OFFICIAL STATEMENT DATED OCTOBER 28, 2020

THE DELIVERY OF THE BONDS IS SUBJECT TO THE OPINION OF BOND COUNSEL AS TO THE VALIDITY OF THE BONDS AND TO THE EFFECT THAT INTEREST ON THE BONDS IS EXCLUDABLE FROM THE GROSS INCOME OF THE OWNERS OF THE BONDS FOR PURPOSES OF FEDERAL INCOME TAXATION UNDER EXISTING STATUTES, REGULATIONS, PUBLISHED RULINGS, AND COURT DECISIONS, AND THAT THE BONDS ARE NOT SPECIFIED PRIVATE ACTIVITY BONDS. SEE "LEGAL MATTERS" AND "TAX MATTERS" HEREIN FOR A DISCUSSION OF BOND COUNSEL'S OPINION.

THE BONDS HAVE BEEN DESIGNATED "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS.

BOOK-ENTRY-ONLY

Insured Rating (BAM): S&P "AA" (stable outlook)
Underlying Rating: S&P "A+"
See "MUNICIPAL BOND RATING" and "MUNICIPAL BOND INSURANCE" herein.

$7,465,000

NORTHWEST PARK MUNICIPAL UTILITY DISTRICT

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

UNLIMITED TAX REFUNDING BONDS
SERIES 2020

Dated: December 1, 2020 **Due: March 1, as shown below**

Principal of the Bonds will be 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"). Interest on the Bonds will accrue from December 1, 2020 and will be payable on March 1 and September 1 of each year commencing March 1, 2021 (three months interest) until maturity or prior redemption and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Bonds will be issued in fully registered form only in denominations of $5,000 each or integral multiples thereof. The Bonds will be subject to redemption prior to their maturity, as shown below.

The Bonds will be registered and delivered only 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 (as defined herein under "BOOK-ENTRY-ONLY SYSTEM") of the Bonds will not receive physical certificates representing the Bonds, but will receive a credit balance on the books of the DTC participants. 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, as herein defined, directly to DTC, which will, in turn, remit such principal and interest to its participants for subsequent disbursement to the Beneficial Owners. See "BOOK-ENTRY-ONLY SYSTEM."

BAM
BUILD AMERICA MUTUAL

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

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND INITIAL REOFFERING YIELDS

Due (March 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number (b)	Due (March 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number (b)
2022	$ 95,000	3.000 %	0.480 %	667736 KT8	2029	$ 330,000 (c)	2.000 %	1.500 %	667736 LA8
2023	1,060,000	4.000	0.590	667736 KU5	2030	325,000 (c)	2.000	1.650	667736 LB6
2024	1,050,000	3.000	0.720	667736 KV3	2031	320,000 (c)	2.000	1.710	667736 LC4
2025	1,100,000	4.000	0.840	667736 KW1	2032	315,000 (c)	2.000	1.820	667736 LD2
2026	1,090,000	4.000	1.000	667736 KX9	2033	310,000 (c)	2.000	1.920	667736 LE0
2027	590,000 (c)	2.000	1.200	667736 KY7	2034	300,000 (c)	2.000	2.000	667736 LF7
2028	580,000 (c)	2.000	1.350	667736 KZ4					

(a) Initial reoffering yield represents the initial offering yield to the public, which has been established by the Underwriter 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 to maturity or to the first call date. Accrued interest from December 1, 2020 is to be added to the price.

(b) CUSIP Numbers have been assigned to the Bonds by the 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) The Bonds maturing on and after March 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 March 1, 2026, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption. See "THE BONDS—Redemption Provisions."

The Bonds, when issued, will constitute valid and legally binding obligations of Northwest Park Municipal Utility District (the "District") and will be payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District, as further described herein. 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. Investment in the Bonds is subject to special investment considerations described herein. See "INVESTMENT CONSIDERATIONS."

The Bonds are offered when, as and if issued by the District, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Young & Brooks, Houston, Texas, Bond Counsel. Certain legal matters will be passed upon for the Underwriter by McCall, Parkhurst & Horton L.L.P., as Underwriter's Counsel. Delivery of the Bonds in book-entry form through DTC is expected on or about December 2, 2020.

SAMCO CAPITAL

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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 Young & Brooks, 10000 Memorial Drive, Suite 260, Houston, Texas, 77024 upon payment of the costs of duplication.

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 relevant information actually comes to its attention, the other matters described in this Official Statement until delivery of the Bonds to the Underwriter, and thereafter only as specified in "PREPARATION OF OFFICIAL STATEMENT—Updating of Official Statement."

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

OFFICIAL STATEMENT SUMMARY

The following information 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.

THE FINANCING

The Issuer..Northwest Park Municipal Utility District (the "District"), a political subdivision of the State of Texas, is located in Harris County, Texas. See "THE DISTRICT."

The Issue..$7,465,000 Northwest Park Municipal Utility District, Unlimited Tax Refunding Bonds, Series 2020, dated December 1, 2020, are issued pursuant to an order (the "Bond Order") of the District's Board of Directors. The Bonds will be issued as fully registered bonds maturing serially on March 1 in each of the years 2022 through 2034 in the principal amounts and accruing interest at the rates shown on the cover hereof. Interest on the Bonds will accrue from December 1, 2020 and will be payable March 1 and September 1 of each year commencing March 1, 2021 (three months interest) until maturity or prior redemption and will be calculated on the basis of 360-day year consisting of twelve 30-day months.

Redemption......................................The Bonds maturing on and after March 1, 2027 are subject to optional redemption, in whole or, from time to time, in part, on March 1, 2026, or on any date thereafter, at a price equal to the principal amount of the Bonds to be redeemed plus accrued interest thereon to the date fixed for redemption. If fewer than all the Bonds are redeemed, the particular maturity or maturities and the amounts thereof to be redeemed shall be selected by the District in integral multiples of $5,000 in any one maturity. If fewer than all the Bonds within a maturity are redeemed, the Bonds to be redeemed shall be selected by DTC in accordance with its procedures. See "BOOK-ENTRY-ONLY SYSTEM." The Bonds will be issued in fully registered form only, in denominations of $5,000 or any integral multiple thereof. See "THE BONDS."

Book-Entry-Only ....The Bonds will be registered in the name of, and delivered only to, Cede & Co., the nominee of DTC, pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the Beneficial Owners. Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC, which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the Beneficial Owners of the Bonds. See "BOOK-ENTRY- ONLY SYSTEM."

Source of Payment...........................The Bonds are payable from an annual ad valorem tax, without legal limitation as to rate or amount, levied upon 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 and Security for Payment."

Use of Proceeds...............................Proceeds from the sale of the Bonds, together with other lawfully available District funds, will be used to pay certain costs incurred in connection with the issuance of the Bonds and to currently refund and defease $7,645,000 of the District's Outstanding Bonds in order to achieve annual and net present value 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, $17,665,000 principal amount of the Outstanding Bonds will remain outstanding (the "Remaining Outstanding Bonds"). See "PLAN OF FINANCING—Refunded Bonds" and "—Sources and Uses of Funds."

Payment Record ....The District previously issued eight series of combination unlimited tax and revenue bonds, eight series of unlimited tax bonds, and six series of unlimited tax refunding bonds, of which $25,310,000 principal amount remains outstanding as of the date hereof (collectively, the "Outstanding Bonds"). The District has never defaulted in the timely payment of any previously issued bonds. See "FINANCIAL STATEMENT."

Qualified Tax-Exempt Obligations .... In the Bond Order, the District has designated the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b) of the Internal Revenue Code of 1986, as amended. See "TAX MATTERS—Qualified Tax-Exempt Obligations."

Bond Counsel .... Young & Brooks, Bond Counsel, Houston, Texas.

Underwriter's Counsel .... McCall, Parkhurst & Horton L.L.P, Houston, Texas.

Financial Advisor .... Masterson Advisors LLC, Houston, Texas.

Paying Agent/Registrar .... The Bank of New York Mellon Trust Company, N.A., Dallas, Texas.

Escrow Agent.................................. The Bank of New York Mellon Trust Company, N.A., Dallas, Texas.

Paying Agent for Refunded Bonds... Wells Fargo Bank, N.A., Minneapolis, Minnesota.

Verification Agent .... Public Finance Partners LLC, Minneapolis, Minnesota. See "VERIFICATION OF MATHEMATICAL CALCULATIONS."

Municipal Bond Insurance and Rating .... It is expected that S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, ("S&P") will assign a municipal bond rating of "AA" (stable outlook) 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 Build America Mutual Assurance Company ("BAM" or the "Insurer"). The Bonds also have been assigned an underlying credit rating of "A+" by S&P without regard to credit enhancement. See "INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance," "MUNICIPAL BOND RATING" and "MUNICIPAL BOND INSURANCE."

THE DISTRICT

Description .... Northwest Park Municipal Utility District (the "District") is a political subdivision of the State of Texas located in Harris County approximately 14 miles northwest of the central business district of the City of Houston. The District was created pursuant to a consolidation election held on April 5, 1980, of Northwest Harris County Public Utility District Nos. 1 and 2, which were originally created by the 62nd Texas Legislature on June 4, 1971. The District also consolidated with Northwest Harris County Public Utility District No. 3 on April 2, 1983. Access to the District from the City is provided by Interstate Highway 45 north and then State Highway 249 to the northwest. The major portion of the District lies immediately east of Bammell-North Houston Road on both sides of State Highway 249. The District is within the exclusive extraterritorial jurisdiction of the City of Houston, Texas. See "THE DISTRICT."

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. 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.

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

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

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

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

The greater Houston area has experienced four storms exceeding a 0.2% probability (i.e. "500-year flood" events) since 2015, including Hurricane Harvey, which made landfall along the Texas Gulf Coast on August 26, 2017 and brought historic levels of rainfall during the successive four days. To the best of the knowledge of Si Environmental LLC (the "Operator") and Edminster, Hinshaw, Russ & Associates, Inc. (the "Engineer"), there was no interruption of water and sewer service by the District as a result of Hurricane Harvey. Further, to the best of the knowledge of the District, no homes or other improvements within the District experienced structural flooding or other material damage as a result of Hurricane Harvey. See "THE SYSTEM."

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."

Status of Development............The District encompasses approximately 1,526 acres of land. Water, sanitary sewer and drainage facilities have been constructed to serve approximately 1,033 acres of land in the District. Of such acreage approximately 658 acres have been or are being developed for single family residential purposes, approximately 318 acres have been developed for multifamily, commercial and other usages, and approximately 58 acres have been developed as two elementary schools, a middle school, an Aldine Independent School District bus facility and a Houston Metro Park and Ride facility, which are not subject to taxation by the District. The District also has 286 acres of land in easements, street right-of-way, plant sites, and recreation/open spaces and 206 acres of developable but undeveloped land on which improvements have not been constructed. The remaining undeveloped land in the District is owned by various entities, none of whom has reported any development plans to the District. The District is not aware of any immediate plans for development of the undeveloped land at this time.

Water, sanitary sewer and drainage facilities have been constructed to serve approximately 658 acres of single family residential development known as Northwest Park, Sections 1 through 7, 10 and 13, Northwest Green, Meadows of Northwest Park, Sections I through 4, Northwest Park Place, Sections 1 through 4, Blue Creek Ranch, Sections 1 through 6, Silver Oak Trails, Sections 1 through 3, and Northwest Park Colony, Section 1 through 4 (collectively containing approximately 4,144 single family residential lots). The average home value within the District for tax year 2020 is approximately $141,890. As of August 10, 2020, the District contained approximately 4,107 occupied single-family homes and 37 vacant single-family homes.

Multifamily development in the District includes ten apartment projects containing 1,773 apartment units. Other commercial users in the District include a Wal-Mart Store, a neighborhood shopping center containing approximately 10 retail and service establishments, a professional center, a First Choice emergency room, a Kroger grocery store, an Aldi grocery store, a Starbucks, a CVS, a Walgreens, a small hotel, three motels, fourteen fast food restaurants, three service stations, four banks, a private day care center, multiple auto part and car service centers, multiple convenience stores, various other retail and service establishments and an industrial business park and approximately 34 acres of commercial development currently under construction.

INVESTMENT CONSIDERATIONS

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

SELECTED FINANCIAL INFORMATION

2020 Taxable Assessed Valuation	$911,696,612	(a)
Gross Direct Debt Outstanding	$25,130,000	(b)
Estimated Overlapping Debt	39,676,138	(c)
Gross Direct Debt and Estimated Overlapping Debt	$64,806,138	
Ratio of Gross Direct Debt to: 2020 Taxable Assessed Valuation	2.76%	
Ratio of Gross Direct and Estimated Overlapping Debt to: 2020 Taxable Assessed Valuation	7.11%	
2020 Debt Service Tax Rate	$0.278	
2020 Maintenance Tax Rate	0.150	
2020 Total Tax Rate	$0.428	
Average percentage of total tax collections (2015-2019)	99.59%	
General Fund Balance as of October 21, 2020	$6,896,508	
Capital Projects Fund Balance as of October 21, 2020	$2,592,725	
Debt Service Fund Balance as of October 21, 2020	$2,037,835	(d)
Projected Average Annual Debt Service Requirement (2021-2038)	$1,668,820	(e)
Projected Maximum Annual Debt Service Requirement (2025)	$2,168,410	(e)
Tax Rate Required to Pay Average Annual Debt Service (2021-2038) at a 95% Collection Rate Based upon 2020 Taxable Assessed Valuation	$0.20	
Tax Rate Required to Pay Maximum Annual Debt Service (2025) at a 95% Collection Rate Based upon 2020 Taxable Assessed Valuation	$0.26	

Status of Water Connections as of August 10, 2020 (f):

Single family - occupied	4,107
Single family - unoccupied	37
Multi-Family (1,773 units)	11
Commercial	117
Other	62
Estimated 2020 Population	17,921 (f)

(a) The Harris County Appraisal District (the "Appraisal District") has certified $840,674,903 of taxable value and an additional $71,021,709 of taxable value remains uncertified. The uncertified value is the landowner's opinion of the value; however, such value is subject to review and downward revision prior to certification. No tax will be levied on said uncertified value until it is certified by the Appraisal District. See "TAX PROCEDURES."

(b) After the issuance of the Bonds and refunding of the Refunded Bonds. See "FINANCIAL STATEMENT—Outstanding Bonds."

(c) See "ESTIMATED OVERLAPPING DEBT."

(d) The District will contribute $46,000 to the refunding of the Refunded Bonds. Neither Texas law nor the Bond Order requires that the District maintain any particular balance in such Fund.

(e) See "DEBT SERVICE REQUIREMENTS."

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

OFFICIAL STATEMENT

$7,465,000
NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
(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 Northwest Park Municipal Utility District (the "District") of its $7,465,000 Unlimited Tax Refunding Bonds, Series 2020 (the "Bonds").

The Bonds are issued pursuant to the Texas Constitution, the general laws of the State of Texas, particularly Chapter 49 and 54, Texas Water Code, as amended, Chapter 1207 of the Texas Government Code, as amended, City of Houston Ordinance No. 97-416, and an order (the "Bond Order") adopted by the Board of Directors of the District (the "Board").

This Official Statement includes descriptions of, among others, the Bonds, the Bond Order and certain other information about the District. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each document. Copies of documents may be obtained from Young & Brooks, Bond Counsel, 10000 Memorial Drive, Suite 260, Houston, Texas, 77024, upon the payment of the costs of duplication.

PLAN OF FINANCING

Purpose

The proceeds of the Bonds, together with certain available funds of the District, are being used to currently refund and defease a portion of the District's Unlimited Tax Refunding Bonds, Series 2012, Unlimited Tax Bonds, Series 2012A and Unlimited Tax Refunding Bonds, Series 2013 totaling $7,645,000 (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 $17,665,000 in principal amount of the Outstanding Bonds will remain outstanding after the issuance of the Bonds (the "Remaining Outstanding Bonds"). See "FINANCIAL STATEMENT—Outstanding Bonds."

Refunded Bonds

Proceeds of the Bonds and other lawfully available funds will be applied to 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 March 1	Series 2012	Series 2012A	Series 2013
2022			$ 110,000 (c)
2023	$ 960,000		110,000 (c)
2024	945,000		110,000 (d)
2025	-		1,105,000 (d)
2026	-		1,090,000
2027	-	$ 340,000	250,000
2028	-	340,000	245,000
2029	-	340,000	-
2030	-	340,000	-
2031	-	340,000 (a)	-
2032	-	340,000 (a)	-
2033	-	340,000 (b)	-
2034	-	340,000 (b)	-
	$1,905,000	$ 2,720,000	$3,020,000
Redemption Date:	12/4/2020	3/1/2021	3/1/2021

(a) Represents term bonds in the total principal amount of $680,000, scheduled to mature on March 1, 2032.
(b) Represents term bonds in the total principal amount of $680,000, scheduled to mature on March 1, 2034.
(c) Represents portions ($220,000 principal amount) of a term bond in the total principal amount of $335,000 scheduled to mature on March 1, 2023.
(d) Represents term bonds in the total principal amount of $1,215,000, scheduled to mature on March 1, 2025.

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	$7,465,000.00
Plus: Premium on the Bonds	537,296.25
Plus: Transfer from District Debt Service Fund	46,000.00
Total Sources of Funds	$8,048,296.25
Uses of Funds:	
Deposit to Escrow Fund	$7,756,667.48
Issuance Expenses and Underwriters' Discount (a)	291,628.77
Total Uses of Funds	$8,048,296.25

(a) Includes municipal bond insurance premium.

Escrow Agreement

The District will enter into an escrow agreement (the "Escrow Agreement") with The Bank of New York Mellon Trust, Company, N.A., Dallas, Texas (the "Escrow Agent"), pursuant to which a portion of the proceeds of the Bonds, and other available funds of the District, will be deposited in cash or invested in certain securities of the United States of America (the "Escrowed Securities") and held in an escrow fund (the "Escrow Fund") to provide for scheduled payments of principal of and interest on the Refunded Bonds until their maturity or redemption dates. At the time of delivery of the Bonds, Public Finance Partners LLC will verify to the District, the Escrow Agent, Bond Counsel, and the Underwriter that the Escrow Fund is sufficient in principal amount to pay, when due, the principal of and interest on the Refunded Bonds. See "VERIFICATION OF MATHEMATICAL CALCULATIONS."

