OFFICIAL STATEMENT DATED JUNE 2, 2021

IN THE OPINION OF BOND COUNSEL, THE BONDS ARE VALID OBLIGATIONS OF MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 94. IN THE OPINION OF SPECIAL TAX COUNSEL, INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR PURPOSES OF FEDERAL INCOME TAXATION UNDER STATUTES, REGULATIONS, PUBLISHED RULINGS AND COURT DECISIONS EXISTING ON THE DATE OF SUCH OPINION. SEE "LEGAL MATTERS" AND "TAX MATTERS" HEREIN FOR A DISCUSSION OF THE OPINIONS OF BOND COUNSEL AND SPECIAL TAX COUNSEL.

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

NEW ISSUE-BOOK-ENTRY-ONLY

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

$2,790,000

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 94

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

UNLIMITED TAX REFUNDING BONDS
SERIES 2021

Dated Date: July 1, 2021 **Due: October 1, as shown below**

The bonds described above (the "Bonds") are obligations solely of Montgomery County Municipal Utility District No. 94 (the "District"), and are not obligations of the State of Texas, Montgomery County, the City of Houston or any entity other than the District. THE PURCHASE AND OWNERSHIP OF THE BONDS ARE SUBJECT TO SPECIAL INVESTMENT CONSIDERATIONS DESCRIBED HEREIN AND ALL PROSPECTIVE PURCHASERS ARE URGED TO EXAMINE CAREFULLY THIS ENTIRE OFFICIAL STATEMENT WITH RESPECT TO THE INVESTMENT SECURITY OF THE BONDS, INCLUDING PARTICULARLY THE SECTION CAPTIONED "INVESTMENT CONSIDERATIONS."

Principal of the Bonds is payable at maturity or prior redemption at the principal payment office of the paying agent/registrar, initially The Bank of New York Mellon Trust Company, N.A. in Dallas, Texas (the "Paying Agent/Registrar"). Interest on the Bonds accrues from July 1, 2021, and is payable on each October 1 and April 1 (each an "Interest Payment Date"), commencing October 1, 2021, until maturity or prior redemption. The Bonds will be issued only in fully registered form and in denominations of $5,000 each or integral multiples thereof. The Bonds mature and are 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, 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."

ASSURED GUARANTY MUNICIPAL

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

MATURITY SCHEDULE

Due (October 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (c)	CUSIP Number (b)	Due (October 1)	Principal Amount		Interest Rate	Initial Reoffering Yield (c)	CUSIP Number (b)
2022	$ 30,000	3.00 %	0.37 %	613926 SM7	2027	$ 280,000		3.00 %	1.13 %	613926 SS4
2023	30,000	3.00	0.45	613926 SN5	2028	540,000	(a)	1.00	1.35	613926 ST2
2024	250,000	3.00	0.61	613926 SP0	2029	555,000	(a)	2.00	1.39	613926 SU9
2025	260,000	3.00	0.80	613926 SQ8	2030	575,000	(a)	2.00	1.59	613926 SV7
2026	270,000	3.00	1.00	613926 SR6						

(a) Bonds maturing on or after October 1, 2028, are subject to redemption at the option of the District prior to their maturity dates in whole, or from time to time, in part, on October 1, 2027, or on any date thereafter, at a price of par plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. See "THE BONDS—Redemption Provisions."

(b) CUSIP Numbers will be assigned to the Bonds by CUSIP Service Bureau and will be included solely for the convenience of the purchasers of the Bonds. Neither the District nor the Underwriter (as herein defined) shall be responsible for the selection or correctness of the CUSIP Numbers set forth herein.

(c) Initial Reoffering Yield represents the initial offering yield to the public, which has been established by the Underwriter for offers to the public and which subsequently may be changed.

The Bonds, when issued, will constitute valid and legally binding obligations of the District and will be payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied 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, Montgomery County, the City of Houston or any other 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 Schwartz, Page & Harding, L.L.P., Houston, Texas, Bond Counsel and McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Special Tax Counsel. Certain legal matters will be passed on for the Underwriter by McCall, Parkhurst & Horton L.L.P., Houston, Texas, as Underwriter's Counsel. Delivery of the Bonds in book-entry form through DTC is expected on or about July 7, 2021.

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 representations 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, resolutions, 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 Schwartz, Page & Harding, L.L.P., Bond Counsel, 1300 Post Oak Boulevard, Suite 1400, Houston, Texas, 77056, upon payment of the costs of duplication thereof.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this OFFICIAL STATEMENT for purposes of, and as that term is defined in, SEC Rule 15c2-12, as amended.

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

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

SALE AND DISTRIBUTION OF THE BONDS

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 $2,886,456.59 (representing the principal amount of the Bonds of $2,790,000.00, plus a net premium of $125,490.15, less an Underwriter's discount of $29,033.56), 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 may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into unit investment trusts) and others at yields lower than the public offering yield stated on the cover page hereof. The initial offering yield may be changed at any time by the Underwriter.

