	1,500,000	1,180,000
Harris County Municipal Utility District No. 383 Unlimited Tax Refunding Bonds - Series 2014	4,180,000	3,400,000
Harris County Municipal Utility District No. 383 Unlimited Tax Bonds - Series 2014A	7,120,000	6,025,000
Harris County Municipal Utility District No. 383 Unlimited Tax Bonds - Series 2015	5,580,000	5,110,000
Harris County Municipal Utility District No. 383 Unlimited Tax Park Bonds - Series 2015A	2,500,000	2,290,000
Harris County Municipal Utility District No. 383 Unlimited Tax Refunding Bonds - Series 2016	4,610,000	4,310,000
Harris County Municipal Utility District No. 383 Unlimited Tax Refunding Bonds - Series 2016A	2,930,000	2,910,000

See accompanying independent auditor's report.

Current Year Transactions				
	Retirements			
Bonds Sold	Principal	Interest	Bonds Outstanding March 31, 2020	Paying Agent
	230,000	4,485	$ -0-	Wells Fargo Bank N.A. Houston, TX
	4,275,000	375	-0-	Wells Fargo Bank N.A. Houston, TX
	295,000	118,050	3,670,000	The Bank of New York Mellon Trust Company Dallas, TX
	1,115,000	2,535	65,000	The Bank of New York Mellon Trust Company Dallas, TX
	210,000	99,131	3,190,000	The Bank of New York Mellon Trust Company Dallas, TX
	275,000	182,988	5,750,000	The Bank of New York Mellon Trust Company Dallas, TX
	235,000	145,813	4,875,000	The Bank of New York Mellon Trust Company Dallas, TX
	105,000	68,344	2,185,000	The Bank of New York Mellon Trust Company Dallas, TX
	245,000	158,225	4,065,000	The Bank of New York Mellon Trust Company Dallas, TX
	10,000	99,800	2,900,000	The Bank of New York Mellon Trust Company Dallas, TX

See accompanying independent auditor’s report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
CHANGE IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED MARCH 31, 2020

Description	Original Bonds Issued	Bonds Outstanding April 1, 2019
Harris County Municipal Utility District No. 383 Unlimited Tax Bonds - Series 2018	3,900,000	3,900,000
Harris County Municipal Utility District No. 383 Unlimited Tax Bonds - Series 2019	3,250,000	3,250,000
Harris County Municipal Utility District No. 383 Unlimited Tax Refunding Bonds - Series 2019A	5,455,000	
TOTAL	$ 56,080,000	$ 40,845,000

Bond Authority:	Tax Bonds*	Refunding Bonds	Park Bonds
Amount Authorized by Voters	$ 120,000,000	$ 25,000,000	$ 2,500,000
Amount Issued	48,820,000	765,000	2,500,000
Remaining to be Issued	$ 71,180,000	$ 24,235,000	$ - 0 -

Debt Service Fund cash, investments and cash with paying agent balances as of March 31, 2020:	$ 4,499,032
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 2,434,125

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

* Includes all bonds secured with tax revenues. Bonds in this category may also be secured with other revenues in combination with taxes.

See accompanying independent auditor's report.

Current Year Transactions				
	Retirements		Bonds	
Bonds Sold	Principal	Interest	Outstanding March 31, 2020	Paying Agent
	180,000	113,237	3,720,000	The Bank of New York Mellon Trust Company Dallas, TX
		83,360	3,250,000	The Bank of New York Mellon Trust Company Dallas, TX
5,455,000		123,199	5,455,000	The Bank of New York Mellon Trust Company Dallas, TX
$ 5,455,000	$ 7,175,000	$ 1,199,542	$ 39,125,000	