By the deposit of cash and any Escrowed Securities with the Escrow Agent pursuant to the Escrow Agreement, the District will have effected the defeasance of the Refunded Bonds pursuant to the terms of the resolution and/or order authorizing the issuance of the Refunded Bonds. In the opinion of Bond Counsel, as a result of such deposit, firm banking and financial arrangements will have been made for the discharge and final payment of the Refunded Bonds pursuant to the Escrow Agreement, and such Refunded Bonds will be deemed under Texas law to be fully paid and no longer outstanding, except for the purpose of being paid from the funds provided therefor in such Escrow Agreement.

DEBT SERVICE REQUIREMENTS

The following sets forth the debt service requirements for the Outstanding Bonds, less the debt service on the Refunded Bonds ($7,645,000 principal amount), plus the debt service on the Bonds.

Year	Outstanding Bonds Debt Service Requirements	Less: Debt Service on the Refunded Bonds	Plus: Debt Service on the Bonds			Total Debt Service Requirements
			Principal	Interest	Total	
2021	$ 2,128,998	$ 252,950		$ 169,313	$ 169,313	$ 2,045,360
2022	2,145,126	361,025	$ 95,000	224,325	319,325	2,103,426
2023	2,127,566	1,302,775	1,060,000	201,700	1,261,700	2,086,491
2024	2,134,220	1,255,350	1,050,000	164,750	1,214,750	2,093,620
2025	2,211,322	1,269,913	1,100,000	127,000	1,227,000	2,168,410
2026	2,134,668	1,216,500	1,090,000	83,200	1,173,200	2,091,368
2027	2,121,963	687,950	590,000	55,500	645,500	2,079,513
2028	2,107,369	664,088	580,000	43,800	623,800	2,067,082
2029	2,097,839	404,175	330,000	34,700	364,700	2,058,364
2030	2,073,771	393,125	325,000	28,150	353,150	2,033,796
2031	2,038,982	381,650	320,000	21,700	341,700	1,999,032
2032	1,433,938	369,750	315,000	15,350	330,350	1,394,538
2033	1,398,803	357,850	310,000	9,100	319,100	1,360,053
2034	1,362,950	345,950	300,000	3,000	303,000	1,320,000
2035	992,250	-	-	-	-	992,250
2036	966,703	-	-	-	-	966,703
2037	596,563	-	-	-	-	596,563
2038	582,188	-	-	-	-	582,188
Total	$ 30,655,216	$ 9,263,050	$ 7,465,000	$ 1,181,588	$ 8,646,588	$ 30,038,754

Maximum Annual Debt Service Requirement (2025)..$2,168,410
Average Annual Debt Service Requirements (2021-2038) $1,668,820

THE BONDS

General

The Bonds are dated December 1, 2020, and mature on March 1 in each of the years and in the principal amounts shown on the cover page hereof. Interest will accrue from December 1, 2020, at the rates per annum shown on the cover hereof, will be computed on the basis of a 360-day year of twelve 30-day months, and will be payable on March 1 and September 1 ofeach year, commencing March 1, 2021 (three months of interest) until the earlier of maturity or redemption. The definitive Bonds will be issued only in fully registered form in any integral multiple of $5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. No physical delivery of the Bonds will be made to the owners thereof. Initially, principal of and interest on the Bonds will be payable by The Bank of New York Mellon Trust Company, N.A. in Dallas, Texas (the "the Paying Agent/Registrar," "Paying Agent," or "Registrar") to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM".

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

Method of Payment of Principal and Interest

In the Bond Order, the Board has appointed The Bank of New York Mellon Trust Company, N.A. as 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, upon their presentation and surrender as they respectively become due and payable, at the principal payment office of the Paying Agent/Registrar in Dallas, Texas. Interest on each Bond shall be payable by check or draft payable on each Interest Payment Date, mailed by the Paying Agent/Registrar on or before each Interest Payment Date to the registered owners as shown on the Bond register kept by the Paying Agent/Registrar ("Registered Owners") on the fifteenth (15th) day (whether or not a business day) of the month prior to 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 to 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 Order.

Authority for Issuance

At an election held within the District on May 2, 1992, voters of the District authorized $15,000,000 in unlimited tax bonds for refunding purposes. After issuance of the Bonds, $4,640,000 in principal amount of unlimited tax refunding bonds will remain authorized but unissued. At elections held within the District, voters of the District authorized a total of $22,500,000 in unlimited tax and revenue bonds for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities. The District has issued $15,615,000 principal amount of waterworks and sewer system combination unlimited tax and revenue bonds from such authorization. At an election held within the District on October 30, 1999, voters of the District cancelled the remaining $6,885,000 authorization and authorized an additional $26,000,000 in unlimited tax bonds for the purpose of acquiring and constructing water, sanitary sewer and drainage facilities and for refunding purposes. At an election held within the District on November 2, 2004, voters of the District authorized an additional $20,730,000 in unlimited tax bonds for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities and for refunding purposes. A total of $5,910,000 in principal amount of unlimited tax bonds for facilities remains remain authorized but unissued.

The Bonds are issued by the District pursuant to the terms and provisions of the Bond Order; Article XVI, Section 59 of the Texas Constitution and Chapters 49 and 54 of the Texas Water Code, as amended, and Chapter 1207 of the Texas Government Code, as amended. See "THE BONDS—Issuance of Additional Debt."

Source and Security for Payment

The Bonds (together with the Remaining Outstanding Bonds and such additional tax bonds as may hereafter be issued by the District) are payable from and secured by a pledge of the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District (see "TAX PROCEDURES"). The Bonds involve certain elements of risk, and all prospective purchasers are urged to examine carefully this Official Statement with respect to the investment security of the Bonds.

The Bonds are obligations 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 Order, 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 Order shall be deposited, as collected, in such fund. Accrued interest on the Bonds shall be deposited into the Debt Service Fund upon receipt.

Redemption Provisions

The District reserves the right, at its option, to redeem the Bonds maturing on or after March 1, 2027 prior to their scheduled maturities, in whole or from time to time in part, in integral multiples of $5,000, on March 1, 2026, or any date thereafter, at a price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption. If fewer than all of the Bonds are to be redeemed, the particular maturity or maturities and the amounts thereof to be redeemed shall be determined by the District. If fewer than all of the Bonds of the same maturity are to be redeemed, the particular Bonds shall be selected by DTC in accordance with its procedures. See "BOOK-ENTRY-ONLY SYSTEM." Notice of each exercise of the reserved right of optional redemption shall be given by the Paying Agent/Registrar at least thirty (30) calendar days prior to the redemption date, in the manner specified in the Bond Order.

By the redemption date, due provision shall be made with the Paying Agent/Registrar for payment of the principal of the Bonds or portions thereof to be redeemed, plus accrued interest to the redemption date. 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.

Registration, Transfer and Exchange

Section 149(a) of the Internal Revenue Code of 1986, as amended, requires that all tax-exempt obligations (with certain exceptions that do not include the Bonds) be in registered form in order for the interest payable on such obligations to be excludable from a Beneficial Owner's income for federal income tax purposes. The Bonds will be issued as fully- registered securities registered in the name of Cede & Co. pursuant to the Book-Entry-Only System described herein. One fully-registered Bond will be issued for each maturity of the Bonds and will be deposited with DTC. See "BOOK- ENTRY-ONLY SYSTEM." So long as any Bonds remain outstanding, the District will maintain at least one paying agent/registrar in the State of Texas for the purpose of maintaining the Register on behalf of the District.

Replacement of Paying Agent/Registrar

Provision is made in the Bond Order for replacement of the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the District, the new Paying Agent/Registrar shall be required to accept the previous Paying Agent/Registrar's records and act in the same capacity as the previous Paying Agent/Registrar. Any paying agent/registrar selected by the District shall be a duly qualified and competent trust or banking corporation or organization organized and doing business under the laws of the United States of America or of any State thereof, with a combined capital and surplus of at least $25,000,000, which is subject to supervision of or examination by federal or state banking authorities, and which is a transfer agent duly registered with the United States Securities and Exchange Commission.

Lost, Stolen or Destroyed Bonds

In the event the book-entry-only system is discontinued, upon the presentation and surrender to the Paying Agent/Registrar of a mutilated Bond, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor a replacement Bond of like maturity, interest rate and principal amount, bearing a number not contemporaneously outstanding. If any Bond is lost, stolen or destroyed, 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.

Issuance of Additional Debt

Following issuance of the Bonds, the District will have $4,640,000 principal amount of unlimited tax bonds authorized but unissued for refunding purposes. The District also has $5,910,000 principal amount of authorized but unissued bonds for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities or to refund outstanding bonds issued for such purposes, and such additional bonds as may be hereafter authorized by the District’s voters. The District may issue additional bonds, with the approval of the TCEQ, necessary to provide and maintain improvements and facilities consistent with the purposes for which the District was created. See “THE DISTRICT–General.” The Bond Order imposes 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.

The District also is authorized by statute to engage in fire-fighting activities, including the issuing 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 Commission; and (c) approval of bonds by the Attorney General of Texas. The Board has not considered calling an election to authorize fire-fighting bonds at this time. Issuance of bonds for fire-fighting activities could dilute the investment security for the Bonds.

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

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, 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.

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

Effective April 7, 2003, the District entered into a Strategic Partnership Agreement (the "SPA") with the City of Houston as authorized by Texas Local Government Code Section 43.0751. Effective April 11, 2007, the District and the City of Houston entered into a First Amendment to the SPA (the "First Amendment"), to include additional land within the District, and to extend the thirty (30) year term of the SPA to run from the effective date of the First Amendment. 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 health, safety, planning and zoning ordinances within the District. Residential development within the District is not subject to the limited purpose annexation. The SPA also provides that the City will not annex the District for "full purposes" for at least thirty (30) years. Also, as a condition to full purpose annexation, any unpaid reimbursement obligations due to a developer by the District for water, wastewater, and drainage facilities must be assumed by the City to the maximum extent permitted by Commission rules.

Upon execution of the SPA, the City imposed the one percent (1%) retail City Sales Tax within the portion of the District included in the limited purpose annexation. The City pays to the District an amount equal to one-half of all retail sales tax revenues generated within such area of the District and received by the City from the Comptroller (herein defined as the "SPA Sales Tax Revenue"). Pursuant to State law, the District is authorized to use the SPA Sales Tax Revenue for any lawful purpose. None of the anticipated SPA Sales Tax Revenue is pledged toward the payment of principal and interest on the Bonds.

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 its liabilities (such as the Bonds) with the assets and liabilities of districts with which it is consolidating. No representation is made concerning the likelihood of consolidation.

Remedies in Event of Default

Other than a writ of mandamus, the Bond Order does not provide a specific remedy for a default. Even if a Registered Owner could obtain a judgment against the District for a default in the payment of principal or interest, such judgment could not be satisfied by execution against any property of the District. If the District defaults, a Registered Owner could petition for a writ of mandamus issued by a court of competent jurisdiction compelling and requiring the District and the District's officials to observe and perform the covenants, obligations or conditions prescribed in the Bond Order. Such remedy might need to be enforced on a periodic basis. The enforcement of a claim for payment on the Bonds would be subject to the applicable provisions of the federal bankruptcy laws, any other similar laws affecting the rights of creditors of political subdivisions, and general principals of equity. Further, certain traditional legal remedies also may not be available. 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 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 Order 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) for obligations of the District payable from revenues or from ad valorem taxes or both or with a trust company or commercial bank named in the proceedings authorizing such discharge, amounts sufficient to provide for the payment and/or redemption of the Bonds; provided that such deposits may be invested and reinvested only in (a) direct noncallable obligations of the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent; and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent. The foregoing obligations may be in book entry form, and shall 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. If any of such Bonds are to be redeemed prior to their respective dates of maturity, provision must have been made for giving notice of redemption as provided in the Bond Order.

Upon such deposit as described above, such Bonds shall no longer be regarded to be outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment or redemption of Bonds have been made as described above, all rights of the District to initiate proceedings to call such Bonds for redemption or take any other action amending the terms of such Bonds are extinguished; provided, however, that the right to call such 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 such Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of such 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 a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Bond Order does not contractually limit such investments, Registered Owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under Texas law. There is also no assurance that any investment held for such discharge will maintain its rating.

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Bonds is to be transferred and how the principal of and interest on the Bonds are to be paid to and credited by The Depository Trust Company, New York, New York, ("DTC") while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District and the Financial Advisor believe the source of such information to be reliable, but neither of the District nor the Financial Advisor takes any responsibility for the accuracy or completeness thereof.

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

General

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered Bonds 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, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 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+" by S&P Global Ratings. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

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

All payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Bonds 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/Registrar, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent/Registrar, 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/Registrar. 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-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

THE DISTRICT

General

Northwest Park Municipal Utility District (the "District") is a political subdivision of the State of Texas located in Harris County approximately 14 miles northwest of the central business district of the City of Houston. The District was created pursuant to a consolidation election held on April 5, 1980, of Northwest Harris County Public Utility District Nos. 1 and 2, which were originally created by the 62nd Texas Legislature on June 4, 1971. The District consolidated with Northwest Harris County Public Utility District No. 3 on April 2, 1983. The District operates under the provisions of Chapters 49 and 54 of the Texas Water Code, as amended, and other general statues of Texas applicable to municipal utility districts. The District is subject to the continuing supervision of the Commission. The District is located wholly within the exclusive extraterritorial jurisdiction of the City of Houston. Most of the land within the District is located in Aldine Independent School District with a small portion in Klein Independent School District.

The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities. The District is also empowered to establish parks and recreational facilities for the residents of the District, to contract for or employ its own peace officers and, after approval by the City, the TCEQ and the voters of the District, to establish, operate, and maintain fire-fighting facilities, independently or with one or more conservation and reclamation districts.

The TCEQ exercises continuing supervisory jurisdiction over the District. The District is required to observe certain requirements of the City of Houston which limit the purposes for which the District may sell bonds to the acquisition, construction, and improvement of waterworks, wastewater, and drainage facilities, recreational facilities, and the refunding of outstanding debt obligations; limit the net effective interest rate on such bonds and other terms of such bonds; require approval by the City of Houston of District construction plans; and permit connections only to platted lots and reserves which have been approved by the Planning Commission of the City of Houston. Construction and operation of the District's drainage system are subject to the regulatory jurisdiction of additional government agencies. See "THE SYSTEM."

Status of Development

The District encompasses approximately 1,526 acres of land. Water, sanitary sewer and drainage facilities have been constructed to serve approximately 1,033 acres of land in the District. Of such acreage approximately 658 acres have been or are being developed for single family residential purposes, approximately 318 acres have been developed for multifamily, commercial and other usages, and approximately 58 acres have been developed as two elementary schools, a middle school, an Aldine Independent School District bus facility and a Houston Metro Park and Ride facility, which are not subject to taxation by the District. The District also has 286 acres of land in easements, street right-of-way, plant sites, and recreation/open spaces and 206 acres of developable but undeveloped land on which improvements have not been constructed. The District is not aware of any immediate plans for development of the undeveloped land at this time.

Water, sanitary sewer and drainage facilities have been constructed to serve approximately 658 acres of single family residential development known as Northwest Park, Sections 1 through 7, 10 and 13, Northwest Green, Meadows of Northwest Park, Sections I through 4, Northwest Park Place, Sections 1 through 4, Blue Creek Ranch, Sections 1 through 6, Silver Oak Trails, Sections 1 through 3, and Northwest Park Colony, Section 1 through 4 (collectively containing approximately 4,144 single family residential lots). The average home value within the District for tax year 2020 is approximately $141,890. As of August 10, 2020 the District contained approximately 4,107 occupied single family homes and 37 vacant single family homes.

Multifamily development in the District includes ten apartment projects containing 1,773 apartment units. Other commercial users in the District include a Wal-Mart Store, a neighborhood shopping center containing approximately 10 retail and service establishments, a professional center, a First Choice emergency room, a Kroger grocery store, an Aldi grocery store, a Starbucks, a CVS, a Walgreens, a small hotel, three motels, fourteen fast food restaurants, three service stations, four banks, a private day care center, multiple auto part and car service centers, multiple convenience stores, various other retail and service establishments and an industrial business park and approximately 34 acres of commercial development currently under construction.

MANAGEMENT

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 in November of odd numbered years only. Each of the Board members either reside or own land within the District. The current members and officers of the Board along with their titles and terms, are listed as follows:

Name	Title	Term Expires
Dois Sutton	President	November 2021
Michael Broussard	Vice President	November 2023
Robert D. McCharen	Secretary	November 2023
Tamika Harris	Asst. Secretary	November 2021
Sherri Whitlow-Lee	Director/Investment Officer	November 2021

The District does not have a general manager or any full-time employees, but contracts for certain necessary services as described below:

Tax Appraisal

The Harris County Appraisal District has the responsibility for appraising taxable property within the District. See "TAX PROCEDURES."

Tax Assessor/Collector

The District has appointed an independent tax assessor/collector to perform the collection function. Utility Tax Service, L.L.C. has been employed by the District to serve in this capacity.

Utility System Operator

Si Environmental, LLC. has been engaged by the District to operate the District's water distribution and wastewater collection facilities.

Bookkeeper

The District contracts with Municipal Accounts & Consulting L.P. (the "Bookkeeper") for bookkeeping services for the District.

Engineer

The consulting engineer for the District is Edminster, Hinshaw, Russ & Associates Inc., Houston, Texas (the "Engineer").

Auditor

The District's audited financial statements for the year ended April 30, 2020, were prepared by McCall Gibson Swedlund Barfoot, PLLC, Certified Public Accountant. See "APPENDIX A" for a copy of the District's April 30, 2020, audited financial statement.

Bond Counsel/Attorney

Young & Brooks ("Bond Counsel") serves as bond counsel to the District. The fee to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent upon the sale and delivery of the Bonds.

Financial Advisor

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

THE SYSTEM

Regulation

According to the Engineer, the District's water supply and distribution, wastewater collection, and storm drainage facilities (collectively, the "System") have been designed in accordance with accepted engineering practices and the then current requirements of various entities having regulatory or supervisory jurisdiction over the construction and operation of such facilities. The construction of the System was required to be accomplished in accordance with the standards and specifications of such entities and is subject to inspection by each such entity. Operation of the System must be accomplished in accordance with the standards and requirements of such entities. The TCEQ exercises continuing supervisory authority over the District. Discharge of treated sewage is subject to the regulatory authority of the TCEQ and U.S. Environmental Protection Agency. Construction of drainage facilities is subject to the regulatory authority of the Harris County Flood Control District, the City of Houston, Harris County and, in some instances, the TCEQ. Harris County and the City of Houston also exercise regulatory jurisdiction over the System. The regulations and requirements of entities exercising regulatory jurisdiction over the System are subject to further development and revision which, in turn, could require additional expenditures by the District in order to achieve compliance. The following descriptions are based upon information supplied by the District's Engineer.