The Underwriter has reviewed the information in this OFFICIAL STATEMENT in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, 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 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.

OFFICIAL STATEMENT SUMMARY

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

INFECTIOUS DISEASE OUTLOOK (COVID-19)

General... The World Health Organization has declared a pandemic following the outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus (the "Pandemic"), which is currently affecting many parts of the world, including the United States and Texas. As described herein under "INVESTMENT CONSIDERATIONS—Infectious Disease Outlook (COVID-19)", federal, state and local governments have all taken actions to respond to the Pandemic, including disaster declarations by both the President of the United States and the Governor of Texas.

General... 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 or its rating. See "MUNICIPAL BOND RATING AND MUNICIPAL BOND INSURANCE." The financial and operating data contained herein are the latest available but are as of dates and for periods partially prior to the economic impact of the Pandemic and measures instituted to slow it. Accordingly, they are not indicative of the economic impact of the Pandemic on the District's financial condition. See "INVESTMENT CONSIDERATIONS—Infectious Disease Outlook (COVID-19)."

SEVERE WEATHER EVENTS; HURRICANE HARVEY

General... The greater Houston area, including the District, is subject to occasional severe weather events, including tropical storms, winter 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 multiple 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.

Hurricane Harvey Impact... According to the District's Operator (as hereafter defined), the District's System sustained some damage as a result of Hurricane Harvey but was returned to operation within 1 day. To the best knowledge of the District, approximately 50 homes and some commercial businesses within the District experienced water incursions as a result of Hurricane Harvey.

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

THE DISTRICT

Description...	The District is a political subdivision of the State of Texas, created on September 11, 2002, by order of the Texas Natural Resource Conservation Commission, predecessor to the Texas Commission on Environmental Quality (the "TCEQ"), and operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended. The District consists of approximately 667 acres of land. See "THE DISTRICT."
Location...	The District is located in Montgomery County, approximately 23 miles north of the central downtown business district of the City of Houston and within the extraterritorial jurisdiction of the City of Houston. The District is also within the boundaries of the Conroe Independent School District ("Conroe ISD"). Access to the District is provided by the Hardy Toll Road north to Riley Fuzzel Road. The District's northwest boundary is Spring Creek is to the south and west of the District. See "THE DISTRICT."
Status of Development…	The development in the District currently includes 1,685 single-family residential lots on approximately 498 acres. As of April 30, 2021, 1,685 homes were constructed, of which 1,678 were occupied. The 2020 average homestead value in the District is approximately $277,819. A recreation center has been constructed on approximately 3 acres within the District and features a competition size swimming pool, a children's wading pool, a children's playground and a visitor's center. A Conroe ISD school, which is not subject to ad valorem taxation, has been constructed on approximately 16 acres. An approximate 3-acre tract has been developed as Spring Trails Plaza totaling approximately 36,300 square feet and consisting of various medical and professional service businesses. Approximately 147 acres are not developable with taxable improvements (i.e. easements, wetlands, right-of-way and buffer zone for the Grand Parkway, recreational, open space, water plant and lift station sites). See "THE DISTRICT."
Payment Record...	The District has previously issued eleven series of unlimited tax bonds in the aggregate principal amount of $38,450,000 for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities, one series of unlimited tax park bonds in the principal amount of $3,350,000 for the purpose of acquiring or constructing recreational facilities and eight series of unlimited tax refunding bonds in the aggregate principal amount of $36,975,000 for the purpose of refunding outstanding bonds of the District, (collectively, the "Previously Issued Bonds") of which $25,875,000 in aggregate principal amount collectively remain outstanding as of the date hereof (the "Outstanding Bonds"). The District has never defaulted on the payment of principal or interest on the Previously Issued Bonds. See "FINANCIAL INFOMRATION CONCERNING THE DISTRICT (UNAUDITED)—Outstanding Bonds."

THE BONDS

Description...	The $2,790,000 Unlimited Tax Refunding Bonds, Series 2021 (the "Bonds") are being issued as fully registered bonds pursuant to an order authorizing the issuance of the Bonds (the "Bond Order") adopted by the District's Board of Directors (the "Board"). The Bonds are scheduled to mature serially on October 1 in each of the years 2022 through 2030, both inclusive. The Bonds will be issued in book-entry form only in denominations of $5,000 or integral multiples of $5,000. Interest on the Bonds accrues from July 1, 2021, and is payable on October 1, 2021, and on each April 1 and October 1 thereafter, until the earlier of maturity or prior redemption. See "THE BONDS."
Book-Entry-Only System...	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 securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds and will be deposited with DTC or its designee. See "BOOK-ENTRY-ONLY SYSTEM."
Redemption...	Bonds maturing on or after October 1, 2028, are subject to redemption at the option of the District in whole, or from time to time in part, prior to their maturity dates on October 1, 2027, or on any date thereafter, at a price of par plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. See "THE BONDS—Redemption Provisions."