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2020	2019	2018
REVENUES			
Property Taxes	$ 1,409,509	$ 1,108,898	$ 1,026,393
Water Service	763,444	733,791	758,677
Wastewater Service	292,726	271,046	266,020
Regional Water Authority Fee	1,106,415	901,977	874,383
Penalty and Interest	37,247	27,102	24,910
Tap Connection and Inspection Fees	437,120	531,445	300,675
Sales Tax Revenues	107,755	113,499	87,263
Investment Revenues	97,484	73,918	27,745
Miscellaneous Revenues	90,125	17,352	17,334
TOTAL REVENUES	$ 4,341,825	$ 3,779,028	$ 3,383,400
EXPENDITURES			
Professional Fees	$ 222,923	$ 203,898	$ 279,925
Contracted Services	428,999	366,728	354,049
Purchased Water Service	1,178,073	1,028,001	1,008,920
Purchased Wastewater Service	272,386	301,260	249,191
Utilities	4,942	6,067	5,030
Repairs and Maintenance	468,141	440,804	346,015
Contribution to Harris County	33,222	158,339	
Community Improvements	436,445		
Other	423,633	471,160	284,885
Capital Outlay	67,736	86,131	463,105
TOTAL EXPENDITURES	$ 3,536,500	$ 3,062,388	$ 2,991,120
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 805,325	$ 716,640	$ 392,280
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	$ 43,853	$ 160,638	$ 3,071
NET CHANGE IN FUND BALANCE	$ 849,178	$ 877,278	$ 395,351
BEGINNING FUND BALANCE	4,443,096	3,565,818	3,170,467
ENDING FUND BALANCE	$ 5,292,274	$ 4,443,096	$ 3,565,818

See accompanying independent auditor's report.

		Percentage of Total Revenue				
2017	2016	2020	2019	2018	2017	2016
$ 757,283	$ 533,473	32.4 %	29.2 %	30.4 %	28.7 %	23.5 %
705,341	620,062	17.6	19.4	22.4	26.9	27.3
245,727	210,441	6.7	7.2	7.9	9.4	9.3
687,336	524,499	25.5	23.9	25.8	26.2	23.1
25,401	26,360	0.9	0.7	0.7	1.0	1.2
179,200	331,915	10.1	14.1	8.9	6.8	14.6
		2.5	3.0	2.6		
16,866	11,891	2.2	2.0	0.8	0.6	0.5
9,425	10,454	2.1	0.5	0.5	0.4	0.5
$ 2,626,579	$ 2,269,095	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 242,463	$ 197,962	5.1 %	5.4 %	8.3 %	9.2 %	8.7 %
348,932	320,169	9.9	9.7	10.5	13.3	14.1
824,312	646,394	27.1	27.2	29.8	31.4	28.5
247,639	184,626	6.3	8.0	7.4	9.4	8.1
4,796	4,818	0.1	0.2	0.1	0.2	0.2
327,981	350,827	10.8	11.7	10.2	12.5	15.5
		0.8	4.2			
		10.1				
189,545	279,784	9.8	12.5	8.4	7.2	12.3
319,533	174,462	1.6	2.3	13.7	12.2	7.7
$ 2,505,201	$ 2,159,042	81.6 %	81.2 %	88.4 %	95.4 %	95.1 %
$ 121,378	$ 110,053	18.4 %	18.8 %	11.6 %	4.6 %	4.9 %
$ - 0 -	$ 76,404					
$ 121,378	$ 186,457					
3,049,089	2,862,632					
$ 3,170,467	$ 3,049,089					

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383

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

	Amounts		
	2020	2019	2018
REVENUES			
Property Taxes	$ 2,794,684	$ 2,846,573	$ 3,166,485
Penalty and Interest	19,261	35,589	12,972
Investment Revenues	88,402	79,937	34,433
Miscellaneous Revenues	14,639	936	18,424
TOTAL REVENUES	$ 2,916,986	$ 2,963,035	$ 3,232,314
EXPENDITURES			
Tax Collection Expenditures	$ 69,761	$ 69,938	$ 59,602
Debt Service Principal	1,875,000	1,670,000	1,640,000
Debt Service Interest and Fees	1,207,892	1,208,510	1,191,168
Bond Issuance Costs	216,174		
Payment to Refunded Bond Escrow Agent	66,000		
TOTAL EXPENDITURES	$ 3,434,827	$ 2,948,448	$ 2,890,770
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ (517,841)	$ 14,587	$ 341,544
OTHER FINANCING SOURCES (USES)			
Long-Term Debt Issued	$	$	$
Refunding Bonds	5,455,000		
Payment to Refunded Bond Escrow Agent	(5,320,504)		
Bond Premium	85,048		
TOTAL OTHER FINANCING SOURCES (USES)	$ 219,544	$ -0-	$ - 0 -
NET CHANGE IN FUND BALANCE	$ (298,297)	$ 14,587	$ 341,544
BEGINNING FUND BALANCE	4,803,203	4,788,616	4,447,072
ENDING FUND BALANCE	$ 4,504,906	$ 4,803,203	$ 4,788,616
TOTAL ACTIVE RETAIL WATER CONNECTIONS	1,703	1,642	1,583
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	1,602	1,546	1,497

See accompanying independent auditor’s report.