Source of Water Supply

The District is provided ground water supply from three water wells with total capacity of 3,735 gallons per minute ("gpm"), an elevated storage tank totaling 967,000 gallons, ground storage capacity totaling 2,315,000 gallons, 20,000 gallons of hydropneumatic tank capacity, booster pumps with total capacity of 3,444 gpm and related equipment. The District has also contracted with West Harris County Municipal Utility District No. 21 ("MUD 21") to purchase up to 480,000 gpd of water to serve the most northwestern portion of the District. According to the Engineer, the District's water supply facilities have adequate capacity to serve approximately 7,425 equivalent single-family connections. Currently, the District serves approximately 6,602 equivalent single-family connections. Additional capacity, if needed in the future, may be added by increasing the capacity of the booster pumps. The District also has interconnect agreements with MUD 21 and Harris County Water Control and Improvement District No. 133 ("WClD No. 133") for both emergency and nonemergency uses.

Subsidence District Requirements

The District is within the boundaries of the Harris-Galveston Subsidence District (the "Subsidence District"), which regulates groundwater withdrawal, and within the boundaries of the Subsidence District's Regulatory Area 3 ("Regulatory Area 3"). The District's authority to pump groundwater from its wells is subject to annual permits issued by the Subsidence District. The Subsidence District has adopted regulations requiring reduction of groundwater withdrawals through conversion to alternate source water (e.g., surface water) in areas within the Subsidence District's jurisdiction.

The City of Houston (the "City") has developed a Groundwater Reduction Plan ("GRP") and obtained Subsidence District approval of its GRP. The GRP sets forth the City'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). Pursuant to a contact entered into between the District and the City, the District is included within the City's GRP. As a participant in the City's GRP, the District has complied with all Subsidence District requirements in regard to the conversion to surface water, but is obligated to pay to the City a groundwater withdrawal fee for all groundwater produced and used by the District and a water purchase fee for any water actually purchased from the City by the District in the future. The issuance of additional bonds by the District in an undetermined amount may be necessary at some time in the future in order to develop surface water conversion infrastructure should the City require the District to convert to surface water and connect to the City's water supply system.

Under the Subsidence District regulations and the GRP, the City is required to (i) limit the groundwater withdrawals within Regulatory Area 3 to no more than 70% of the total annual water demand within Regulatory Area 3 beginning in 2010; (ii) limit groundwater withdrawals within Regulatory Area 3 to no more than 40% of the total annual water demand within Regulatory Area 3 beginning in 2025; and (iii) limit groundwater withdrawals within Regulatory Area 3 to no more than 20% of the total annual water demand within Regulatory Area 3 beginning in 2035. If the City fails to comply with the above Subsidence District regulations or its GRP, the City is subject to a disincentive fee penalty ("Disincentive Fees") imposed by the Subsidence District for any groundwater withdrawn in excess of 20% of the total annual water demand within Regulatory Area 3. The current rate for Disincentive Fees imposed by the Subsidence District is $9.24 per 1,000 gallons. In the event of such City failure to comply, the Subsidence District may also seek to collect Disincentive Fees from the District. Groundwater pumped from wells located within the District is not currently subject to the Disincentive Fees. If the District failed to comply with surface water conversion requirements mandated by the City, the City could seek contractual or other remedies against the District.

The District cannot predict the amount or level of fees and charges which may be due the City in the future, but anticipates the need to continue passing such fees through to its customers resulting in higher water rates. 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 City (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

The District is provided wastewater treatment service by Willowood Regional Wastewater Treatment Plant, a 3.0 million gallons per day ("gpd") plant operated by Harris County Water Control and Improvement District No. 133 ("District 133"), which owns 30% of the capacity, and the District, which owns 70% of the capacity. According to the Engineer, the District's 2.1 million gpd capacity is sufficient to serve approximately 7,777 single family equivalent connections, which should be adequate to serve the District's current and future development under existing regulatory criteria and land use assumptions. Currently, the District serves approximately 6,602 equivalent single-family connections.

Stormwater Drainage Facilities

The most significant drainage way within the District is Vogel Creek (HCFCD Unit. No. E121-00-00) which winds through the District from the west boundary to the southern boundary of the District. The natural storm water drainage flows through storm sewer and drainage facilities into this channel which empties into White Oak Bayou. White Oak Bayou outfalls into Buffalo Bayou which is part of the San Jacinto River Watershed. A portion of the District is part of the Halls Bayou watershed (HCFCD Unit No. P118-00-00) which is part of the Greens Bayou watershed. Greens Bayou is part of the San Jacinto River watershed which flows into the Gulf of Mexico at the Port of Houston. Areas that have been developed within the District include storm water collection facilities. These facilities include a storm sewer and inlet collection system that has been designed to convey from the development to the outfall the two-year rain event as required by Harris County Public Infrastructure Department and the City of Houston. The one-hundred year rain event is conveyed through the storm sewer system with any excess storm flows conveyed over the paved streets which include cascading high and low points to an extreme event outfall which allows all overland flow to be conveyed into the channel. According to the Engineer, the District's drainage system is sufficient to serve the present development within the District. Current requirements of Harris County Flood Control District dictate that on-site storm detention facilities will be required in connection with construction of new improvements within the District.

100-Year Flood Plain

"Flood Insurance Rate Map" or "FIRM" means an official map of a community on which the Federal Emergency Management Agency (FEMA) has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the 100-year flood plain, is depicted on these maps. The "100-year flood plain" (or 1% chance of probable inundation) as shown on the FIRM is the estimated geographical area that would be flooded by a rain storm of such intensity to statistically have a one percent chance of occurring in any given year. Generally speaking, homes must be built above the 100-year flood plain in order to meet local regulatory requirements and to be eligible for federal flood insurance. An engineering or regulatory determination that an area is above the 100-year flood plain is not an assurance that homes built in such area will not be flooded, and a number of neighborhoods in the greater Houston area that are above the 100-year flood plain have flooded multiple times in the last several years. According to the Engineer, currently approximately 5 acres of previously developed land is currently within the 100 year floodplain, as designated by the Federal Emergency Management Agency, which is located within Northwest Park, Section 4; however, the finished floor elevations of the homes within this section are located above the 100 year floodplain elevation. Approximately 105 acres of land was removed from the 100 year floodplain by a Letter of Map Revision, Case No. 10- 061715x, approved by the Federal Emergency Management Agency ("FEMA") in 2010. All other developed and developable land within the District is located outside of the 100 year floodplain designated by FEMA. See "INVESTMENT CONSIDERATIONS—Recent Extreme Weather Events; Hurricane Harvey."

Atlas 14

The National Weather Service recently completed a rainfall study known as NOAA Atlas 14, Volume 11 Precipitation-Frequency Atlas of the United States ("Atlas 14"). Floodplain boundaries within the District may be redrawn based upon the Atlas 14 study, which is based upon a higher statistical rainfall amount, resulting in interim floodplain regulations applying to a larger number of properties and consequently leaving less developable property within the District. Such regulations could additionally result in higher insurance rates, increased development fees and stricter building codes for any property located within the expanded boundaries of the floodplain.

UNLIMITED TAX BONDS AUTHORIZED BUT UNISSUED

Date of Authorization	Purpose	Amount Authorized	Issued to Date	Amount Unissued
10/30/99	Water, Sanitary Sewer, and Drainage and Refunding	$26,000,000	$26,000,000	$0
11/02/04	Water, Sanitary Sewer, and Drainage and Refunding	$20,730,000	$14,820,000	$5,910,000
05/02/92	Refunding	$15,000,000	$10,360,000*	$4,640,000*

* After issuance of the Bonds.

FINANCIAL STATEMENT

2020 Taxable Assessed Valuation	$911,696,612 (a)
The Outstanding Bonds	$25,310,000
Less: Refunded Bonds	(7,645,000)
Plus: The Bonds	7,465,000
Gross Debt Outstanding	$25,130,000
Ratio of Gross Direct Debt to: 2020 Taxable Assessed Valuation	2.76%

Area of District—1,526 acres

Estimated 2020 Population – 17,921 (b)

(a) The Harris County Appraisal District (the "Appraisal District") has certified $840,674,903 of taxable value and an additional $71,021,709 of taxable value remains uncertified. The uncertified value is the landowner's opinion of the value; however, such value is subject to review and downward revision prior to certification. No tax will be levied on said uncertified value until it is certified by the Appraisal District. See "TAX PROCEDURES."

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

Cash and Investment Balances as of October 21, 2020

Capital Projects Fund	Cash and Investments	$2,592,725
Debt Service Fund	Cash and Investments	$2,037,835 (a)
Operating Fund	Cash and Investments	$6,896,508

(a) The District will contribute $46,000 to the refunding of the Refunded Bonds. Neither the Bond Order nor Texas law requires the District to maintain any particular balance in such fund.

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 are invested in short-term obligations of the U.S. Treasury and federal agencies, 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 or intend to purchase long-term securities or derivative products.

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 Amount Currently Outstanding	Refunded Bonds	Remaining Outstanding Bonds
2009	$ 5,920,000	$ 250,000	$ -	$ 250,000
2012 (a)	6,595,000	3,805,000	1,905,000	1,900,000
2012A	2,865,000	2,865,000	2,720,000	145,000
2013 (a)	8,360,000	3,135,000	3,020,000	115,000
2016 (a)	5,320,000	5,050,000	-	5,050,000
2016A	4,240,000	3,940,000	-	3,940,000
2019	6,265,000	6,265,000	-	6,265,000
Total	$ 39,565,000	$ 25,310,000	$ 7,645,000	$ 17,665,000
The Bonds				7,465,000
The Bonds and Remaining Outstanding Bonds				$ 25,130,000

(a) Unlimited Tax Refunding Bonds.

ESTIMATED OVERLAPPING DEBT STATEMENT

Other governmental entities whose boundaries overlap the District have outstanding bonds payable from ad valorem taxes. The following statement of direct and estimated overlapping ad valorem tax debt was developed from information contained in "Texas Municipal Reports" published by the Municipal Advisory Council of Texas or other publicly available information. Except for the amount relating to the District, the District has not independently verified the accuracy or completeness of such information, and no person is entitled to rely upon such information as being accurate or complete. Political subdivisions overlapping the District are authorized by Texas law to levy and collect ad valorem taxes for operation, maintenance, and/or general revenue purposes in addition to taxes for payment of their debt, and some are presently levying and collecting such taxes.

Taxing Jurisdiction	Outstanding Bonds	As of	Overlapping Percent	Overlapping Amount
Harris County……………………………………….	$ 1,867,957,125	8/31/2020	0.17%	$ 3,175,527
Harris County Flood Control District…………….	83,075,000	8/31/2020	0.17%	141,228
Harris County Hospital District……………………	860,500,000	8/31/2020	0.17%	1,462,850
Harris County Department of Education…………	6,320,000	8/31/2020	0.17%	10,744
Port of Houston Authority…………………………	514,174,397	8/31/2020	0.17%	874,096
Lone Star College System……….................………	544,355,000	8/31/2020	0.39%	2,122,985
Aldine Independent School District………………	1,024,820,000	8/31/2020	1.92%	19,676,544
Klein Independent School District……………….	1,100,195,000	8/31/2020	1.11%	12,212,165
Total Estimated Overlapping Debt……………….				$ 39,676,138
The District………………………………………….	25,130,000 (a)	Current	100.00%	25,130,000
Total Direct and Estimated Overlapping Debt…..				$ 64,806,138

Ratio of Estimated Direct and Overlapping Debt to 2020 Taxable Assessed Valuation…………………………… 7.11%

(a) Includes the Bonds and the Remaining Outstanding Bonds.

Overlapping Taxes

	2020 Tax Rate per $100 of Taxable Assessed Valuation
Harris County (including Harris County Flood Control District, Harris County Hospital District, Harris County Department of Education, and the Port of Houston Authority……….	$ 0.604193
Aldine Independent School District (a)……………………	1.347115
Lone Star College System………………………………….	0.107800
Harris County Emergency Service District No. 1………….	0.097210
Harris County Emergency Service District No. 20 ……….	0.100000
Total Overlapping Tax Rate……………………………….	$ 2.256318
The District (b)………………………………………………	0.428000
Total Tax Rate………………………………………………..	$ 2.684318

(a) Most of the District is situated wihtin the boundaries of the Aldine Independent School District. However, a small portion of the District is located within the Klein Independent School District, which has a 2020 tax rate of $1.3373 per $100 assessed valuation.

(b) See "TAX DATA—Tax Rate Distribution."

TAX DATA

Debt Service Tax

The Board will covenant in the Bond Order to levy and assess, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax which, when added to other funds legally available to the District for payment of outstanding debt obligations, is adequate to provide funds to pay the principal of and interest on the Bonds. The District levied a debt service tax for 2020 in the amount of $0.278 per $100 assessed valuation.

Maintenance Tax

The Board of Directors of the District has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements, if such maintenance tax is authorized by vote of the District's electorate. At elections held on April 6, 1974 and April 3, 1976, the Board was authorized to levy such a maintenance tax in an amount not to exceed $0.15 per $100 of assessed valuation. The District levied a maintenance tax for 2020 at the rate of $0.15 per $100 assessed valuation. Such tax is in addition to taxes which the District is authorized to levy for paying principal and interest on the District's bonds.

Tax Rate Distribution

	2020	2019	2018	2017	2016
Debt Service	$ 0.278	$ 0.278	$ 0.278	$ 0.280	$ 0.290
Maintenance and Operations	0.150	0.150	0.150	0.150	0.150
Total	$ 0.428	$ 0.428	$ 0.428	$ 0.430	$ 0.440

Tax Rate Limitation

Debt Service:	Unlimited (no legal limit to rate or amount).
Maintenance and Operations:	$0.15 per $100 assessed valuation.

Tax Exemptions

As discussed in the section titled "TAX PROCEDURES" herein, certain property in the District may be exempt from taxation by the District. For tax year 2020, the District has granted an exemption of $50,000 of the appraised value of the residential homesteads of persons who are disabled or 65 years of age or over.

Tax Collections

The following statement of tax collections set forth in condensed form the historical tax collection experience of the District. This summary has been prepared for inclusion herein, based upon information from District records. Reference is made to such records for further and more complete information. Differences in totals may vary slightly from other information herein due to differences in dates of data.

Tax Year	Certified Taxable Assessed Valuation	Tax Rate	Total Tax Levy	Total Collections as of August 31, 2020 (a) Amount	Percent
2015	$ 649,582,143	$ 0.450	$ 2,923,120	$ 2,920,265	99.90%
2016	692,119,474	0.440	3,045,326	3,041,015	99.86%
2017	725,522,397	0.430	3,119,746	3,114,476	99.83%
2018	766,500,032	0.428	3,280,620	3,268,760	99.64%
2019	825,175,601	0.428	3,531,752	3,487,030	98.73%

(a) Unaudited collections.

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 May 1 of that year, and that remain delinquent on July 1 of the year in which they become delinquent or (2) become delinquent on or after June 1, pursuant to the Texas Property Tax Code.

Principal Taxpayers

The following table represents the principal taxpayers, the type of property, the taxable assessed value of such property and such property's certified assessed value as a percentage of the certified portion ($840,674,903) of the 2020 Taxable Assessed Valuation of $911,696,612, which represents certified ownership as of January 1, 2020. A principal taxpayer list related the uncertified portion ($71,021,709) of the 2020 Taxable Assessed Valuation is not available.

Taxpayer	Type of Property	2020 Certified Taxable Assessed Valuation	% of 2020 Certified Taxable Assessed Valuation
IV Antione Town Center Houston LLC	Land & Improvements	$ 19,301,327	2.30%
Wal-Mart Stores Texas LLC	Land, Improvements & Personal	17,489,977	2.08%
Sam Willowbrook LLC	Apartments	15,877,365	1.89%
Juniper Seton Lake LLC	Apartments	13,568,205	1.61%
Westdale Willow Brook TX LP	Shopping Center	10,644,300	1.27%
Champion Forest Apts LTD	Apartments	9,296,068	1.11%
ARC GBLMESA001 LLC	Land & Improvements	8,438,630	1.00%
Northway Investments LLC	Land & Improvements	7,951,834	0.95%
Axon Pressure Products Inc.	Personal Property	7,351,314	0.87%
All Current Electrical Holding LLC	Land & Improvements	6,425,038	0.76%
Total		$ 116,344,058	13.84%

Summary of Assessed Valuation

The District's assessed value as of January 1 of each year is used by the District in establishing its tax rate (see "TAX PROCEDURES—Valuation of Property for Taxation"). The following represents the composition of certified property comprising the 2018 through 2020 Taxable Assessed Valuations. A breakdown of the uncertified portion ($71,021,709) of the 2020 Taxable Assessed Valuation is not available. Differences in totals may vary slightly from other information herein due to differences in dates of data.

	2020 Taxable Assessed Valuation	2019 Taxable Assessed Valuation	2018 Taxable Assessed Valuation
Land	$ 241,889,693	$ 195,194,036	$ 189,680,188
Improvements	662,327,372	683,359,416	633,512,294
Personal Property	48,829,342	55,573,594	55,810,071
Exemptions	(112,371,504)	(108,982,532)	(112,668,638)
Certified Total	840,674,903	825,144,514	766,333,915
Uncertified Value	71,021,709	-	-
Total	$ 911,696,612	$ 825,144,514	$ 766,333,915

Tax Adequacy for Debt Service

The tax rate calculations set forth below are presented to indicate the tax rates per $100 assessed valuation which would be required to meet the maximum debt service requirements if no growth in the District's tax base occurred beyond the 2020 Taxable Assessed Valuation of $911,696,612 ($840,674,903 certified plus $71,021,709 uncertified). The calculations contained in the following table merely represent the tax rates required to pay principal and interest on the Bonds and the 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 "INVESTMENT CONSIDERATIONS—Impact on District Tax Rates."

Average Annual Debt Service Requirement (2021-2038) $1,668,820
$0.20 Tax Rate on 2020 Taxable Assessed Valuation at 95% collections.............................. $1,732,224

Maximum Annual Debt Service Requirement (2025)... $2,168,410
$0.26 Tax Rate on 2020 Taxable Assessed Valuation at 95% collections.............................. $2,251,891

No representation or suggestion is made that the uncertified portion of the 2020 Taxable Assessed Valuation will be certified as taxable value by the Appraisal District, and no person should rely upon such amount or its inclusion herein as assurance of their attainment. See "TAX PROCEDURES."