Use of Proceeds...	Proceeds from the sale of the Bonds, along with lawfully available debt service funds will be used to pay certain costs incurred in connection with the issuance of the Bonds and to currently refund and defease $2,760,000 in principal amount of the Outstanding Bonds (the "Refunded Bonds") in order to reduce the District's annual debt service expense. After the issuance of the Bonds, $23,115,000 principal amount of the Outstanding Bonds will remain outstanding (the "Remaining Outstanding Bonds") and the total amount of District debt, consisting of the Remaining Outstanding Bonds and the Bonds, will be $25,905,000. See "PLAN OF FINANCING—Refunded Bonds" and "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Outstanding Bonds."
Authority for Issuance...	The Bonds are the ninth series of bonds issued out of an aggregate of $61,500,000 principal amount of unlimited tax refunding bonds authorized by the District's voters on November 5, 2002 and November 6, 2007, for the purpose of refunding outstanding bonds of the District. The Bonds are issued pursuant to the Texas Constitution the general laws of the State of Texas (particularly Chapters 49 and 54 of the Texas Water Code, as amended and Chapter 1207 of the Texas Government Code, as amended) and City of Houston Ordinance No. 97-416. See "THE BONDS—Authority for Issuance" and "—Issuance of Additional Debt" and "INVESTMENT CONSIDERATIONS—Future Debt."
Source of Payment...	Principal of and interest on the Bonds and the Remaining Outstanding Bonds are 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. The Bonds are obligations of the District and are not obligations of the State of Texas, Montgomery County, the City of Houston, or any entity other than the District. See "THE BONDS—Source and Security for Payment" and "—Funds."
Municipal Bond Rating and Municipal Bond Insurance...	S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, ("S&P") and Moody's Investors Service, Inc. ("Moody's") have assigned municipal bond ratings of "AA" (stable outlook) and "A2" (stable outlook), respectively, to this issue of Bonds with the understanding that, upon delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by ASSURED GUARANTY MUNICIPAL CORP. ("AGM" or the "Insurer"). Moody's has also assigned an underlying rating of "A2" to the Bonds. An explanation of the ratings may be obtained from S&P and Moody's. See "INVESTMENT CONSIDERATIONS—Municipal Bond Insurance Risk Factors," "MUNICIPAL BOND RATING," "MUNICIPAL BOND INSURANCE" and "APPENDIX B."
Qualified Tax-Exempt Obligations...	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...	Schwartz, Page & Harding, L.L.P., Houston, Texas. See "MANAGEMENT OF THE DISTRICT—District Consultants" and "LEGAL MATTERS."
Special Tax Counsel...	McCall, Parkhurst & Horton L.L.P., Dallas, Texas. See "TAX MATTERS."
Underwriter's Counsel…	McCall, Parkhurst & Horton L.L.P., Houston, Texas
Financial Advisor…	Masterson Advisors LLC, Houston, Texas. See "MANAGEMENT OF THE DISTRICT—District Consultants."
Paying Agent/Registrar...	The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. See "THE BONDS—Method of Payment of Principal and Interest."
Escrow Agent...	The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. See "PLAN OF FINANCING—Escrow Agreement" and "—Defeasance of the Refunded Bonds."
Verification Agent...	Public Finance Partners LLC, Rockford, Minnesota. See "VERIFICATION OF MATHEMATICAL COMPUTATIONS."

INVESTMENT CONSIDERATIONS

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

SELECTED FINANCIAL INFORMATION (UNAUDITED)

2020 Certified Taxable Assessed Valuation	$462,767,690	(a)
2021 Preliminary Taxable Assessed Valuation	$478,538,844	(b)
Gross Direct Debt Outstanding (the Bonds and the Remaining Outstanding Bonds)	$25,905,000	(c)
Estimated Overlapping Debt	20,007,032	(d)
Gross Direct Debt and Estimated Overlapping Debt	$45,912,032	(d)
Ratios of Gross Direct Debt to:		
2020 Certified Taxable Assessed Valuation	5.60%	
2021 Preliminary Taxable Assessed Valuation	5.41%	
Ratios of Gross Direct Debt and Estimated Overlapping Debt to:		
2020 Certified Taxable Assessed Valuation	9.92%	
2021 Preliminary Taxable Assessed Valuation	9.59%	
Funds Available for Operations and Maintenance as of May 4, 2021	$5,823,004	
Funds Available for Debt Service as of May 4, 2021	$3,635,702	(e)
2020 Debt Service Tax Rate	$0.570	
2020 Maintenance Tax Rate	0.195	
2020 Total Tax Rate	$0.765	
Average Annual Debt Service Requirement (2022-2037)	$1,818,325	(f)
Maximum Annual Debt Service Requirement (2022)	$2,691,119	(f)
Tax Rate Required to Pay Average Annual Debt Service (2022-2030) at a 95% Collection Rate		
based upon 2020 Certified Taxable Assessed Valuation	$0.42	(g)
based upon 2021 Preliminary Taxable Assessed Valuation	$0.40	
Tax Rate Required to Pay Maximum Annual Debt Service (2022) at a 95% Collection Rate		
based upon 2020 Certified Taxable Assessed Valuation	$0.62	(g)
based upon 2021 Preliminary Taxable Assessed Valuation	$0.60	
Status of Development as of April 30, 2021 (h):		
Total Homes Completed (1,678 Occupied)	1,685	
Estimated Population	5,873	(i)