		Percentage of Total Revenue				
2017	2016	2020	2019	2018	2017	2016
$ 2,699,371	$ 2,638,275	95.8 %	96.1 %	97.9 %	97.1 %	99.2 %
17,981	11,929	0.7	1.2	0.4	0.6	0.4
18,631	9,966	3.0	2.7	1.1	0.7	0.4
44,980	25	0.5		0.6	1.6	
$ 2,780,963	$ 2,660,195	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 53,922	$ 51,188	2.4 %	2.4 %	1.8 %	1.9 %	1.9 %
1,335,000	1,240,000	64.3	56.4	50.7	48.0	46.6
1,263,820	1,036,448	41.4	40.8	36.9	45.4	39.0
136,435	176,745	7.4			4.9	6.6
		2.3				
$ 2,789,177	$ 2,504,381	117.8 %	99.6 %	89.4 %	100.2 %	94.1 %
$ (8,214)	$ 155,814	(17.8) %	0.4 %	10.6 %	(0.2) %	5.9 %
$	$ 236,406					
2,930,000	4,610,000					
(3,099,628)	(4,816,333)					
312,965	386,965					
$ 143,337	$ 417,038					
$ 135,123	$ 572,852					
4,311,949	3,739,097					
$ 4,447,072	$ 4,311,949					
1,528	1,476					
1,449	1,399					

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
MARCH 31, 2020

District Mailing Address - Harris County Municipal Utility District No. 383
c/o Allen Boone Humphries Robinson LLP
3200 Southwest Freeway, Suite 2600
Houston, TX 77027

District Telephone Number - (713) 860-6400

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the fiscal year ended March 31, 2020	Expense Reimbursements for the fiscal year ended March 31, 2020	Title
John R. Porea	05/2018 05/2022 (Elected)	$ 5,700	$ 2,123	President
John J. Ryan	05/2018 05/2022 (Elected)	$ 6,450	$ 2,937	Vice President
Jim Cain	05/2019 05/2020 (Appointed)	$ 2,700	$ 1,971	Assistant Vice President
Ron Benton	05/2018 05/2022 (Elected)	$ 3,300	$ 1,679	Secretary
Jean M. Casagrande	05/2016 05/2020 (Elected)	$ 7,200	$ 2,814	Assistant Secretary

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: July 17, 2020

The limit on Fees of Office that a Director may receive during a fiscal year is approved to the maximum extend allowed by the law as set by Board Resolution on April 3, 2002. 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 MUNICIPAL UTILITY DISTRICT NO. 383
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
MARCH 31, 2020

Consultants:	Date Hired	District Fees for the fiscal year ended March 31, 2020	Water Plant and Wastewater Treatment Plant Fees for the fiscal year ended March 31, 2020	Title
Allen Boone Humphries Robinson LLP	07/27/03	$ 209,523 $ 54,773	$ 6,156 $ -0-	General Counsel Bond Counsel
McCall Gibson Swedlund Barfoot PLLC	09/03/03	$ 16,000 $ 5,500	$ 5,000 $ -0-	Auditor Bond Related
Municipal Accounts & Consulting, L.P.	03/01/05	$ 39,535	$ 19,884	Bookkeeper
Perdue Brandon Fielder Collins & Mott	03/05/03	$ 5,759	$ -0-	Delinquent Tax Attorney
Costello, Inc.	04/03/02	$ 25,988	$ 27,094	Engineer
Masterson Advisors LLC	04/25/18	$ 57,183	$ -0-	Financial Advisor
Mark Burton	08/06/08	$ -0-	$ -0-	Investment Officer
Municipal Operations & Consultants, Inc.	10/19/12	$ 496,048	$ 299,282	Operator
Tax Tech, Inc.	01/02/08	$ 31,227	$ -0-	Tax Assessor/ Collector

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