TAX PROCEDURES

Property Tax Code and County-Wide Appraisal District

The Texas Property Tax Code (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 a single appraisal district with the responsibility for recording and appraising property for all taxing units within a county and a single appraisal review board with the responsibility for reviewing and equalizing the values established by the appraisal district. The Harris County Central Appraisal District (the "Appraisal District") has the responsibility for appraising property for all taxing units wholly 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"). Under certain circumstances, taxpayers and taxing units (such as the District) may appeal the orders of the Appraisal Review Board by filing a 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. Absent any such appeal, the appraisal roll, as prepared by the Appraisal District and approved by the Appraisal Review Board, must be used by each taxing jurisdiction in establishing its tax roll and tax rate. The District is eligible, along with all other conservation and reclamation districts within Harris County, to participate in the nomination of and vote for a member of the Board of Directors of the Appraisal District.

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property and tangible personal property in the District is subject to taxation by the District; however, it is expected that no effort will be made by the District to collect taxes on personal property other than on personal property rendered for taxation, business inventories and the property of privately owned utilities. Principal categories of exempt property include: property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies, and personal effects; farm products owned by the producer; all oil, gas and mineral interests owned by an institution of higher education; certain property owned by exclusively charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; solar and wind-powered energy devices; and most individually owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons sixty-five (65) years or older or under a disability for purposes of payment of disability insurance benefits under the Federal Old-Age Survivors and Disability Insurance Act to the extent deemed advisable by the Board. The District would be required to call an election on such residential homestead exemption upon petition by at least twenty percent (20%) of the number of qualified voters who voted in the District's preceding election and would be required to offer such an exemption if a majority of voters approve it at such election. For the 2020 tax year, the District has granted an exemption of $50,000 of the appraised value of the residential homesteads of persons who are disabled or 65 years of age or over. The District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, of between $5,000 and $12,000 of assessed valuation depending upon the disability rating of the veteran, if such rating is less than 100%. A veteran who receives a disability rating of 100% is entitled to an exemption for the full value of the veteran's residence 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 (i) the residence homestead was donated by a charitable organization at no cost to the disabled veteran or, (ii) the residence was donated by a charitable organization at some cost to the disabled veteran if such cost is less than or equal to fifty percent (50%) of the total good faith estimate of the market value of the residence as of the date the donation is made. Also, the surviving spouse of (i) a member of the armed forces or, (ii) a first responder as defined under Texas law, who was killed in action is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse.

Residential Homestead Exemptions: Texas law 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, but not less than $5,000 if any exemption is granted, from ad valorem taxation. The law provides, however, that 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.

Freeport Goods and Goods-in-Transit Exemptions: A “Freeport Exemption” applies to goods, wares, merchandise, other tangible personal property and ores, other than oil, natural gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining oil 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 certain tangible personal property, as defined by the Property Tax Code, acquired in or imported into Texas for storage purposes and which 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. The exemption excludes oil, natural gas, petroleum products, aircraft and certain special inventory including dealer's motor vehicles, dealer's vessel and outboard motor vehicle, dealer's heavy equipment and retail manufactured housing inventory. The exemption applies to covered property if it 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. 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. However, taxing units who took official action as allowed by prior law before October 1, 2011, to tax goods-in-transit property, and who pledged such taxes for the payment of debt, may continue to impose taxes against the goods-in-transit property until the debt is discharged without further action, if cessation of the imposition would impair the obligations of the contract by which the debt was created. The District has taken official action to allow taxation of all such goods-in-transit personal property, but may choose to exempt same in the future by further official action.

Tax Abatement

Harris County may designate all or part of the area within the District as a reinvestment zone. Thereafter, Harris County, the District, and the City of Houston (if it were to annex 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 assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed, on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement. Each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions.

Valuation of Property for Taxation

Generally, all taxable property in the District (other than any qualifying agricultural or timber land) must be appraised by the Harris County Appraisal District at one hundred percent (100%) of market value as of January 1 of each year, subject to review and approval by the Appraisal Review Board. 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 to 10 percent annually regardless of the market value of the property. Houses or lots held for sale by a developer or builder which remain unoccupied, are not leased or rented and produce no income are required to be assessed at the price for which they would sell as a unit to a purchaser who would continue the owner's business. Valuation of lots or houses at inventory level in future years could reduce the assessed value of such property within the District. The Property Tax Code also requires the Chief Appraiser to reduce the market value of any property by the estimated cost of any remedial action by a property owner to correct, mitigate or prevent pollution.

Certain land may be appraised at less than market value under the Property Tax Code. Upon application of a landowner, land which qualifies as “open-space land” is appraised based on the category of land, using accepted income capitalization methods applied to the average net income derived from the use of the land for agriculture and hunting or recreational leases. Upon application of a landowner, land which qualifies as “timber land” is appraised based on the category of land, using accepted income capitalization methods applied to the average net income derived from the use of the land for production of timber. In either case, if the use of land changes, an additional tax is imposed on the land equal to the difference between the taxes imposed on the land for each of the five (5) years preceding the year in which the change of use occurs and the tax that would have been imposed had the land been taxed on the basis of market value in each of those years, plus interest at an annual rate of seven percent (7%) calculated from the dates on which the differences would have become due. There are also special appraisal methods for agricultural land owned by individuals whose primary occupation and income are farming and for recreational, park, and scenic land.

Once an appraisal roll is prepared and approved by the Appraisal Review Board, it is used by the District in establishing its tax rate. The Property Tax Code requires the Appraisal District to implement a plan for periodic reappraisal of property to update appraised values. The plan must provide for appraisal of all real property in the Appraisal District at least once every three (3) years. It is not known what frequency of reappraisal will be utilized by the Appraisal District or whether reappraisals will be conducted on a zone or county-wide basis.

Levy and Collection of Taxes

The District is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. The District adopts its tax rate each year after it receives a tax roll certified by the Appraisal District. Taxes are due upon receipt of a bill therefor, and become delinquent after January 31 of the following year or 30 days after the date billed, whichever is later, or, if billed after January 10, they are delinquent on the first day of the month next following the 21st day after such taxes are billed. A delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month the tax remains unpaid beginning the first calendar month it is delinquent. A delinquent tax also incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent plus a one percent (1%) penalty 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. However, a tax delinquent on July 1 incurs a total penalty of twelve percent (12%) of the amount of the delinquent tax without regard to the number of months the tax has been delinquent, which penalty remains at such rate without further increase. If the tax is not paid by July 1, an additional penalty of up to the amount of the compensation specified in the District's contract with its delinquent tax collection attorney, but not to exceed twenty percent (20%) of the total tax, penalty and interest, may, under certain circumstances, be imposed by the District. With respect to personal property taxes that become delinquent on or after February 1 of a year and that remain delinquent sixty (60) days after the date on which they become delinquent, as an alternative to the penalty described in the foregoing sentence, an additional penalty on personal property of up to the amount specified in the District's contract with its delinquent tax attorney, but not to exceed twenty percent (20%) of the total tax, penalty and interest, may, under certain circumstances, be imposed by the District prior to July 1. The District's contract with its delinquent tax collection attorney currently specifies a twenty percent (20%) additional penalty. The District may waive penalties and interest on delinquent taxes only if (i) an error or omission of a representative of the District, including the Appraisal District, caused the failure of the taxpayer to pay taxes, (ii) the delinquent taxes are paid on or before the one-hundred and eightieth (180th) day after the taxpayer received proper notice of such delinquency and the delinquent taxes relate to a property for which the appraisal roll lists one or more certain specified inaccuracies, or (iii) the taxpayer submits evidence sufficient to show that the tax payment was delivered before the delinquency, date to the United States Postal Service or other delivery service, but an act or omission of the postal or delivery service resulted in the tax payment being considered delinquent. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency of taxes under certain circumstances. The owner of a residential homestead property who is (i) a person sixty-five (65) years of age or older, (ii) under a disability for purpose of payment of disability insurance benefits under the Federal Old Age Survivors and Disability Insurance Act, or (iii) qualifies as a disabled veteran under Texas law, is also entitled by law to pay current taxes on a residential homestead in installments or to defer the payment of taxes without penalty during the time of ownership. Additionally, a person who is delinquent on taxes for a residential homestead is entitled to an agreement with the District to pay such taxes in installments over a period of between 12 and 36 months (as determined by the District) when such person has not entered into another installment agreement with respect to delinquent taxes with the District in the preceding 24 months.

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 "Low Tax Rate Districts." 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 are classified herein as "Developing Districts." The impact each classification has on the ability of a district to increase its maintenance and operations tax rate is described for each classification below. Debt service and contract tax rates cannot be reduced by a rollback election held within any of the districts described below.

Low Tax Rate Districts: Low Tax Rate Districts that adopt a total tax rate that would impose more than1.08 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 a rollback 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 Low Tax Rate District is the current year's debt service and contract tax rate plus the operation and maintenance tax rate that would impose 1.08 times the amount of operation and maintenance tax imposed by the district in the preceding tax year on a residence homestead appraised at the average appraised value of a resident homestead in the district in that year, subject to certain homestead exemptions.

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

Developing Districts: Districts that do not meet the classification of a Low Tax Rate District or a Developed District are 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 a rollback election is called and passes, the total tax rate for Developing Districts is the current year's debt service and contract tax rate plus the operation and maintenance tax rate that would impose 1.08 times the amount of operation and maintenance tax imposed by the district in the preceding tax year on a residence homestead appraised at the average appraised value of a resident homestead in the district in that year, subject to certain homestead exemptions.

The District: A determination as to a district's status as a Low Tax Rate District, Developed District or Developing District will be made on an annual basis, at the time a district sets its tax rate, beginning with the 2020 tax rate. The District is designated as a Developing District for tax year 2020. 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 rollback 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 against which the tax is levied. In addition, on January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of each taxing unit, including the District, having power to tax the property. The District's tax lien is on a parity with tax liens of other such taxing units. See "ESTIMATED OVERLAPPING DEBT STATEMENT." A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien. Further, personal property under certain circumstances is subject to seizure and sale for the payment of delinquent taxes, penalties, and interest.

Except with respect to (i) owners of residential homestead property who are sixty-five (65) years of age or older or under a disability as described above and who have filed an affidavit as required by law and (ii) owners of residential homesteads who have entered into an installment agreement with the District for payment of delinquent taxes as described above and who are not in default under said agreement, 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. 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, or by taxpayer redemption rights (a taxpayer may redeem property that is a residence homestead or was designated for agricultural use within two (2) years after the deed issued at foreclosure is filed of record and may redeem all other property within six (6) months after the deed issued at foreclosure is filed of record) or by bankruptcy proceedings which restrict the collection of taxpayer debt. The District's ability to foreclose its tax lien or collect penalties and interest may be limited on property owned by a financial institution which is under receivership by the Federal Deposit Insurance Corporation pursuant to the Federal Deposit Insurance Act, 12 U.S.C. 1825, as amended. Generally, the District's tax lien and a federal tax lien are on par with the ultimate priority being determined by applicable federal law. See "INVESTMENT CONSIDERATIONS—Tax Collection Limitations."

District and Taxpayer Remedies

The chief appraiser must give written notice before the Appraisal Review Board meeting to each owner if a reappraisal has resulted in an increase in value over the prior year or the value rendered by the owner, or if property not previously included on the appraisal roll has been appraised. Any owner who has timely filed notice with the Appraisal Review Board may appeal the final determination by the Appraisal Review Board of the owner's protest by filing suit in Texas district court. Prior to such appeal, however, the owner must pay the tax due on the amount of value of the property involved that is not in dispute or the amount of tax paid in the prior year, whichever is greater or the amount of tax due under the order from which the appeal is taken. In the event of such suit, the value of the property is determined by the court, or a jury if requested by any party. The District is entitled to challenge certain matters before the Appraisal Review Board, including the level of appraisal of a certain category of property, the exclusion of property from the appraisal records, the grant in whole or in part of a partial exemption, or a determination that land qualifies for special-use appraisal (agricultural or timber classification, for example). The District may not, however, protest a valuation of individual property.

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WATER AND SEWER OPERATIONS

General

The Bonds and the Remaining Outstanding Bonds are payable from the levy of an ad valorem tax, without legal limitation as to rate or amount, upon all taxable property in the District. Although not pledged to the payment of the Bonds, net revenue from operations of the District's system, if any, are available for any legal purpose, including, upon Board action, the payment of debt service on the Bonds. It is anticipated that no significant revenues from water and sewer operations will be available for debt service on the Bonds in the foreseeable future.

Waterworks and Sewer System Operating Statement

The following statement sets forth in condensed form the historical results of operation of the District's water and sewer system. Accounting principles customarily employed in the determination of net revenues for coverage of debt service have been observed and in all instances exclude depreciation. This summary has been prepared for inclusion herein based upon information obtained from the District's audited financial statements for the fiscal years ended April 20, 2016 through 2020. Reference is made to these statements for further and complete information.

	Fiscal Year Ended April 30				
	2020	2019	2018	2017	2016
Revenues					
Property Taxes	$ 1,221,447	$ 1,186,604	$ 1,097,522	$ 993,406	$ 960,573
Water Service	995,146	1,037,082	897,896	903,318	901,464
Wastewater Service	1,035,236	1,037,987	905,917	887,623	872,758
Groundwater Reduction Fees	548,102	562,383	567,679	562,683	552,703
Sales Tax Revenue	677,363	661,369	651,225	587,465	701,754
Penalty and Interest	156,048	178,351	160,641	147,476	167,497
Tap Connection and Inspection Fees	97,973	137,972	79,525	263,125	88,225
Investment Revenues	-	-	-	-	26,004
Capital Contribution Credits	66,630	66,630	66,630	66,630	66,630
Other	173,838	229,143	112,259	95,838	69,995
Total Revenues	$ 4,971,783	$ 5,097,521	$ 4,539,294	$ 4,507,564	$ 4,407,603
Expenditures					
Professional Fees	$ 169,388	$ 172,666	$ 170,608	$ 138,849	$ 117,586
Contracted Services	331,819	449,999	363,988	346,076	340,390
Purchased Water Service/Pumpage Fees	597,928	625,785	811,161	750,419	632,064
Purchased Wastewater Service	1,221,627	958,330	928,177	840,350	828,329
Utilities	232,632	170,433	159,034	182,183	201,865
Repairs and Maintenance	1,152,836	1,064,142	1,106,837	1,037,315	757,252
Other	386,730	383,005	380,875	388,099	303,247
Capital Outlay	682,924	1,201,745 (a)	15,367	2,169,894 (c)	951,046 (d)
Total Expenditures	$ 4,775,884	$ 5,026,105	$ 3,936,047	$ 5,853,185	$ 4,131,779
Revenues Over (Under) Expenditures	$ 195,899	$ 71,416	$ 603,247	$ (1,345,621)	$ 275,824
Other Financing Sources:	$ 27,000	$ 223,439	$ -	$ 350,000	$ -
Fund Balance (Beginning of Year)	$ 6,884,160	$ 6,589,305 (b)	$ 5,862,241	$ 6,857,862	$ 6,582,038
Fund Balance (End of Year)	$ 7,107,059	$ 6,884,160	$ 6,465,488	$ 5,862,241	$ 6,857,862

(a) Includes expenditures related to sanitary sewer rehabilitation and televising, wastewater treatment plant rehabilitation and MUD 21 water well repair.
(b) Restated.
(c) Includes expenditures related to developer reimbursement, water plant improvements, sanitary sewer rehabilitation and wastewater treatment plant rehabilitation.
(d) Includes expenditures related to lift station rehabilitation, water plant improvements, sanitary sewer rehabilitation, fence improvements, and wastewater treatment plant rehabilitation.

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"). 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 within the District. The Bonds are secured by an unlimited ad valorem tax, and a reduction in property values may require an increase in the ad valorem tax rate required to pay the Bonds as well as the District's 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 COVID-19 could have an adverse effect on the District's operations and financial condition. The financial and operating data contained herein are the latest available but are as of dates and for periods prior to the economic impact of the Pandemic and measures instituted to slow it. Accordingly, they are not indicative of the economic impact of the Pandemic on the District's financial condition.

Potential Effects of Oil Price Declines on the Houston Area

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

Tropical Weather Events; Hurricane Harvey

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

The greater Houston area has experienced four storms exceeding a 0.2% probability (i.e. "500-year flood" events) since 2015, including Hurricane Harvey, which made landfall along the Texas Gulf Coast on August 26, 2017, and brought historic levels of rainfall during the successive four days. To the best of the knowledge of the Operator and Engineer, there was no interruption of water and sewer service by the District as a result of Hurricane Harvey. Further, to the best of the knowledge of the District, no homes or other 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 results from the current market value of single-family residences, commercial, multi-family and retail property. 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 properties of this type and the construction thereon can be significantly affected by factors such as interest rates, credit availability (see "Credit Market and Liquidity in the Financial Markets" below), construction costs and the prosperity and demographic characteristics of the urban center toward which the marketing of such properties is directed. Declines in the price of oil could adversely affect the demand for housing and commercial improvements and result in a decrease in assessed values.

Credit Markets and Liquidity in the Financial Markets

Interest rates and the availability of mortgage and development funding have a direct impact on the construction activity, particularly short-term interest rates at which developers are able to obtain financing for development costs. Interest rate levels may affect the ability of a landowner with undeveloped property to undertake and complete construction activities within the District. Because of the numerous and changing factors affecting the availability of funds, 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 15 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 the national financial and credit markets. A downturn in the economic conditions of the City and the nation could adversely affect development and homebuilding plans in the District and restrain or reduce the growth of the District's property tax base.

Impact on District Tax Rates

Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of District property owners to pay their ad valorem taxes. The 2020 Taxable Assessed Valuation of the District is $911,696,612 ($840,674,903 of certified value plus $71,021,709 of uncertified value) . See "FINANCIAL STATEMENT." After issuance of the Bonds, the maximum annual debt service requirement will be $2,168,410 (2025) and the average annual debt service requirement will be $1,668,820 (2021-2038). Assuming no increase or decrease from the 2020 Taxable Assessed Valuation and no use of funds other than tax collections, a tax rate of $0.26 per $100 assessed valuation at a 95% collection rate would be necessary to pay the maximum annual debt service requirement of $2,168,410 and a tax rate of $0.20 per $100 assessed valuation at a 95% collection rate would be necessary to pay the average annual debt service requirement of $1,668,820. See "DEBT SERVICE REQUIREMENTS." Although calculations have been made regarding average and maximum tax rates necessary to pay the debt service on the Bonds and the Remaining Outstanding Bonds based upon the 2020 Taxable Assessed Valuation, the District can make no representations regarding the future level of assessed valuation within the District. Increases in the tax rate may be required in the event major taxpayers do not pay their District taxes timely. See "TAX PROCEDURES" and "TAX DATA—Tax Adequacy for Debt Service."