(a) As certified by the Montgomery Central Appraisal District (the "Appraisal District"). See "TAXING PROCEDURES."
(b) Provided by the Appraisal District as a preliminary indication of the 2021 taxable value (as of January 1, 2021). Such amount is subject to review and downward adjustment prior to certification. No tax will be levied on such amount until it is certified in the summer of 2021. See "TAXING PROCEDURES."
(c) After the issuance of the Bonds and excludes the Refunded Bonds. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Outstanding Bonds."
(d) See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Estimated Overlapping Debt" and "—Overlapping Taxes."
(e) The District will apply $27,000 of lawfully available debt service funds towards the purpose for which the Bonds are being issued. Neither Texas law nor the Bond Order requires the District to maintain any particular balance in the Debt Service Fund.
(f) See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements."
(g) See "TAX DATA—Tax Adequacy for Debt Service."
(h) See "THE DISTRICT—Land Use" and "Status of Development."
(i) Based upon 3.5 persons per occupied single-family residence.

OFFICIAL STATEMENT

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 94

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

$2,790,000
UNLIMITED TAX REFUNDING BONDS
SERIES 2021

This OFFICIAL STATEMENT provides certain information in connection with the issuance by Montgomery County Municipal Utility District No. 94 (the "District") of its $2,790,000 Unlimited Tax Refunding Bonds, Series 2021 (the "Bonds").

The Bonds are issued pursuant to the Article XVI, Section 59 of the Texas Constitution, as amended, the general laws of the State of Texas (particularly Chapters 49 and 54 of the Texas Water Code as amended, and Chapter 1207 of the Texas Government Code, as amended), City of Houston Ordinance No. 97-416 and an order authorizing the issuance of the Bonds (the "Bond Order") adopted by the Board of Directors of the District (the "Board").

This OFFICIAL STATEMENT includes descriptions, among others, of the Bonds and the Bond Order, and certain other information about the District and development in the District. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each document. Copies of documents may be obtained from Schwartz, Page & Harding, L.L.P. ("Bond Counsel"), 1300 Post Oak Boulevard, Suite 1400, Houston, Texas 77056 upon payment of the costs of duplication therefor.

PLAN OF FINANCING

<u>Purpose</u>

At bond elections held within the District on November 5, 2002 and November 6, 2007, the voters of the District authorized the issuance of $55,000,000 principal amount of unlimited tax bonds for the purpose of acquiring and constructing water, sanitary sewer and drainage facilities in the District, $6,500,000 principal amount of unlimited tax bonds for the purpose of acquiring and constructing recreational facilities in the District and $61,500,000 principal amount of unlimited tax refunding bonds for the purpose of refunding outstanding bonds of the District. See "THE BONDS—Issuance of Additional Debt," "—Financing Recreational Facilities," and "INVESTMENT CONSIDERATIONS—Future Debt."

The proceeds of the Bonds, along with lawfully available debt service funds will be used to currently refund and defease a portion of the District's Unlimited Tax Refunding Bonds, Series 2014A (the "Refunded Bonds") in order to achieve a net savings in the District's debt service expense. See "Refunded Bonds" herein. 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 $23,115,000 in principal amount of the Outstanding Bonds will remain outstanding after the issuance of the Bonds as of the date hereof (the "Remaining Outstanding Bonds"). See "FINANCIAL INFOMRATION CONCERNING THE DISTRICT (UNAUDITED)—Outstanding Bonds."

Refunded Bonds

The proceeds of the Bonds, along with lawfully available debt service funds will be applied to currently refund and defease the Refunded Bonds in the principal amounts and with maturity dates set forth below and to pay certain costs of issuing the Bonds.

Maturity Date October 1	Series 2014A Refunding
2022	$ 20,000
2023	20,000
2024	240,000
2025	250,000
2026	260,000
2027	270,000
2028	540,000
2029	565,000
2030	595,000
	$ 2,760,000
Redemption Date:	10/1/2021

The Refunded Bonds will be redeemed on the date shown above.