Future Debt

Following issuance of the Bonds, the District will have $4,640,000 principal amount of authorized but unissued bonds for purposes of refunding bonds issued by the District, $5,910,000 principal amount of authorized but unissued bonds for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities or to refund outstanding bonds issued for such purposes and such additional bonds as may be hereafter authorized by the District's voters. See "THE BONDS—Issuance of Additional Debt" and "THE SYSTEM." The issuance of such future obligations may adversely affect the investment security of the Bonds. The District does not employ any formula with regard to assessed valuations or tax collections or otherwise to limit the amount of bonds which may be issued. Any bonds issued by the District, however, must be approved by the Attorney General of Texas and the Board of the District and any bonds issued to acquire or construct water, sanitary sewer and drainage facilities must be approved by the Commission.

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 Issues: Air quality control measures required by the United States Environmental Protection Agency (the "EPA") and the Texas Commission on Environmental Quality (the "TCEQ") may impact new industrial, commercial and residential development in the Houston area. Under the Clean Air Act ("CAA") Amendments of 1990, the eight-county Houston-Galveston-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 adopted the HGB Redesignation Request and Maintenance Plan for the One-Hour and 1997 Eight-Hour Ozone Standards SIP Revision on December 12, 2018. The SIP revision was submitted to the EPA on December 14, 2018 and includes a request that the HGB area be formally redesignated to attainment for the 1997 eight-hour ozone NAAQS. On May 16, 2019, the EPA proposed: a determination that the HGB area has met redesignation criteria and is continuing to attain the one-hour and 1997 eight-hour ozone NAAQS; termination of the anti-backsliding obligations; and approval of the maintenance plan (84 FR 22093).

The HGB area is currently designated as a "serious" nonattainment area under the 2008 Ozone Standard, with an attainment deadline of July 20, 2021. 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's stormwater discharges currently maintain permit coverage through the Municipal Separate Storm System Permit (the "Current Permit") issued to the Storm Water Management Joint Task Force consisting of Harris County, Harris County Flood Control District, the City of Houston, and the Texas Department of Transportation. In the event that at any time in the future the District is not included in the Current Permit, it may be required to seek independent coverage under the TCEQ's General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the "MS4 Permit"), which authorizes the discharge of stormwater to surface water in the state from small municipal separate storm sewer systems. If the District's inclusion in the MS4 Permit were required at a future date, the District could incur substantial costs to develop, implement, and maintain the necessary plans as well as to install or implement best management practices to minimize or eliminate unauthorized pollutants that may otherwise be found in stormwater runoff in order to comply with the MS4 Permit.

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

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

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

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

Tax Collection Limitations

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other taxing authorities on the property against which taxes are levied, and such lien may be enforced by foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by (a) cumbersome, time consuming and expensive collection procedures, (b) a bankruptcy court's stay of tax collection procedure against a taxpayer, or (c) market conditions limiting the proceeds from a foreclosure sale of taxable property. While the District has a lien on taxable property within the District for taxes levied against such property, such lien can be foreclosed only in a judicial proceeding. Attorney's fees and other costs of collecting any such taxpayer's delinquencies could substantially reduce the net proceeds to the District from a tax foreclosure sale. Finally, a bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to the Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes against such taxpayer. In addition to the automatic stay against collection of delinquent taxes afforded a taxpayer during the pendency of a bankruptcy, a bankruptcy could affect payment of taxes in two other ways: first, a debtor's confirmation plan may allow a debtor to make installment payments on delinquent taxes for up to six years; and, second, a debtor may challenge, and a bankruptcy court may reduce, the amount of any taxes assessed against the debtor, including taxes that have already been paid. See "TAX PROCEDURES—District's Rights in the Event of Tax Delinquencies."

Registered Owners Remedies and Bankruptcy Limitations

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

Subject to the requirements of Texas law discussed below, a political subdivision such as the District may voluntarily file a petition for relief from creditors under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. Sections 901-946. The filing of such petition would automatically stay the enforcement of Registered Owner's remedies, including mandamus. The automatic stay would remain in effect until the federal bankruptcy judge hearing the case dismisses the petition, enters an order granting relief from the stay or otherwise allows creditors to proceed against the petitioning political subdivision. A political subdivision such as the District may qualify as a debtor eligible to proceed in a Chapter 9 case only if it (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.

The District may not be placed into bankruptcy involuntarily.

Continuing Compliance with Certain Covenants

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

Marketability

The District has no agreement 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 generally bought, sold or traded in the secondary market.

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. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed, pending or future legislation.

Risk Factors Related to the Purchase of Municipal Bond Insurance

The District has entered into an agreement with Build America Mutual Assurance Company ("BAM" 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. See "MUNICIPAL BOND INSURANCE."

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

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

LEGAL MATTERS

Legal Opinions

The District will furnish the Underwriter a transcript of certain certified proceedings had incident to the authorization and issuance of the Bonds including a certified copy of the unqualified approving opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, to the effect that the Bonds are valid and binding obligations of the District under the Constitution and laws of the State of Texas. The District also will furnish the approving legal opinion of Young & Brooks, Bond Counsel, to the effect that based upon an examination of such transcript, the Bonds are valid and binding obligations of the District under the Constitution and laws of the State of Texas. The legal opinion of Bond Counsel will further state that the Bonds are payable, both as to principal and interest, from the levy of ad valorem taxes, without legal limitation as to rate or amount, against all taxable property within the District. See "TAX MATTERS" below for a discussion of Bond Counsel's opinion regarding the tax-exempt status of the Bonds. Such opinions express no opinion with respect to the sufficiency of the security for or the marketability 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.

Legal Review

In their capacity as Bond Counsel, Young & Brooks has reviewed the information in this Official Statement under the captioned sections "PLAN OF FINANCING—Refunded Bonds" and "—Escrow Agreement," "THE BONDS," "THE DISTRICT—General" and "—Strategic Partnership Agreement," "MANAGEMENT—Bond Counsel/Attorney," "TAX PROCEDURES," "LEGAL MATTERS—Legal Opinions," "TAX MATTERS," and "CONTINUING DISCLOSURE OF INFORMATION" (except for the subsection "Compliance With Prior Undertakings"), solely to determine whether such information, insofar as it relates to matters of law, fairly summarizes the laws and documents referred to therein. Such firm has not independently verified factual information contained in this Official Statement, nor has such firm 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 such firm's limited participation as an assumption of responsibility for, or an expression of opinion of any kind with regard to the accuracy or completeness of any of the other information contained herein.

In addition to serving as Bond Counsel, Young & Brooks also serves as counsel to the District on matters not related to the issuance of bonds. The legal fees to be paid to Bond Counsel for services rendered in connection with the issuance of the Bonds are contingent upon the issuance, sale and delivery of the Bonds. Certain legal matters will be passed upon for the Underwriter by its counsel, McCall, Parkhurst & Horton L.L.P., Houston, Texas.

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 of the financial condition of the District subsequent to the date of sale from that set forth or contemplated in the Preliminary Official Statement, as it may have been supplemented or amend through the date of sale.

No-Litigation Certificate

The District will furnish the Underwriter a certificate executed by both the President and Secretary of the Board, and dates as of the date of delivery of the Bonds, to the effect that no litigation of any nature is pending or 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 on 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.

TAX MATTERS

Opinion

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

In rendering its opinion, Bond Counsel will rely upon (a) certain information and representations of the District, including information and representations contained in the District's federal tax certificate, (b) covenants of the District contained in the Bond documents relating to certain matters, including arbitrage and the use of the proceeds of the Bonds and the property financed or refinanced therewith, and (c) the verification report prepared by Public Finance Partners LLC. Failure by the District to comply with the aforementioned representations or covenants could cause the interest on the Bonds to become includable in gross income retroactively to the date of issuance.

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

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

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

Federal Income Tax Accounting Treatment of Original Issue Discount

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

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

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

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

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

Collateral Federal Income Tax Consequences

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

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

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

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

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

State, Local and Foreign Taxes

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

Information Reporting and Backup Withholding

Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Bonds will be sent to each registered holder and to the Internal Revenue Service. Payments of interest and principal may be subject to backup withholding under section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner's social security number or other taxpayer identification number ("TIN"), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient's federal income tax. Special rules apply to partnerships, estates, and trusts, and in certain circumstances, and in respect of Non-U.S. Holders, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

Qualified Tax-Exempt Obligations for Financial Institutions

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

The District has designated the Bonds as "qualified tax-exempt obligations" within the meaning of section 265(b) of the Code. In furtherance of that designation, the District will covenant to take such action that would assure, or to refrain from such action that would adversely affect the treatment of the Bonds as "qualified tax-exempt obligations." Potential purchasers should be aware that if the issue price to the public exceeds $10,000,000, there is a reasonable basis to conclude that the payment of a de minimis amount of premium in excess of $10,000,000 is disregarded; however, the Internal Revenue Service could take a contrary view. If the Internal Revenue Service takes the position that the amount of such premium is not disregarded, then such obligations might fail to satisfy the $10,000,000 limitation and the Bonds would not be "qualified tax-exempt obligations."

MUNICIPAL BOND RATING

It is expected that S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, ("S&P") will assign its municipal bond rating of "AA" (stable outlook) 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 Build America Mutual Assurance Company. S&P has also assigned an underlying credit rating of "A+" to the Bonds without regard to credit enhancement. An explanation of the rating may be obtained from S&P.

There is no assurance that such ratings will continue for any given period of time or that they will not be revised or withdrawn entirely by S&P, if in its judgment, circumstances so warrant. Any such revisions or withdrawal of the rating 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, Build America Mutual Assurance Company ("BAM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as 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.

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM. The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

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

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

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of June 30, 2020 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $488.7 million, $143.6 million and $345.1 million, respectively.

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

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

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

Additional Information Available from BAM

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

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

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

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

SALE AND DISTRIBUTION OF THE BONDS

The Underwriter

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 $7,944,059.94 (representing the par amount of the Bonds of $7,465,000.00, plus a premium on the Bonds of $537,296.25, less an Underwriter's discount of $58,236.31) 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 and its respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriter and its respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriter and its respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the Issuer. The Underwriter and its respective affiliates may make a market in credit default swaps with respect to municipal securities in the future. The Underwriter and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the Issuer.

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 from time to time by the Underwriter after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts. In connection with the offering of the Bonds, the Underwriter may over-allot or effect transactions which stabilize or maintain the market prices of the Bonds at levels above those which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The District has no control over trading of the Bonds in the secondary market. Moreover, there is no guarantee that a secondary market will be made in the Bonds. In such a secondary market, the difference between the bid and asked price of 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 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 (the "SEC") 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 and the Bonds have not 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.

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 and the maturing principal of and interest on the Escrowed Securities, to pay, when due, the maturing principal of, interest on and related call premium requirements, if any, 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 (iii) compliance with the 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 believed to be reliable. No guarantee is made by the District as to the accuracy or completeness of the information derived from sources other than the District, and the inclusion herein of information from sources other than the District is not to be construed as a representation on the part of the District to such effect, 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, including the Official Notice of Sale and the Official Bid Form for the sale of the Bonds. In its capacity as Financial Advisor, Masterson Advisors LLC has compiled and edited this Official Statement. In addition to compiling and editing, the Financial Advisor has obtained the information set forth herein under the caption indicated from the following sources:

> "THE DISTRICT" – Edminster, Hinshaw, Russ & Associates, Inc. ("Engineer") and Records of the District ("Records"); "THE SYSTEM" — Engineer; "FINANCIAL STATEMENT" and "TAX DATA"— Harris County Appraisal District and Utility Tax Service L.L.C.; "ESTIMATED OVERLAPPING DEBT STATEMENT"—the Municipal Advisory Council of Texas.; "MANAGEMENT" - District Directors; "WATER AND SEWER OPERATIONS" – Records and "DEBT SERVICE REQUIREMENTS" - Financial Advisor.

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

Consultants

In approving this Official Statement, the District has relied upon the following consultants in addition to the Financial Advisor.

Engineer: Certain information related to the District's System and certain other information included in the sections entitled "THE DISTRICT" and "THE SYSTEM" have been provided by Edminster, Hinshaw, Russ and Associates, Inc., the District's consulting engineer, and have been included herein in reliance upon the authority of such firm as experts in the field of civil engineering.

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

Tax Assessor Collector: The information contained in this Official Statement relating to the historical breakdown of the Certified Taxable Assessed Valuations, principal taxpayers, and certain other historical data concerning tax rates and tax collections has been provided by Utility Tax Service, LLC and is included herein in reliance upon Utility Tax Service, LLC as an expert in collecting taxes.

Auditor: The financial statements of the District as of and for the fiscal year ended April 30, 2020, included in this offering document, have been audited by McCall Gibson Swedlund Barfoot, PLLC, Certified Public Accountants, as stated in their report appearing herein. See "APPENDIX A."

Updating of Official Statement

For the period beginning on the date of the award of the sale of the Bonds to the Underwriter and ending on the ninety-first (91st) day after the "end of the underwriting period," (as defined in SEC Rule 15c(2)-12(f)(2)), if any event shall occur of which the District has knowledge and as a result of which it is necessary to amend or supplement this Official Statement in order to make the statements herein, in light of the circumstances when this Official Statement is delivered to a prospective purchaser, not materially misleading, the District will promptly notify the Underwriter of the occurrence of such event and will cooperate in the preparation of a revised Official Statement, or amendments or supplements hereto, so that the statements in this Official Statement, as revised, amended or supplemented, will not, in light of the circumstances when this Official Statement is delivered to a prospective purchaser, be materially misleading. The District assumes no responsibility for supplementing this Official Statement thereafter.

Certification of Official Statement

The District, acting through its Board in its official capacity and in reliance upon the experts listed above, 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.

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Order, the District has made the following agreement for the benefit of the registered and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board (the "MSRB"). The MSRB has established the Electronic Municipal Market Access ("EMMA") system.

Annual Reports

The District will provide annually to the MSRB certain updated financial information and operating data. The information to be updated with respect to the District includes all quantitative financial information and operating data of the general type included in this Official Statement under the "FINANCIAL STATEMENT," "TAX DATA," "WATER AND SEWER OPERATIONS," and "DEBT SERVICE REQUIREMENTS" (most of which information is contained in the District's annual audit report) and in Appendix A (Audited Financial Statements). The District will update and provide this information within six (6) months after the end of each fiscal year ending in or after 2021.

The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12. The updated information will include audited financial statements, if the District commissions an audit and the audit is completed by the required time. If the audit of such financial statements is not complete within such period, then the District will provide unaudited financial statements by the required time, and audited financial statements when and if such audited financial statements become available. Any such financial statements will be prepared in accordance with the generally accepted auditing standards adopted by the American Institute of Certified Public Accountants except as otherwise provided by the Water District Annual Audit Report Requirements Manual adopted by the Texas Commission on Environmental Quality, as from time to time revised, or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation.

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

Event Notices

The District 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-exempt status of the Bonds, or other material events affecting the tax-exempt 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 within the meaning of CFR § 240.15c2-12 (the "Rule"); (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 within the meaning of the Rule, 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 to a decision to purchase or sell Bonds; (15) incurrence of a financial obligation of the District or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or 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 a financial obligation of the District or other obligated person, any of which reflect financial difficulties. The terms "financial obligation" and "material" when used in this paragraph shall have the meanings ascribed to them under federal securities laws. Neither the Bonds nor the Bond Order 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. Investors can access continuing disclosure information filed with the MSRB at www.emma.msrb.org.

Limitations and Amendments

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

The District may amend its continuing disclosure agreement to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or operations of the District, but only if the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with SEC Rule 15c2-12, taking into account any amendments and interpretations of SEC Rule 15c2-12 to the date of such amendment, as well as changed circumstances, and either the Holders of a majority in aggregate principal amount of the outstanding Bonds consent or any person unaffiliated with the District (such as a nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the beneficial owners of the Bonds. The District may also amend or repeal the agreement if the SEC amends or repeals the applicable provisions of SEC Rule 15c2-12 or a court of final jurisdiction determines that such provisions are invalid but in either case, only to the extent that its right to do so would not prevent the Underwriter from lawfully purchasing the Bonds in the offering described herein. 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 reason 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 it in accordance with SEC Rule 15c2-12, except that the District failed to timely file notice of a rating downgrade with respect to its Series 2016A Bonds within 10 days after the downgrade occurred due to a withdrawal of the rating of the insurer of the bonds on or about December 5, 2017, and failed to timely file financial information and operating data for the District's fiscal year ending April 30, 2019. In each case, notice of late filing was made.

MISCELLANEOUS

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

This Official Statement was approved by the Board of Directors of Northwest Park Municipal Utility District, as of the date shown on the cover page.

/s/ Dois Sutton
President, Board of Directors

ATTEST:

/s/ Robert D. McCharen
Secretary, Board of Directors

APPENDIX A

District Audited Financial Statements for the fiscal year ended April 30, 2020

NORTHWEST PARK MUNICIPAL UTILITY DISTRICT

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

APRIL 30, 2020

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

NORTHWEST PARK MUNICIPAL UTILITY DISTRICT

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

APRIL 30, 2020

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McCALL GIBSON SWEDLUND BARFOOT PLLC

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Northwest Park Municipal Utility District
Harris County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Northwest Park Municipal Utility District (the "District"), as of and for the year ended April 30, 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
Northwest Park Municipal Utility District

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of April 30, 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 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

August 19, 2020

Management's discussion and analysis of Northwest Park Municipal Utility District's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended April 30, 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 required and other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has three governmental fund types. The General Fund accounts for resources not accounted for in another fund, customer service revenues, operating costs and general expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and related cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

FUND FINANCIAL STATEMENTS (Continued)

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

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The adjustments columns, the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance 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"). A budgetary comparison schedule is included as RSI for the General Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The District's assets and deferred outflows of resources exceeded liabilities by $11,843,005 as of April 30, 2020. A portion of the District's net position reflects its net investment in capital assets (land and buildings as well as the water and wastewater facilities, less any debt used to acquire those assets that is still outstanding). The following is a comparative analysis of government-wide changes in net position:

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Summary of Changes in the Statement of Net Position

	2020	2019	Change Positive (Negative)
Current and Other Assets	$ 13,965,949	$ 11,049,163	$ 2,916,786
Capital Assets (Net of Accumulated Depreciation)	24,789,562	23,230,145	1,559,417
Total Assets	$ 38,755,511	$ 34,279,308	$ 4,476,203
Deferred Outflows of Resources	$ 290,700	$ 317,589	$ (26,889)
Due to Developer	$ 710,325	$ 1,708,763	$ 998,438
Bonds Payable	25,565,261	20,851,073	(4,714,188)
Other Liabilities	927,620	1,043,746	116,126
Total Liabilities	$ 27,203,206	$ 23,603,582	$ (3,599,624)
Net Position:			
Net Investment in Capital Assets	$ 1,398,231	$ 987,898	$ 410,333
Restricted	2,460,015	2,222,479	237,536
Unrestricted	7,984,759	7,782,938	201,821
Total Net Position	$ 11,843,005	$ 10,993,315	$ 849,690

The following table provides a summary of the District's operations for the years ending April 30, 2020 and April 30, 2019.

Summary of Changes in the Statement of Activities

	2020	2019	Change Positive (Negative)
Revenues:			
Property Taxes	$ 3,510,841	$ 3,277,553	$ 233,288
Charges for Services	3,568,734	3,651,671	(82,937)
Other Revenues	285,432	320,942	(35,510)
Total Revenues	$ 7,365,007	$ 7,250,166	$ 114,841
Expenses for Services	6,515,317	5,339,497	(1,175,820)
Change in Net Position	$ 849,690	$ 1,910,669	$ (1,060,979)
Net Position, Beginning of Year	10,993,315	9,082,646	1,910,669
Net Position, End of Year	$ 11,843,005	$ 10,993,315	$ 849,690

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of April 30, 2020, were $12,115,833, an increase of $3,046,147 from the prior year. The General Fund fund balance increased by $222,899, primarily due to service, property tax, and sales tax revenues exceeding operating and maintenance costs. The Debt Service Fund fund balance increased by $229,693, primarily due to the structure of the District's long-term debt. The Capital Projects Fund fund balance increased by $2,593,555. The District sold its Series 2019 Bonds in the current fiscal year and used proceeds to pay for District infrastructure as discussed in Note 16.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors adopted an unappropriated budget for the current fiscal year. Actual revenues were $2,098 more than budgeted revenues. Actual expenditures were $1,216,503 less than budgeted expenditures primarily due to lower than anticipated capital outlay costs.

CAPITAL ASSETS

Capital assets as of April 30, 2020, total $24,789,562 (net of accumulated depreciation) and include land, buildings and equipment as well as the water and wastewater systems. Significant capital asset activity completed during the current fiscal year included: construction of water and wastewater facilities for Northwest Park Colony, Section 2, 3, and 4; Vogel Creek channel improvements; North Houston Rosslyn Tract water and wastewater; Northwest Park, Section 4 sanitary sewer rehab; land purchase; and other various projects.

Capital Assets At Year-End, Net of Accumulated Depreciation

	2020	2019	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	$ 1,557,193	$ 1,515,318	$ 41,875
Construction in Progress	4,540,034	3,963,105	576,929
Capital Assets, Net of Accumulated Depreciation:			
Buildings and Improvements	28,987	31,220	(2,233)
Water Facilities	8,810,748	8,889,721	(78,973)
Wastewater and Detention Facilities	9,852,600	8,830,781	1,021,819
Total Net Capital Assets	$ 24,789,562	$ 23,230,145	$ 1,559,417

LONG-TERM DEBT ACTIVITY

As of April 30, 2020, the District had total bond debt of $25,310,000. The changes in the debt position of the District during the fiscal year ended April 30, 2020 are summarized as follows:

Bond Debt Payable, May 1, 2019	$ 20,505,000
Add: Bond Sale	6,265,000
Less: Bond Principal Paid	1,460,000
Bond Debt Payable, April 30, 2020	$ 25,310,000

The Series 2009 Bonds carry an insured rating of "AA" by virtue of bond insurance issued by Assured Guaranty Corp. The District's Series 2012 Refunding Bonds and the Series 2019 Bonds carry insured ratings of "AA" by virtue of bond insurance issued by Assured Guaranty Municipal Corporation. The District's Series 2013 Refunding Bonds carry an insured rating of "AA" by virtue of bond insurance issued by Build America Mutual Assurance Company. The District's Series 2016A Bonds insured rating has been withdrawn as a result of the insurer's rating being withdrawn. The District carries an underlying rating of "A+". There was no change in the bond ratings from the prior year.

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 Northwest Park Municipal Utility District, c/o Young and Brooks, 10000 Memorial Drive, Suite 260, Houston, Texas 77024.

NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
APRIL 30, 2020

	General Fund	Debt Service Fund
ASSETS		
Cash	$ 285,399	$ 252,594
Investments	6,810,084	2,231,812
Receivables:		
Property Taxes	61,117	117,275
Penalty and Interest on Delinquent Taxes		
Service Accounts	214,278	
Accrued Interest	43,777	2,623
City of Houston	161,539	
Due from Other Funds	59,518	
Prepaid Costs		
Due from Other Governmental Entities	203,966	
Capital Contribution Credit Receivable		
Joint Water Plant Facilities Operating Advance	38,959	
Joint Wastewater Treatment Facilities Operating Advance	30,000	
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	$ 7,908,637	$ 2,604,304
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Refunding Bonds	$ -0-	$ -0-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 7,908,637	$ 2,604,304

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
$ 109	$ 538,102	$	$ 538,102
2,653,862	11,695,758		11,695,758
	178,392		178,392
		41,972	41,972
	214,278		214,278
	46,400		46,400
	161,539		161,539
	59,518	(59,518)	
		33,022	33,022
	203,966		203,966
		783,561	783,561
	38,959		38,959
	30,000		30,000
		1,557,193	1,557,193
		4,540,034	4,540,034
		18,692,335	18,692,335
$ 2,653,971	$ 13,166,912	$ 25,588,599	$ 38,755,511
$ -0-	$ -0-	$ 290,700	$ 290,700
$ 2,653,971	$ 13,166,912	$ 25,879,299	$ 39,046,211

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

NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
APRIL 30, 2020

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	$ 326,205	$ 12,292
Accrued Interest Payable		
Due to Developer		
Due to Other Funds		59,518
Security Deposits	414,256	
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	$ 740,461	$ 71,810
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	$ 61,117	$ 117,275
FUND BALANCES		
Nonspendable:		
Water Plant Operating Advance	$ 38,959	$
Wastewater Treatment Plant Operating Advance	30,000	
Restricted for Authorized Construction		
Restricted for Debt Service		2,415,219
Unassigned	7,038,100	
TOTAL FUND BALANCES	$ 7,107,059	$ 2,415,219
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 7,908,637	$ 2,604,304
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
$ 60,416	$ 398,913	$	$ 398,913
		114,451	114,451
		710,325	710,325
	59,518	(59,518)	
	414,256		414,256
		1,465,000	1,465,000
		24,100,261	24,100,261
$ 60,416	$ 872,687	$ 26,330,519	$ 27,203,206
$ -0-	$ 178,392	$ (178,392)	$ -0-
$	$ 38,959	$ (38,959)	$
	30,000	(30,000)	
2,593,555	2,593,555	(2,593,555)	
	2,415,219	(2,415,219)	
	7,038,100	(7,038,100)	
$ 2,593,555	$ 12,115,833	$ (12,115,833)	$ - 0 -
$ 2,653,971	$ 13,166,912		
		$ 1,398,231	$ 1,398,231
		2,460,015	2,460,015
		7,984,759	7,984,759
		$ 11,843,005	$ 11,843,005

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

NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
APRIL 30, 2020

Total Fund Balances - Governmental Funds		$ 12,115,833
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Credits due from the North Harris County Regional Water Authority for capital contributions are not current financial resources and, therefore, are not reported as assets in the governmental funds.		783,561
Prepaid bond insurance premiums are amortized over the term of the debt in governmental activities.		33,022
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 new debt or the old debt, whichever is shorter.		290,700
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		24,789,562
Deferred inflows of resources related to 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.		220,364
Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:		
Due to Developer	$ (710,325)	
Accrued Interest Payable	(114,451)	
Bonds Payable	(25,565,261)	(26,390,037)
Total Net Position - Governmental Activities		$ 11,843,005

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

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NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED APRIL 30, 2020

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	$ 1,221,447	$ 2,263,840
Water Service	995,146	
Wastewater Service	1,035,236	
Groundwater Reduction Fees	548,102	
Sales Tax Revenues	677,363	
Penalty and Interest	156,048	52,010
Tap Connection and Inspection Fees	97,973	
Capital Contribution Credits	66,630	
Investment and Miscellaneous Revenues	173,838	51,171
TOTAL REVENUES	$ 4,971,783	$ 2,367,021
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	$ 169,388	$ 18,899
Contracted Services	331,819	75,321
Purchased Water Service/Pumpage Fees	597,928	
Purchased Wastewater Service	1,221,627	
Utilities	232,632	
Repairs and Maintenance	1,152,836	
Depreciation		
Other	386,730	17,695
Conveyance of Capital Assets		
Developer Interest		
Capital Outlay	682,924	
Debt Service:		
Bond Principal		1,460,000
Bond Interest		633,813
Bond Issuance Costs		
TOTAL EXPENDITURES/EXPENSES	$ 4,775,884	$ 2,205,728
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	$ 195,899	$ 161,293
OTHER FINANCING SOURCES (USES)		
Transfers In(Out)	$ 27,000	$
Proceeds from Issuance of Long-Term Debt		68,400
Bond Discount		
TOTAL OTHER FINANCING SOURCES (USES)	$ 27,000	$ 68,400
NET CHANGE IN FUND BALANCES	$ 222,899	$ 229,693
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - MAY 1, 2019	6,884,160	2,185,526
FUND BALANCES/NET POSITION - APRIL 30, 2020	$ 7,107,059	$ 2,415,219

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
$	$ 3,485,287	$ 25,554	$ 3,510,841
	995,146		995,146
	1,035,236		1,035,236
	548,102		548,102
	677,363		677,363
	208,058	6,856	214,914
	97,973		97,973
	66,630	(23,183)	43,447
16,976	241,985		241,985
$ 16,976	$ 7,355,780	$ 9,227	$ 7,365,007
$ 10,623	$ 198,910	$	$ 198,910
	407,140		407,140
	597,928		597,928
	1,221,627		1,221,627
	232,632		232,632
	1,152,836		1,152,836
		714,393	714,393
40,518	444,943		444,943
		289,206	289,206
149,582	149,582		149,582
2,878,530	3,561,454	(3,561,454)	
	1,460,000	(1,460,000)	
	633,813	(427)	633,386
472,734	472,734		472,734
$ 3,551,987	$ 10,533,599	$ (4,018,282)	$ 6,515,317
$ (3,535,011)	$ (3,177,819)	$ 4,027,509	$ 849,690
$ (27,000)	$	$	$
6,196,600	6,265,000	(6,265,000)	
(41,034)	(41,034)	41,034	
$ 6,128,566	$ 6,223,966	$ (6,223,966)	$ -0-
$ 2,593,555	$ 3,046,147	$ (3,046,147)	$
		849,690	849,690
	9,069,686	1,923,629	10,993,315
$ 2,593,555	$ 12,115,833	$ (272,828)	$ 11,843,005

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

NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2020

Net Change in Fund Balances - Governmental Funds	$ 3,046,147
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.	25,554
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.	6,856
The conveyance of capital assets is recorded as an expense in the Statement of Activities.	(289,206)
Governmental funds report capital contribution credits as revenue in the period received. However, in the Statement of Net Position, the principal portion of credits received reduces long-term receivables.	(23,183)
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.	(714,393)
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.	3,561,454
Governmental funds report bond discounts as other financing uses in the year paid. However, in the Statement of Net Position, bond discounts are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities.	41,034
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.	1,460,000
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.	427
Governmental funds report bond proceeds as other financing souces. Issued bonds increase long-term liabilities in the government-wide financial statements.	(6,265,000)
Change in Net Position - Governmental Activities	$ 849,690

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

NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2020

NOTE 1. CREATION OF DISTRICT

Northwest Park Municipal Utility District of Harris County, Texas was created pursuant to a consolidation election held on April 5, 1980, of Northwest Harris County Public Utility District Nos. 1 and 2. The District consolidated with Northwest Harris County Public Utility District No. 3 on April 2, 1983. The District operates under the provisions of Chapters 49 and 54 of the Texas Water Code, as amended, and other general statues of Texas applicable to municipal utility districts. The District is subject of the continuing supervision of the Texas Commission on Environmental Quality (the "Commission"). The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

Financial Statement Presentation

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

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

- 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.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

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

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

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (Continued)

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

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

Basis of Accounting

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

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

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. As of April 30, 2020, the Debt Service Fund owed the General Fund $59,518 for maintenance tax collections. The Capital Projects Fund recorded a transfer in the amount of $27,000 to the General Fund for Series 2019 bond related costs paid in the prior fiscal year.

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.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

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 $5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation over periods ranging from 10 to 45 years.

Budgeting

An annual unappropriated budget is adopted for the General 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 not amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the original budget amounts compared to the actual amounts of revenues and expenditures for the current year.

Pensions

The District has not established a pension plan as the District does not have employees. The Internal Revenue Service 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 are classified using the following hierarchy:

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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

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

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

Unassigned: all other spendable amounts in the General Fund.

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

Accounting Estimates

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

NOTE 3. LONG-TERM DEBT

The following is a summary of transactions regarding the changes in bonds payable for the year ended April 30, 2020:

	May 1, 2019	Additions	Retirements	April 30, 2020
Bonds Payable	$ 20,505,000	$ 6,265,000	$ 1,460,000	$ 25,310,000
Unamortized Discounts		(41,034)	(1,032)	(40,002)
Unamortized Premiums	346,073		50,810	295,263
Bonds Payable, Net	$ 20,851,073	$ 6,223,966	$ 1,509,778	$ 25,565,261

Amount Due Within One Year	$ 1,465,000
Amount Due After One Year	24,100,261
Bonds Payable, Net	$ 25,565,261

NOTE 3. LONG-TERM DEBT (Continued)

	Series 2009	Refunding Series 2012	Series 2012A
Amount Outstanding - April 30, 2020	$250,000	$3,805,000	$2,865,000
Interest Rates	4.00%	3.00%	2.875% - 3.50%
Maturity Dates – Serially Beginning/Ending	March 1, 2021	March 1, 2021/2024	March 1, 2021/2034
Interest Payment Dates	September 1/ March 1	September 1/ March 1	September 1/ March 1
Callable Dates	March 1, 2018*	March 1, 2020*	March 1, 2021*

	Refunding Series 2013	Refunding Series 2016	Series 2016A	Series 2019
Amount Outstanding - April 30, 2020	$3,135,000	$5,050,000	$3,940,000	$6,265,000
Interest Rates	3.50%	2.02%	2.00% - 3.50%	2.00%-2.50%
Maturity Dates – Serially Beginning/Ending	March 1, 2021/2028	March 1, 2021/2031	March 1, 2021/2036	March 1, 2027/2038
Interest Payment Dates	September 1/ March 1	September 1/ March 1	September 1/ March 1	September 1/ March 1
Callable Dates	March 1, 2021*	March 1, 2023*	March 1, 2024*	March 1, 2025

* At the option of the District as a whole or in part on the call option date or any date thereafter, at par plus accrued interest to the date of redemption. Series 2012A term bonds maturing on March 1, 2026, March 1, 2032, and March 1, 2034 are subject to mandatory redemption by random selection beginning March 1, 2021, March 1, 2031, and March 1, 2032, respectively. Series 2013 Refunding term bonds maturing on March 1, 2020, March 1, 2023, and March 1, 2025 are subject to mandatory redemption by random selection beginning March 1, 2019, March 1, 2021, and March 1, 2024, respectively. Series 2016A term bonds maturing on March 1, 2025, March 1, 2027, March 1, 2031, and March 1, 2034 are subject to mandatory redemption by random selection beginning March 1, 2024, March 1, 2026, March 1, 2030, and March 1, 2032, respectively. Series 2019 term bonds maturing on March 1, 2028, March 1, 2030, and March 1, 2038 are subject to mandatory redemption by random selection beginning March 1, 2027, March 1, 2029, and March 1, 2037, respectively.

NOTE 3. LONG-TERM DEBT (Continued)

As of April 30, 2020, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2021	$ 1,465,000	$ 686,703	$ 2,151,703
2022	1,525,000	641,292	2,166,292
2023	1,550,000	598,961	2,148,961
2024	1,600,000	556,171	2,156,171
2025	1,725,000	512,269	2,237,269
2026-2030	8,820,000	1,829,978	10,649,978
2031-2035	6,550,000	765,414	7,315,414
2036-2038	2,075,000	97,780	2,172,780
	$ 25,310,000	$ 5,688,568	$ 30,998,568

As of April 30, 2020, the District had $5,910,000 of authorized but unissued bonds for water, sewer and drainage facilities and $4,640,000 of authorized but unissued bonds for refunding purposes. 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 April 30, 2020, the District levied an ad valorem debt service tax rate of $0.278 per $100 of assessed valuation, which resulted in a tax levy of $2,306,963 on the adjusted taxable valuation of $829,842,841 for the 2019 tax year. The bond orders require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for the maintenance tax levy.

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 ORDER AND LEGAL REQUIREMENTS

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 be rebated to the federal government, within the meaning of Section 148(f) of the Internal Revenue Code. The minimum requirement for determination of the rebatable amount is on the five-year anniversary of each issue.

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

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

In accordance with the Series 2019 bond order, a portion of the bond proceeds was deposited into the Debt Service Fund and restricted for the payment of the bond interest. Transactions for the current year are summarized as follows:

Restricted for Bond Interest, May 1, 2019	$ - 0 -
Add: Bond Interest Received - Series 2019	68,400
Less: Bond Interest Paid - Series 2019	40,660
Restricted for Bond Interest, April 30, 2020	$ 27,740

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes. Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged.

At fiscal year end, the carrying amount of the District's deposits was $4,158,102 and the bank balance was $4,219,560. The District was not exposed to custodial credit risk at year end. The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at April 30, 2020, as listed below:

	Cash	Certificates of Deposit	Total
GENERAL FUND	$ 285,399	$ 2,900,000	$ 3,185,399
DEBT SERVICE FUND	252,594	720,000	972,594
CAPITAL PROJECTS FUND	109		109
TOTAL DEPOSITS	$ 538,102	$ 3,620,000	$ 4,158,102

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

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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.

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.