Sources and Uses of Funds

The proceeds derived from the sale of the Bonds, exclusive of accrued interest, along with lawfully available debt service funds will be applied as follows:

Sources of Funds:	
Principal Amount of the Bonds	$2,790,000.00
Plus: Net Premium on the Bonds	125,490.15
Plus: Debt Service Fund Contribution	27,000.00
Total Sources of Funds	$2,942,490.15
Uses of Funds:	
Deposit to Escrow Fund	$2,806,346.98
Issuance Expenses and Underwriter's Discount (a)	136,143.17
Total Uses of Funds	$2,942,490.15

(a) Includes municipal bond insurance premium.

Escrow Agreement

The Refunded Bonds, and the interest due thereon, are to be paid on their scheduled interest payment dates until final payment or their redemption date from funds to be deposited with The Bank of New York Mellon Trust Company, N.A., as escrow agent (the "Escrow Agent").

The Bond Order provides that the District and the Escrow Agent will enter into an escrow agreement (the "Escrow Agreement") to be dated as of the date of the sale of the Bonds but effective on the date of delivery of the Bonds (expected to be July 7, 2021). The Bond Order further provides that from the proceeds of the sale of the Bonds, along with certain lawfully available debt service funds, the District will deposit with the Escrow Agent the amount necessary to accomplish the discharge and final payment of the Refunded Bonds. Such funds will be held by the Escrow Agent in a segregated escrow account (the "Escrow Fund") and used to purchase United States Treasury Obligations (the "Escrowed Securities") maturing at such times and amounts as will be sufficient to pay scheduled payments on the Refunded Bonds on their redemption dates. Under the Escrow Agreement, the Escrow Fund is irrevocably pledged to the payment of principal of and interest on the Refunded Bonds and will not be available to pay principal of and interest on the Bonds or the Remaining Outstanding Bonds.

Defeasance of the Refunded Bonds

By the deposit of the Escrowed Securities and cash 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 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 the Escrow Fund.

THE BONDS

General

The following is a description of some of the terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Bond Order, a copy of which is available from Bond Counsel upon payment of the costs of duplication therefor. The Bond Order authorizes the issuance and sale of the Bonds and prescribes the terms, conditions and provisions for the payment of the principal of and interest on the Bonds by the District.

Description

The Bonds will be dated July 1, 2021, with interest payable on October 1, 2021, and on each April 1 and October 1 thereafter (each an "Interest Payment Date") until the earlier of maturity or redemption. Interest on the Bonds initially accrues from July 1, 2021, and thereafter, from the most recent Interest Payment Date. The Bonds mature on October 1 of the years and in the principal amounts shown under "MATURITY SCHEDULE" on the cover page hereof. The Bonds are issued in fully registered form only in denominations of $5,000 or any integral multiple of $5,000 for any one maturity. The Bonds will be registered and delivered only to The Depository Trust Company, New York, New York ("DTC"), in its nominee name of Cede & Co., pursuant to the book-entry system described herein ("Registered Owners"). No physical delivery of the Bonds will be made to the purchasers thereof. See "BOOK-ENTRY-ONLY SYSTEM." Interest calculations are based upon a three hundred sixty (360) day year comprised of twelve (12) thirty (30) day months.

Authority for Issuance

At elections held within the District on November 5, 2002 and November 6, 2007, the voters of the District authorized a total of $61,500,000 principal amount of unlimited tax refunding bonds for the purpose of refunding bonds of the District.

The Bonds are issued by the District pursuant to said elections, and to the terms and provisions of the Bond Order; Article XVI, Section 59 of the Texas Constitution; the general laws of the State of Texas (particularly Chapter 1207, Texas Government Code, as amended and Chapters 49 and 54 of the Texas Water Code, as amended); and City of Houston Ordinance 97-416.

Source and Security for Payment

The Bonds, together with the Remaining Outstanding Bonds and any additional bonds payable from ad valorem taxes, are secured by and payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property located within the District. See "TAXING PROCEDURES." Investment in the Bonds involves 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. See "INVESTMENT CONSIDERATIONS." The Bonds are obligations solely of the District and are not obligations of the State of Texas, Montgomery County, the City of Houston, or any political subdivision or entity other than the District.

Funds

The Bond Order confirms the establishment of the District's Bond Fund (the "Bond Fund") which was created and established pursuant to the orders of the Board of Directors of the District authorizing the issuance of the Previously Issued Bonds. Accrued interest on the Bonds will be deposited from the proceeds from the sale of the Bonds into the Bond Fund. The Bond Fund, which constitutes a trust fund for the benefit of the owners of the Remaining Outstanding Bonds, the Bonds and any additional tax bonds issued by the District, is to be kept separate from all other funds of the District, and is to be used for payment of debt service on the Remaining Outstanding Bonds, the Bonds and any of the District's duly authorized additional bonds payable in whole or in part from taxes. Amounts on deposit in the Bond Fund may also be used to pay the fees and expenses of the Paying Agent/Registrar, to defray the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Remaining Outstanding Bonds, the Bonds and any additional bonds payable in whole or in part from taxes, and to pay any tax anticipation notes issued, together with interest thereon, as such tax anticipation notes become due.