The District records its investments in certificates of deposit at acquisition cost. As of April 30, 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	$ 3,910,084	$ 3,910,084
Certificates of Deposit	2,900,000	2,900,000
DEBT SERVICE FUND		
Texas CLASS	1,511,812	1,511,812
Certificates of Deposit	720,000	720,000
CAPITAL PROJECTS FUND		
Texas CLASS	2,653,862	2,653,862
TOTAL INVESTMENTS	$ 11,695,758	$ 11,695,758

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At April 30, 2020, the District's investments in Texas CLASS were rated "AAAm" by Standard and Poor's. The District manages credit risk by investing in certificates of deposit with balances below FDIC coverage or those secured by pledged collateral.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District manages interest rate risk by investing in certificates of deposit with maturities of one year or less. The District considers the investments in Texas CLASS to have a maturity of less than one year due to the fact the share positions can usually be redeemed each day at the discretion of the District, unless there has been a significant change in value.

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

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2020 is as follows:

	May 1, 2019	Increases	Decreases	April 30, 2020
Capital Assets Not Being Depreciated				
Land and Land Improvements	$ 1,515,318	$ 41,875	$	$ 1,557,193
Construction in Progress	3,963,105	2,231,935	1,655,006	4,540,034
Total Capital Assets Not Being Depreciated	$ 5,478,423	$ 2,273,810	$ 1,655,006	$ 6,097,227
Capital Assets Subject to Depreciation				
Buildings and Improvements	$ 85,234	$	$	$ 85,234
Water Facilities	15,581,306	285,168		15,866,474
Wastewater and Detention Facilities	12,823,133	1,369,838		14,192,971
Total Capital Assets Subject to Depreciation	$ 28,489,673	$ 1,655,006	$ - 0 -	$ 30,144,679
Accumulated Depreciation				
Buildings and Improvements	$ 54,014	$ 2,233	$	$ 56,247
Water Facilities	6,691,585	364,141		7,055,726
Wastewater and Detention Facilities	3,992,352	348,019		4,340,371
Total Accumulated Depreciation	$ 10,737,951	$ 714,393	$ - 0 -	$ 11,452,344
Total Depreciable Capital Assets, Net of Accumulated Depreciation	$ 17,751,722	$ 940,613	$ - 0 -	$ 18,692,335
Total Capital Assets, Net of Accumulated Depreciation	$ 23,230,145	$ 3,214,423	$ 1,655,006	$ 24,789,562

NOTE 7. MAINTENANCE TAX

The voters of the District have approved the levy and collection of a maintenance tax not to exceed \$0.15 per \$100 of assessed valuation of taxable property within the District. The maintenance tax is to be used by the General Fund to pay expenditures of operating the District's waterworks and sanitary sewer system. During the year ended April 30, 2020, the District levied an ad valorem maintenance tax rate of \$0.150 per \$100 of assessed valuation, which resulted in a tax levy of \$1,244,764 on the adjusted taxable valuation of \$829,842,841 for the 2019 tax year.

NOTE 8. RISK MANAGEMENT

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

NOTE 9. WATER SUPPLY AND WASTEWATER TREATMENT AGREEMENT

On November 19, 2002, the District and West Harris County Municipal Utility District No. 21 ("District No. 21") entered into a Water Supply and Wastewater Treatment Agreement. Pursuant to this agreement, District No. 21 can discharge up to 90,000 gallons per day into the District's wastewater collection system.

The water supply provisions of this agreement were amended on February 1, 2006, when the District and District No. 21 entered into a 50-year Water Supply Agreement. Pursuant to the agreements, District No. 21 agreed to sell excess capacity in its water supply system in the amount of 1,200 equivalent single-family connections (ESFCs) to the District. District No. 21 will expand the capacity of its water plant to 3,000 ESFCs. Accordingly, 40% of total capacity in the expanded plant will be reserved for the District. Ownership of the water plant remains with District No. 21.

District No. 21 established a Special Revenue Fund to account for the operating and maintenance costs of the water plant. Each district has provided funds to establish an operating reserve in the Special Revenue Fund equal to two months of estimated expenses. Operating and maintenance costs are allocated between the districts depending upon whether the costs are fixed or variable in nature. Fixed costs are allocated based on each district's pro-rata share of expanded 3,000 ESFC of capacity. Variable costs are allocated based on the ratio of water delivered to each district to the total amount of water produced by the water plant for the period. The districts are billed monthly for both fixed and variable costs. The District has recorded an advance for an operating reserve in the amount of \$38,959.

NOTE 9. WATER SUPPLY AND WASTEWATER TREATMENT AGREEMENT (Continued)

A complete set of District No. 21's financial statements may be obtained from its attorney. Summary financial activities of District No. 21's Special Revenue Fund as of December 31, 2019, and for the year then ended are as follows:

Total Assets	$ 1,260,540
Total Liabilities	115,964
Total Fund Balance	$ 1,144,576
Total Revenues	$ 375,968
Total Expenditures	433,708
Net Change in Fund Balance	$ (57,740)
Fund Balance – January 1, 2019	1,202,316
Fund Balance – December 31, 2019	$ 1,144,576

NOTE 10. REGIONAL SEWAGE TREATMENT PLANT AGREEMENT

On October 24, 1974, the District entered into a regional sewage treatment contract with Harris County Water Control and Improvement District No. 133 (District No. 133) for the purpose of sharing the cost of constructing and operating a regional sewage treatment plant. The term of the contract is 40 years. The districts have agreed that upon expiration of the contract, they will continue to provide waste disposal services (to the extent then permitted by law) during the useful life of the plant. Operation and maintenance costs of the plant are apportioned to each district based on the percentage ownership of capacity. Capacity in the Willowood Regional Sewage Treatment Plant is as follows:

District	Gallons Per Day	Percentage
District No. 133	900,000	30%
Northwest Park Municipal Utility District	2,100,000	70%
Total Plant Capacity	3,000,000	100%

NOTE 10. REGIONAL SEWAGE TREATMENT PLANT AGREEMENT (Continued)

The District has recorded an advance for operations of $30,000. A complete set of District No. 133's financial statements may be obtained from its attorney. Summary financial activities of the plant as of July 31, 2019, and for the year then ended are as follows:

Total Assets	$ 2,749,619
Total Liabilities	2,709,619
Total Fund Balance	$ 40,000
Total Revenues	$ 1,207,459
Total Expenditures	1,207,459
Net Change in Fund Balance	$ -0-
Fund Balance – August 1, 2018	40,000
Fund Balance – July 31, 2019	$ 40,000

NOTE 11. NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

The District No. 21 water plant (see Note 9) is located within the boundaries of the Authority. The Authority was created to provide for the conservation, preservation, protection, recharge and prevention of waste of groundwater, and for the reduction of groundwater withdrawals. The Authority is overseeing that its participants comply with the Harris-Galveston Subsidence District pumpage requirements. The Authority charges a fee, based on the amount of water pumped from a well, to the owner of wells located within the boundaries of the Authority, unless exempted. This fee enables the Authority to fulfill its purpose and regulatory functions.

Capital Contribution Contract

In 2008, District No. 21 entered into a capital contribution agreement (the "Agreement") with the Authority. The Agreement required District No. 21 to make a capital contribution to the Authority in the amount of $1,311,209. Pursuant to the Water Supply Agreement discussed in Note 9, the District paid $904,734 of the total capital contribution, while District No. 21 paid $406,475. The District receives repayment through credits for District pumpage fees and water payments as they become due each year. These repayments accrue interest at 5.3755% per year.

NOTE 11. NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY (Continued)

The following is a schedule of the remaining capital contribution credits (principal only) to be received.

Fiscal Year	Principal
2021	$ 24,429
2022	25,739
2023	27,126
2024	28,585
2025	30,044
2026-2030	169,898
2031-2035	217,873
2036-2040	259,867
	$ 783,561

NOTE 12. GROUNDWATER REDUCTION PLAN AGREEMENT

The District is within the boundaries of the Harris-Galveston Subsidence District (the "Subsidence District") which regulates groundwater withdrawal. The District's authority to pump groundwater from its wells is subject to an annual permit issued by the Subsidence District. On April 14, 1999, the Subsidence District adopted a District Regulatory Plan (the "1999 Plan") to reduce groundwater withdrawal through the conversion to surface water in areas within the Subsidence District's jurisdiction. Under the 1999 plan, the District was required to submit to the Subsidence District by January 2003 a groundwater reduction plan and begin construction of surface water conversion infrastructure by January 2005 or pay a disincentive fee for any groundwater withdrawn in excess of 20 percent of the District's total water demand. Additional disincentive fees will be imposed under the 1999 Plan if the District's groundwater withdrawal exceeds 70 percent of the District's total water demand beginning January 2010, exceeds 40 percent of the District's total water demand beginning January 2025, or exceeds 20 percent of the District's total water demand beginning 2035. The groundwater reduction plan agreement between the District and the City of Houston was effective February 14, 2003 and fulfills the District's submittal requirements to the Subsidence District.

NOTE 13. STRATEGIC PARTNERSHIP AGREEMENT

Effective April 7, 2003, the District entered into a Strategic Partnership Agreement ("SPA") with the City of Houston, Texas ("the City"). Under the agreement, and in accordance with Subchapter F of Chapter 43 of the Local Government Code and Act, the City annexed a tract of land within the District for the limited purposes of applying the City's Planning, Zoning, Health, and Safety Ordinances within the tract. On April 11, 2007, the District approved the First Amendment to the SPA which added an additional tract of land. The City may not annex the District for full purposes during the term of this agreement. The District will pay an annual $100

NOTE 13. STRATEGIC PARTNERSHIP AGREEMENT (Continued)

fee to the City for the provision of city services in lieu of full-purpose annexation. The City imposes a Sales and Use Tax within the boundaries of the District under the SPA 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 pays to the District an amount equal to one-half of all Sales and Use Tax revenues generated within the District within 30 days of the City receiving the funds from the State Comptroller's office. The term of this SPA is 30 years from the effective date of the SPA or any amendment to the SPA. During the current fiscal year, the District recorded sales tax revenue of $677,363 of which $161,539 was recorded as receivable at year end.

NOTE 14. UNREIMBURSED COSTS

In accordance with the terms of development financing agreements, Developers within the District have made expenditures on behalf of the District for various projects. As of the balance sheet date, a liability of $710,325 was recorded on the District's financial statements for engineering and construction related to water, wastewater and detention facilities. Reimbursement of these costs is contingent upon the sale of bonds subject to approval by the Commission, or the use of other lawfully authorized funds.

NOTE 15. EMERGENCY WATER SUPPLY CONTRACT

On February 8, 2017, the District and District No. 133 entered into an Emergency Water Supply Contract. Pursuant to this contract, water will be supplied for a temporary period, not to exceed 15 days, unless written authorization is obtained to supply water for a longer period of time. Payment for water supplied is due in kind or at the rate then being charged by the supplying district's contracted surface water provider per thousand gallons plus an additional $0.25 per thousand gallons. The contract is in effect for a period of 25 years.

NOTE 16. BOND SALE

On November 14, 2019, the District closed on the sale of $6,265,000 Series 2019 Unlimited Tax Bonds. Proceeds of the bonds were used to reimburse the developer or fund construction and engineering costs associated with water, sewer, and drainage improvements to serve Northwest Park Colony, Sections 1, 2, 3, and 4; Vogel Creek Improvements for Northwest Park Colony, North Houston Rosslyn Tract; storm water compliance; wastewater treatment plant generators; wastewater treatment plant effluent filtration system; Northwest Park Colony, Section 4 wastewater rehabilitation; erosion control – Northwest Park Colony, Section 2; lift station pump out fee – Northwest Park Colony, Section 1; Greens Bayou Wetlands mitigation bank; storm water quality maintenance – detention; TCEQ storm water permit; pipeline removal; developer interest and capitalized interest; and bond issuance costs.

NOTE 17. ECONOMIC 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.

NORTHWEST PARK MUNICIPAL UTILITY DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

APRIL 30, 2020

NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2020

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	$ 1,140,530	$ 1,221,447	$ 80,917
Water Service	1,045,800	995,146	(50,654)
Wastewater Service	1,047,600	1,035,236	(12,364)
Groundwater Reduction Fees	576,400	548,102	(28,298)
Sales Tax Revenues	670,000	677,363	7,363
Penalty and Interest	180,000	156,048	(23,952)
Tap Connection and Inspection Fees	131,000	97,973	(33,027)
Investment and Miscellaneous Revenues	111,725	173,838	62,113
TOTAL REVENUES	$ 4,903,055	$ 4,905,153	$ 2,098
EXPENDITURES			
Service Operations:			
Professional Fees	$ 194,800	$ 169,388	$ 25,412
Contracted Services	396,500	331,819	64,681
Purchased Water Service/Pumpage Fees	617,700	531,298	86,402
Purchased Wastewater Service	1,107,600	1,221,627	(114,027)
Utilities	171,500	232,632	(61,132)
Repairs and Maintenance	1,032,689	1,152,836	(120,147)
Other	355,365	386,730	(31,365)
Capital Outlay	2,049,603	682,924	1,366,679
TOTAL EXPENDITURES	$ 5,925,757	$ 4,709,254	$ 1,216,503
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ (1,022,702)	$ 195,899	$ 1,218,601
OTHER FINANCING SOURCES(USES)			
Transfers In	$ -0-	$ 27,000	$ 27,000
NET CHANGE IN FUND BALANCE	$ (1,022,702)	$ 222,899	$ 1,245,601
FUND BALANCE - MAY 1, 2019	6,884,160	6,884,160	
FUND BALANCE - APRIL 30, 2020	$ 5,861,458	$ 7,107,059	$ 1,245,601

See accompanying independent auditor's report.

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NORTHWEST PARK MUNICIPAL UTILITY DISTRICT

SUPPLEMENTARY INFORMATION – REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

APRIL 30, 2020

NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED APRIL 30, 2020

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

X	Retail Water		Wholesale Water		Drainage
X	Retail Wastewater		Wholesale Wastewater		Irrigation
	Parks/Recreation		Fire Protection	X	Security
	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 April 18, 2018.

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons over Minimum Use	Usage Levels
WATER:	$ 7.50	3,000	N	$ 1.15	3,001 to 10,000
				1.45	10,000 and up
WASTEWATER:	$ 11.50	5,000	N	$ 0.30	5,001 and up
SURCHARGE: Groundwater Reduction Plan		0,001	N	$ 1.08	0,001 and up

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

Total monthly charges per 10,000 gallons usage: Water: $15.55 Wastewater: $13.00 Surcharge: $10.76

See accompanying independent auditor's report.

NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED APRIL 30, 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"	4,167	4,125	x 1.0	4,125
1"	67	66	x 2.5	165
1½"	12	12	x 5.0	60
2"	82	80	x 8.0	640
3"	2	2	x 15.0	30
4"	7	7	x 25.0	175
6"	1	1	x 50.0	50
8"	3	3	x 80.0	240
10"			x 115.0	
Total Water Connections	4,341	4,296		5,485
Total Wastewater Connections	4,279	4,235	x 1.0	4,235

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

Gallons pumped into system:	630,875,000	Water Accountability Ratio: 84.7% (Gallons billed/Gallons pumped and purchased)
Gallons billed to customers:	534,197,000	

See accompanying independent auditor's report.

NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED APRIL 30, 2020

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

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

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

5. **LOCATION OF DISTRICT:**

Is the District located entirely within one county?

Yes _X_ No ____

County in which District is located:

Harris County, Texas

Is the District located within a city?

Entirely ____ Partly ____ Not at all _X_

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

Entirely _X_ Partly ____ Not at all ____

ETJ in which District is located:

City of Houston, Texas

Are Board Members appointed by an office outside the District?

Yes ____ No _X_

NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED APRIL 30, 2020

PROFESSIONAL FEES:		
Auditing	$	15,250
Engineering		99,729
Legal		54,409
TOTAL PROFESSIONAL FEES	$	169,388
PURCHASED SERVICES FOR RESALE:		
Purchased Water Service/Pumpage Fees	$	597,928
Purchased Wastewater Service		1,221,627
TOTAL PURCHASED SERVICES FOR RESALE	$	1,819,555
CONTRACTED SERVICES:		
Bookkeeping	$	37,586
Operations and Billing		162,785
Other Contracted Services		9,200
Security		122,248
TOTAL CONTRACTED SERVICES	$	331,819
UTILITIES	$	232,632
REPAIRS AND MAINTENANCE	$	1,152,836
ADMINISTRATIVE EXPENDITURES:		
Consumer Confidence Report	$	13,496
Director Fees, Including Payroll Taxes		26,320
Election Costs		4,100
Insurance		36,976
Office Supplies and Postage		51,876
Travel and Meetings		15,726
Uncollectible Accounts		47,285
Other		7,509
TOTAL ADMINISTRATIVE EXPENDITURES	$	203,288
CAPITAL OUTLAY	$	682,924
TAP CONNECTIONS	$	13,606
OTHER EXPENDITURES:		
Chemicals	$	20,306
Laboratory Fees		25,815
Permit Fees		29,975
Inspection and Reconnection Fees		68,416
Regulatory Assessment		9,844
Other		15,480
TOTAL OTHER EXPENDITURES	$	169,836
TOTAL EXPENDITURES	$	4,775,884

See accompanying independent auditor's report.

NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
INVESTMENTS
APRIL 30, 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	XXXX0001	Varies	Daily	$ 3,910,084	$
Certificate of Deposit	XXXX8207	2.75%	05/27/20	240,000	6,094
Certificate of Deposit	XXXX3099	2.05%	08/26/20	240,000	3,329
Certificate of Deposit	XXXX0973	1.60%	01/16/21	240,000	1,094
Certificate of Deposit	XXXX4436	2.60%	06/02/20	240,000	5,659
Certificate of Deposit	XXXX4449	2.50%	06/16/20	500,000	10,890
Certificate of Deposit	XXXX2447	1.90%	12/22/20	240,000	1,612
Certificate of Deposit	XXXX0908	2.00%	10/21/20	240,000	2,525
Certificate of Deposit	XXXX0094	2.00%	10/21/20	240,000	2,525
Certificate of Deposit	XXXX0796	2.45%	10/06/20	240,000	3,319
Certificate of Deposit	XXXX7223	2.60%	08/01/20	240,000	4,650
Certificate of Deposit	XXXX0245	1.85%	11/11/20	240,000	2,080
TOTAL GENERAL FUND				$ 6,810,084	$ 43,777
DEBT SERVICE FUND					
Texas CLASS	XXXX0002	Varies	Daily	$ 1,511,812	$
Certificate of Deposit	XXXX2227	1.90%	02/07/21	240,000	1,025
Certificate of Deposit	XXXX0047	1.75%	02/19/21	240,000	817
Certificate of Deposit	XXXX0290	1.65%	02/17/21	240,000	781
TOTAL DEBT SERVICE FUND				$ 2,231,812	$ 2,623
CAPITAL PROJECTS FUND					
Texas CLASS	XXXX0004	Varies	Daily	$ 2,653,862	$ -0-
TOTAL - ALL FUNDS				$ 11,695,758	$ 46,400

See accompanying independent auditor's report.

NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED APRIL 30, 2020

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE - MAY 1, 2019	$ 52,142		$ 100,696	
Adjustments to Beginning Balance	(14,342)	$ 37,800	(26,544)	$ 74,152
Original 2019 Tax Levy	$ 1,098,756		$ 2,036,361	
Adjustment to 2019 Tax Levy	146,008	1,244,764	270,602	2,306,963
TOTAL TO BE ACCOUNTED FOR		$ 1,282,564		$ 2,381,115
TAX COLLECTIONS:				
Prior Years	$ 22,770		$ 42,292	
Current Year	1,198,677	1,221,447	2,221,548	2,263,840
TAXES RECEIVABLE - APRIL 30, 2020		$ 61,117		$ 117,275
TAXES RECEIVABLE BY YEAR:				
2019		$ 46,087		$ 85,415
2018		5,533		10,254
2017		2,098		3,916
2016		1,499		2,898
2015		981		1,962
2014 and prior		4,919		12,830
TOTAL		$ 61,117		$ 117,275

See accompanying independent auditor's report.

NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED APRIL 30, 2020

	2019	2018	2017	2016
PROPERTY VALUATIONS:				
Land	$ 195,262,217	$ 189,663,091	$ 181,013,151	$ 174,863,789
Improvements	578,738,147	528,213,413	491,144,739	464,685,534
Personal Property	55,842,477	57,078,215	59,871,340	55,812,236
TOTAL PROPERTY VALUATIONS	$ 829,842,841	$ 774,954,719	$ 732,029,230	$ 695,361,559
TAX RATES PER $100 VALUATION:				
Debt Service	$ 0.278	$ 0.278	$ 0.28	$ 0.29
Maintenance	0.150	0.150	0.15	0.15
TOTAL TAX RATES PER $100 VALUATION	$ 0.428	$ 0.428	$ 0.43	$ 0.44
ADJUSTED TAX LEVY*	$ 3,551,727	$ 3,316,806	$ 3,147,725	$ 3,059,590
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	96.30 %	99.52 %	99.81 %	99.86 %

* 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 $0.15 per $100 of assessed valuation as approved by voters.

See accompanying independent auditor's report.

NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
APRIL 30, 2020

	S E R I E S - 2 0 0 9		
Due During Fiscal Years Ending April 30	Principal Due March 1	Interest Due September 1/ March 1	Total
2021	$ 250,000	$ 10,000	$ 260,000
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
	$ 250,000	$ 10,000	$ 260,000

See accompanying independent auditor's report.

NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
APRIL 30, 2020

	SERIES-2012 REFUNDING		
Due During Fiscal Years Ending April 30	Principal Due March 1	Interest Due September 1/ March 1	Total
2021	$ 920,000	$ 114,150	$ 1,034,150
2022	980,000	86,550	1,066,550
2023	960,000	57,150	1,017,150
2024	945,000	28,350	973,350
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
	$ 3,805,000	$ 286,200	$ 4,091,200

See accompanying independent auditor's report.

NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
APRIL 30, 2020

	SERIES-2012A		
Due During Fiscal Years Ending April 30	Principal Due March 1	Interest Due September 1/ March 1	Total
2021	$ 20,000	$ 94,268	$ 114,268
2022	25,000	93,694	118,694
2023	25,000	92,975	117,975
2024	25,000	92,256	117,256
2025	25,000	91,538	116,538
2026	25,000	90,819	115,819
2027	340,000	90,100	430,100
2028	340,000	79,900	419,900
2029	340,000	69,700	409,700
2030	340,000	58,650	398,650
2031	340,000	47,600	387,600
2032	340,000	35,700	375,700
2033	340,000	23,800	363,800
2034	340,000	11,900	351,900
2035			
2036			
2037			
2038			
	$ 2,865,000	$ 972,900	$ 3,837,900

See accompanying independent auditor's report.

NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
APRIL 30, 2020

	S E R I E S - 2 0 1 3 R E F U N D I N G		
Due During Fiscal Years Ending April 30	Principal Due March 1	Interest Due September 1/ March 1	Total
2021	$ 115,000	$ 109,725	$ 224,725
2022	110,000	105,700	215,700
2023	110,000	101,850	211,850
2024	110,000	98,000	208,000
2025	1,105,000	94,150	1,199,150
2026	1,090,000	55,475	1,145,475
2027	250,000	17,325	267,325
2028	245,000	8,575	253,575
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
	$ 3,135,000	$ 590,800	$ 3,725,800

See accompanying independent auditor's report.

NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
APRIL 30, 2020

	SERIES-2016 REFUNDING		
Due During Fiscal Years Ending April 30	Principal Due March 1	Interest Due September 1/ March 1	Total
2021	$ 60,000	$ 102,010	$ 162,010
2022	310,000	100,798	410,798
2023	355,000	94,536	449,536
2024	420,000	87,365	507,365
2025	495,000	78,881	573,881
2026	485,000	68,882	553,882
2027	600,000	59,085	659,085
2028	585,000	46,965	631,965
2029	595,000	35,148	630,148
2030	580,000	23,129	603,129
2031	565,000	11,413	576,413
2032			
2033			
2034			
2035			
2036			
2037			
2038			
	$ 5,050,000	$ 708,212	$ 5,758,212

See accompanying independent auditor's report.

NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
APRIL 30, 2020

	SERIES - 2016A		
Due During Fiscal Years Ending April 30	Principal Due March 1	Interest Due September 1/ March 1	Total
2021	$ 100,000	$ 119,750	$ 219,750
2022	100,000	117,750	217,750
2023	100,000	115,650	215,650
2024	100,000	113,400	213,400
2025	100,000	110,900	210,900
2026	100,000	108,400	208,400
2027	270,000	105,650	375,650
2028	270,000	98,225	368,225
2029	350,000	90,125	440,125
2030	350,000	79,625	429,625
2031	350,000	69,125	419,125
2032	350,000	58,625	408,625
2033	350,000	47,250	397,250
2034	350,000	35,875	385,875
2035	350,000	24,500	374,500
2036	350,000	12,250	362,250
2037			
2038			
	$ 3,940,000	$ 1,307,100	$ 5,247,100

See accompanying independent auditor's report.

NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
APRIL 30, 2020

	SERIES - 2019		
Due During Fiscal Years Ending April 30	Principal Due March 1	Interest Due September 1/ March 1	Total
2021	$	$ 136,800	$ 136,800
2022		136,800	136,800
2023		136,800	136,800
2024		136,800	136,800
2025		136,800	136,800
2026		136,800	136,800
2027	275,000	136,800	411,800
2028	325,000	131,300	456,300
2029	515,000	124,800	639,800
2030	550,000	114,500	664,500
2031	575,000	103,500	678,500
2032	575,000	92,000	667,000
2033	575,000	80,500	655,500
2034	575,000	68,282	643,282
2035	575,000	55,344	630,344
2036	575,000	42,406	617,406
2037	575,000	28,750	603,750
2038	575,000	14,374	589,374
	$ 6,265,000	$ 1,813,356	$ 8,078,356

See accompanying independent auditor's report.

NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
APRIL 30, 2020

	ANNUAL REQUIREMENTS FOR ALL SERIES		
Due During Fiscal Years Ending April 30	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2021	$ 1,465,000	$ 686,703	$ 2,151,703
2022	1,525,000	641,292	2,166,292
2023	1,550,000	598,961	2,148,961
2024	1,600,000	556,171	2,156,171
2025	1,725,000	512,269	2,237,269
2026	1,700,000	460,376	2,160,376
2027	1,735,000	408,960	2,143,960
2028	1,765,000	364,965	2,129,965
2029	1,800,000	319,773	2,119,773
2030	1,820,000	275,904	2,095,904
2031	1,830,000	231,638	2,061,638
2032	1,265,000	186,325	1,451,325
2033	1,265,000	151,550	1,416,550
2034	1,265,000	116,057	1,381,057
2035	925,000	79,844	1,004,844
2036	925,000	54,656	979,656
2037	575,000	28,750	603,750
2038	575,000	14,374	589,374
	$ 25,310,000	$ 5,688,568	$ 30,998,568

See accompanying independent auditor’s report.

NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED APRIL 30, 2020

Description	Original Bonds Issued	Bonds Outstanding May 1, 2019
Northwest Park Municipal Utility District Unlimited Tax Bonds - Series 2009	$ 5,920,000	$ 500,000
Northwest Park Municipal Utility District Unlimited Tax Refunding Bonds - Series 2012	6,595,000	4,740,000
Northwest Park Municipal Utility District Unlimited Tax Bonds - Series 2012A	2,865,000	2,865,000
Northwest Park Municipal Utility District Unlimited Tax Refunding Bonds - Series 2013	8,360,000	3,250,000
Northwest Park Municipal Utility District Unlimited Tax Refunding Bonds - Series 2016	5,320,000	5,110,000
Northwest Park Municipal Utility District Unlimited Tax Bonds - Series 2016A	4,240,000	4,040,000
Northwest Park Municipal Utility District Unlimited Tax Bonds - Series 2019	6,265,000	
TOTAL	$ 39,565,000	$ 20,505,000

Bond Authority:	Tax Bonds	Refunding Bonds
Amount Authorized by Voters	$ 46,730,000	$ 15,000,000
Amount Issued	40,820,000	10,360,000
Remaining to be Issued	$ 5,910,000	$ 4,640,000

See accompanying independent auditor's report.

Current Year Transactions				
	Retirements		Bonds Outstanding	
Bonds Sold	Principal	Interest	April 30, 2020	Paying Agent
$	$ 250,000	$ 19,688	$ 250,000	Wells Fargo Bank, N.A. Dallas, TX
	935,000	142,200	3,805,000	Wells Fargo Bank, N.A. Dallas, TX
		94,268	2,865,000	Wells Fargo Bank, N.A. Dallas, TX
	115,000	112,025	3,135,000	Wells Fargo Bank, N.A. Dallas, TX
	60,000	103,222	5,050,000	Branch Banking and Trust Company, Charlotte, NC
	100,000	121,750	3,940,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
6,265,000		40,660	6,265,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
$ 6,265,000	$ 1,460,000	$ 633,813	$ 25,310,000	

Debt Service Fund cash and investment balances as of April 30, 2020:	$ 2,484,406
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 1,722,143

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

See accompanying independent auditor's report.

NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2020	2019	2018
REVENUES			
Property Taxes	$ 1,221,447	$ 1,186,604	$ 1,097,522
Water Service	995,146	1,037,082	897,896
Wastewater Service	1,035,236	1,037,987	905,917
Groundwater Reduction Fees	548,102	562,383	567,679
Sales Tax Revenues	677,363	661,369	651,225
Penalty and Interest	156,048	178,351	160,641
Tap Connection and Inspection Fees	97,973	137,972	79,525
Investment and Miscellaneous Revenues	240,468	295,773	178,889
TOTAL REVENUES	$ 4,971,783	$ 5,097,521	$ 4,539,294
EXPENDITURES			
Professional Fees	$ 169,388	$ 172,666	$ 170,608
Contracted Services	331,819	449,999	363,988
Purchased Water Service/Pumpage Fees	597,928	625,785	811,161
Purchased Wastewater Service	1,221,627	958,330	928,177
Utilities	232,632	170,433	159,034
Repairs and Maintenance	1,152,836	1,064,142	1,106,837
Other	386,730	383,005	380,875
Capital Outlay	682,924	1,201,745	15,367
TOTAL EXPENDITURES	$ 4,775,884	$ 5,026,105	$ 3,936,047
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 195,899	$ 71,416	$ 603,247
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	$ 27,000	$ 3,171	$
Note Proceeds		220,268	
TOTAL OTHER FINANCING SOURCES (USES)	$ 27,000	$ 223,439	$ - 0 -
NET CHANGE IN FUND BALANCE	$ 222,899	$ 294,855	$ 603,247
BEGINNING FUND BALANCE	6,884,160	6,589,305	5,986,058
ENDING FUND BALANCE	$ 7,107,059	$ 6,884,160	$ 6,589,305

See accompanying independent auditor’s report.

		Percentage of Total Revenues				
2017	2016	2020	2019	2018	2017	2016
$ 993,406	$ 960,573	24.7 %	23.3 %	24.2 %	22.1 %	21.8 %
903,318	901,464	20.0	20.3	19.8	20.0	20.5
887,623	872,758	20.8	20.4	20.0	19.7	19.8
562,683	552,703	11.0	11.0	12.5	12.5	12.5
587,465	701,754	13.6	13.0	14.3	13.0	15.9
147,476	167,497	3.1	3.5	3.5	3.3	3.8
263,125	88,225	2.0	2.7	1.8	5.8	2.0
162,468	162,629	4.8	5.8	3.9	3.6	3.7
$ 4,507,564	$ 4,407,603	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 138,849	$ 117,586	3.4 %	3.4 %	3.8 %	3.1 %	2.7 %
346,076	340,390	6.7	8.8	8.0	7.7	7.7
750,419	632,064	12.0	12.3	17.9	16.6	14.3
840,350	828,329	24.6	18.8	20.4	18.6	18.8
182,183	201,865	4.7	3.3	3.5	4.0	4.6
1,037,315	757,252	23.2	20.9	24.4	23.0	17.2
388,099	303,247	7.8	7.5	8.4	8.6	6.9
2,169,894	951,046	13.7	23.6	0.3	48.1	21.6
$ 5,853,185	$ 4,131,779	96.1 %	98.6 %	86.7 %	129.7 %	93.8 %
$ (1,345,621)	$ 275,824	3.9 %	1.4 %	13.3 %	(29.7) %	6.2 %
$ 350,000	$					
$ 350,000	$ - 0 -					
$ (995,621)	$ 275,824					
6,981,679	6,705,855					
$ 5,986,058	$ 6,981,679					

See accompanying independent auditor’s report.

NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2020	2019	2018
REVENUES			
Property Taxes	$ 2,263,840	$ 2,201,335	$ 2,055,361
Penalty and Interest	52,010	61,068	89,454
Investment and Miscellaneous Revenues	51,171	43,367	16,708
TOTAL REVENUES	$ 2,367,021	$ 2,305,770	$ 2,161,523
EXPENDITURES			
Tax Collection Costs, Fees and Other	$ 111,915	$ 132,028	$ 113,081
Debt Service Principal and Interest	2,093,813	2,059,552	2,074,800
Bond Issuance Costs			
TOTAL EXPENDITURES	$ 2,205,728	$ 2,191,580	$ 2,187,881
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 161,293	$ 114,190	$ (26,358)
OTHER FINANCING SOURCES (USES)			
Long-Term Debt Issued	$ 68,400	$	$
Payment to Refunded Bond Escrow Agent			
TOTAL OTHER FINANCING SOURCES (USES)	$ 68,400	$ -0-	$ - 0 -
NET CHANGE IN FUND BALANCE	$ 229,693	$ 114,190	$ (26,358)
BEGINNING FUND BALANCE	2,185,526	2,071,336	2,097,694
ENDING FUND BALANCE	$ 2,415,219	$ 2,185,526	$ 2,071,336
TOTAL ACTIVE RETAIL WATER CONNECTIONS	4,296	4,257	4,233
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	4,235	4,198	4,173

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2017	2016	2020	2019	2018	2017	2016
$ 1,922,448	$ 1,924,950	95.6 %	95.5 %	95.1 %	97.5 %	98.1 %
35,073	29,990	2.2	2.6	4.1	1.8	1.5
14,609	7,219	2.2	1.9	0.8	0.7	0.4
$ 1,972,130	$ 1,962,159	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 98,198	$ 102,898	4.7 %	5.8 %	5.2 %	4.9 %	5.3 %
1,897,846	1,927,969	88.5	89.3	96.0	96.2	98.3
152,135					7.7	
$ 2,148,179	$ 2,030,867	93.2 %	95.1 %	101.2 %	108.8 %	103.6 %
$ (176,049)	$ (68,708)	6.8 %	4.9 %	(1.2) %	(8.8) %	(3.6) %
$ 5,445,750	$					
(5,160,540)						
$ 285,210	$ -0-					
$ 109,161	$ (68,708)					
1,988,533	2,057,241					
$ 2,097,694	$ 1,988,533					
4,197	4,143					
4,140	4,088					

See accompanying independent auditor’s report.

NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
APRIL 30, 2020

District Mailing Address	-	Northwest Park Municipal Utility District c/o Young and Brooks 10000 Memorial Drive, Suite 260 Houston, TX 77024
District Telephone Number	-	(713) 951-0800

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended April 30, 2020	Expense Reimbursements for the year ended April 30, 2020	Title
Dois Sutton	11/2017 11/2021 (Elected)	$ 6,300	$ 1,679	President
Michael Broussard	11/2019 11/2023 (Elected)	$ 6,750	$ 2,765	Vice President
Robert D. McCharen	11/2019 11/2023 (Elected)	$ 2,550	$ 692	Secretary
Tamika Harris	11/2017 11/2021 (Elected)	$ 3,150	$ 43	Assistant Secretary
Sherri Whitlow-Lee	11/2017 11/2021 (Elected)	$ 5,700	$ 1,244	Director/ Investment Officer

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: December 13, 2019

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

See accompanying independent auditor's report.

NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
APRIL 30, 2020

Consultants:	Date Hired	Fees for the year ended April 30, 2020	Title
Young & Brooks	11/18/81	$ 59,730	General Counsel
	03/15/89	$ 161,625	Bond Counsel
		$ 18,899	Delinquent Tax Attorney
McCall Gibson Swedlund Barfoot PLLC	04/15/15	$ 15,250	Auditor
		$ 7,500	Other Services
Municipal Accounts & Consulting, L.P.	01/26/00	$ 44,349	Bookkeeper
Mark Burton		$ -0-	Investment Officer
Edminster Hinshaw Russ & Associates, Inc.	11/20/85	$ 183,758	Engineer
Masterson Advisors, LLC	05/16/18	$ 124,148	Financial Advisor
Si Environmental, LLC	12/01/14	$1,401,933	Operator
Utility Tax Service, LLC	09/01/10	$ 59,409	Tax Assessor/ Collector

See accompanying independent auditor's report.

APPENDIX B

Specimen Municipal Bond Insurance Policy

MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

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

Effective Date: _________

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

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

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

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

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

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

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

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

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: ____
Authorized Officer

Notices (Unless Otherwise Specified by BAM)

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