Record Date

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

Redemption Provisions

The District reserves the right, at its option, to redeem the Bonds maturing on and after October 1, 2028, prior to their scheduled maturities, in whole or from time to time in part, in integral multiples of $5,000, on October 1, 2027, or any date thereafter, at a price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption (the "Redemption Date"). 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 Redemption Date.

Method of Payment of Principal and Interest

The Board has appointed The Bank of New York Mellon Trust Company, N.A., having its principal corporate trust office and its principal payment office in Dallas, Texas, as the initial Paying Agent/Registrar for the Bonds. The principal of and interest on the Bonds shall be paid to DTC, which will make distribution of the amounts so paid. See "BOOK-ENTRY-ONLY SYSTEM."

Registration

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.

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.

Issuance of Additional Debt

The District's voters have authorized the issuance of a total of $55,000,000 unlimited tax bonds for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities and could authorize additional amounts. The District currently has $16,550,000 of unlimited tax bonds authorized but unissued for said improvements and facilities. The District's voters have also authorized a total of $61,500,000 unlimited tax refunding bonds for the purpose of refunding outstanding bonds of the District and could authorize additional amounts. After the issuance of the Bonds, the District will have $59,137,675 of unlimited tax refunding bonds authorized but unissued. The District's voters have also authorized issuance of a total of $6,500,000 unlimited tax bonds for the purpose of acquiring or constructing recreational facilities and could authorize additional amounts. The District currently has $3,150,000 of unlimited tax bonds authorized but unissued for recreational facilities. See "Financing Recreational Facilities" below and "INVESTMENT CONSIDERATIONS—Future Debt."

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 TCEQ; and (c) approval of bonds by the Attorney General of Texas. The District does not provide fire protection service, and the Board has not considered calling such an election at this time. Issuance of bonds for fire-fighting activities could dilute the investment security for the Bonds.

Financing Road Facilities

Pursuant to Chapter 54 of the Water Code, a municipal utility district may petition the TCEQ for the power to issue bonds supported by property taxes to finance roads. Before the District could issue such bonds, the District would be required to receive a grant of such power from the TCEQ, authorization from the District's voters to issue such bonds, and approval of the bonds by the Attorney General of Texas. The District has not considered filing an application to the TCEQ for "road powers" or calling such an election at this time. Issuance of bonds for roads could dilute the investment security for the Bonds.

Financing Recreational Facilities

Conservation and reclamation districts in certain counties are authorized to develop and finance with property taxes certain recreational facilities after a district election has been successfully held to approve the issuance of bonds payable from taxes and/or a maintenance tax to support recreational facilities.

The District is authorized to issue bonds payable from an ad valorem tax to pay for the development and maintenance of recreational facilities if (i) the District duly adopts a plan for the facilities; (ii) the bonds are authorized at an election; (iii) the bonds payable from any source do not exceed 1% of the value of the taxable property in the District at the time of issuance of the bonds, or an amount greater than the estimated cost of the plan, whichever amount is smaller; (iv) the District obtains any necessary governmental consents allowing the issuance of such bonds; (v) the issuance of the bonds is approved by the TCEQ in accordance with its rules with respect to same; and (vi) the bonds are approved by the Attorney General of Texas. The District may issue bonds for such purposes payable solely from net operating revenues without an election. In addition, the District is authorized to levy an operation and maintenance tax to support recreational facilities at a rate not to exceed 10 cents per $100 of assessed valuation of taxable property in the District, after such tax is approved at an election. Said maintenance tax is in addition to any other maintenance tax authorized to be levied by the District.

At an election held within the District on November 6, 2007, voters of the District authorized a total of $6,500,000 unlimited tax bonds for the purpose of acquiring or constructing recreational facilities and could authorize additional amounts. The District has a total of $3,150,000 in principal amount of unlimited tax bonds for recreational facilities authorized but unissued. Issuance of bonds for recreational facilities could dilute the investment security for the Bonds.

Annexation

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Houston, the District may be annexed for full purposes by the City of Houston, subject to compliance by the City of Houston with various requirements of Chapter 43 of the Texas Local Government Code, as amended. Such requirements may include the requirement that the City of Houston hold an election in the District whereby the qualified voters of the District approve the proposed annexation. If the District is annexed, the City of Houston must assume the District's assets and obligations (including the Bonds and the Remaining Outstanding Bonds) and abolish the District within ninety (90) days of the date of annexation. 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 attempt to annex the District for full purposes 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.

Consolidation

The District has the legal authority to consolidate with other districts and, in connection therewith, to provide for the consolidation of its water and wastewater systems with the water and wastewater systems of the district or districts with which it is consolidating, subject to voter approval. In their consolidation agreement, the consolidating districts may agree to assume each other's bonds, notes and other obligations. If each district assumes the other's bonds, notes and other obligations, taxes may be levied uniformly on all taxable property within the consolidated district in payment of same. If the districts do not assume each other's bonds, notes and other obligations, each district's taxes are levied on property in each of the original districts to pay said debts created by the respective original district as if no consolidation had taken place. No representation is made concerning whether the District will consolidate with any other district, but the District currently has no plans to do so.

Remedies in Event of Default

If the District defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Bond Order, or defaults in the observance or performance of any other covenants, conditions, or obligations set forth in the Bond Order, the Registered Owners have the right to seek 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. Certain traditional legal remedies may also not be available. See "INVESTMENT CONSIDERATIONS—Registered Owners' Remedies" and "—Bankruptcy Limitation to Registered Owners' Rights."

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 a commercial bank or trust company designated 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, including obligations that are unconditionally guaranteed by 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 the Bonds have been made as described above, all rights of the District to initiate proceedings to call the Bonds for redemption or take any other action amending the terms of the Bonds are extinguished; provided, however, that the right to call the Bonds for redemption is not extinguished if the District: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

There is no assurance that the current law will not be changed in 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 currently permitted under Texas law.

BOOK-ENTRY-ONLY SYSTEM

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

The District cannot and does not give any assurances that DTC, DTC Direct Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) prepayment or other notices sent to DTC or Cede & Co., its nominee, as the Registered Owner of the Bonds, or that they will do so on a timely basis or that DTC, DTC Direct Participants or DTC Indirect Participants will act in the manner described in this OFFICIAL STATEMENT. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedure" of DTC to be followed in dealing with DTC Direct Participants is on file with DTC.

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

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a rating of "AA+" from S&P Global Ratings. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

Principal, premium, if any, interest payments and redemption proceeds on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, interest payments and redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

THE DISTRICT

General

The District is a municipal utility district created by an order of the Texas Natural Resource Conservation Commission, a predecessor to the TCEQ, dated September 11, 2002, under Article XVI, Section 59 of the Texas Constitution, and operates under the provisions of Chapters 49 and 54 of the Texas Water Code, as amended, and other general statutes of Texas applicable to municipal utility districts. The District, which lies wholly within the extraterritorial jurisdiction of the City of Houston, is subject to the continuing supervisory jurisdiction of the TCEQ.

The District is empowered, among other things, to finance, 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 may also provide solid waste disposal and collection services. The District is also empowered to establish, operate, and maintain fire-fighting facilities, separately or jointly with one or more conservation and reclamation districts, municipalities or other political subdivisions, after approval by the TCEQ and the voters of the District. Additionally, the District may, subject to certain limitations, develop and finance recreational facilities and may also, subject to the granting of road powers by the TCEQ and certain limitations, develop and finance roads. See "THE BONDS—Issuance of Additional Debt," "—Financing Recreational Facilities," and "—Financing Road Facilities."

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 finance the acquisition, construction, and improvement of waterworks, wastewater, drainage, recreational, road and fire-fighting 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 lots and reserves described in a plat that has been approved by the City of Houston and filed in the real property records of Montgomery County, Texas. The District is also required to obtain certain TCEQ approvals prior to acquiring, constructing and financing road and fire-fighting facilities, as well as voter approval of the issuance of bonds for said purposes. Construction and operation of the District's drainage system is subject to the regulatory jurisdiction of additional State of Texas and local agencies. See "THE SYSTEM."

Description and Location

The District consists of approximately 667 acres of land. The District is located in Montgomery County approximately 23 miles north of the central downtown business district of the City of Houston. The District is also within the boundaries of the Conroe Independent School District. Access to the District is provided by the Hardy Toll Road north to Riley Fuzzel Road. The District's northwest boundary is Riley Fuzzel/SH 99, the Grand Parkway, Spring Creek is to the south and west of the District.

Land Use

The table below represents a detailed breakdown of the current acreage and development in the District.

	Approximate Acres	Lots
Single-Family Residential		
Spring Trails		
Section One	28	97
Section Two	19	53
Section Three	23	70
Section Four	27	90
Section Five	40	148
Section Six	15	43
Section Seven	15	52
Section Eight	23	94
Section Nine	21	77
Section Ten	20	100
Section Eleven	30	152
Section Twelve	26	94
Section Thirteen	30	124
Section Fourteen	34	169
Section Fifteen	14	37
Section Sixteen	21	61
Section Seventeen	45	92
Section Eighteen	52	92
Section Nineteen	15	40
Subtotal	498	1,685
Community Center	3	---
Commercial	3	---
Conroe Independent School District Site	16	---
Undevelopable (a)	147	---
Total	667	1,685

(a) Consists of easements, wetlands, right-of-way and buffer zone for the Grand Parkway, recreational, open space, water plant and lift station sites.

Status of Development

As of April 30, 2021, 1,685 homes were constructed, of which 1,678 were occupied. The 2020 average homestead value in the District is approximately $277,819. The estimated population within the District is 5,873, based upon 3.5 persons per occupied single-family residence.

A recreation center has been constructed on approximately 3 acres within the District and features a competition size swimming pool, a children's wading pool, a children's playground and a visitor's center. A Conroe Independent School District school which is not subject to ad valorem taxation, has been constructed on approximately 16 acres. An approximate 3-acre tract has been developed as Spring Trails Plaza totaling approximately 36,300 square feet and consisting of various medical and professional service businesses.

MANAGEMENT OF THE DISTRICT

Board of Directors

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

Name	Title	Term Expires
Jim Spitzmiller	President	May 2022
Merry Leonard	Vice President	May 2022
Joseph Frost	Secretary	May 2022
Eric Lugger	Asst. Secretary	May 2024
John Kessler	Asst. Secretary	May 2024

District Consultants

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

Bond Counsel and General Counsel: Schwartz, Page & Harding, L.L.P. ("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. In addition, Schwartz, Page & Harding, L.L.P. serves as general counsel to the District on matters other than the issuance of bonds.

Special Tax Counsel: McCall, Parkhurst & Horton L.L.P., Dallas, Texas serves as Special Tax Counsel to the District. The fees to be paid to Special Tax Counsel for services rendered in connection with the issuance of the Bonds are contingent on the issuance, sale and delivery of the Bonds.

Financial Advisor: Masterson Advisors LLC serves as the District's Financial Advisor. The fee for services rendered in connection with the issuance of the Bonds is based on a percentage of the Bonds actually issued, sold and delivered and, therefore, such fee is contingent upon the sale and delivery of the Bonds.

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

Auditor: The District's audited financial statements for the year ended March 31, 2020, were prepared by McCall Gibson Swedlund Barfoot PLLC. The District has engaged McCall Gibson Swedlund Barfoot PLLC to audit the District's financial statements for the year ended March 31, 2021. See "APPENDIX A" for a copy of the District's March 31, 2020, audited financial statements.

Bookkeeper: The District has contracted with McLennan & Associates, L.P. (the "Bookkeeper") for bookkeeping services.

Operator: The District has contracted with Gulf Utility Service, Inc. to operate and maintain the District's water and sanitary sewer systems.

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

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

THE SYSTEM

Water Supply

Water supply for the District is currently being provided by a water plant owned and operated by the District, which consists of two 1,200 gallon per minute ("gpm") water wells, two ground storage tanks with a combined capacity of 455,000 gallons, booster pumps with a total capacity of 3,450 gpm, and 30,000 gallons of pressure tank capacity. The District has emergency interconnects with Harris County Water Control & Improvement District No. 92 ("WCID 92") and Montgomery County Municipal Utility District No. 119 ("MUD 119").

The existing water supply facilities will serve 1,725 equivalent single-family connections. As of April 30, 2021, the District was serving approximately 1,721 active equivalent single-family connections (consisting of 1,685 completed homes and 36 connections for the school, recreation center and commercial development).

Lone Star Groundwater Conservation District: The District is located within the boundaries of the Lone Star Groundwater Conservation District (the "Conservation District") which was created by the Texas Legislature to conserve, protect and enhance the groundwater resources of Montgomery County (the "County"). The Conservation District has adopted rules and a regulatory plan for the conservation, preservation, protection, recharge and prevention of waste of groundwater, groundwater reservoirs or their subdivisions and to control subsidence caused by the withdrawal of groundwater from those groundwater resources or their subdivision.

The Conservation District requires persons and entities, including the District, that pump groundwater from wells to apply for and obtain permits for the withdrawal of groundwater under terms and conditions provided in the regulatory plan. The plan calls for the reduction of groundwater withdrawal throughout Montgomery County to volumes that do not exceed the recharge capabilities of aquifers in Montgomery County to prevent the long term depletion of the aquifers. The regulatory plan allows for the creation of management zones within Montgomery County to facilitate conservation of use of groundwater and development of other water resources from surface water or re-use of treated effluent.

Large water users, including the District, were required to prepare and submit a Water Resources Assessment Plan ("WRAP") which identifies methods and plans for reduction of groundwater usage through the development of alternate water resources, including the design and construction of infrastructure facilities to purchase and transport water to affected areas within Montgomery County.

The District is a participant in a WRAP prepared by the San Jacinto River Authority (the "SJRA") which preliminarily addressed many of the items to be included in a groundwater reduction plan sufficient to meet the Conservation District's requirements. The WRAP has been approved by the Conservation District. Further, the District has entered into an agreement with the SJRA for the purpose of achieving overall compliance with the WRAP.

The District cannot predict the amount or level of fees or charges, which may be due in the future to the Conservation District and to the SJRA to achieve compliance with the WRAP, but passes such fees, which combined are currently $2.745 per 1,000 gallons, through to its customers resulting in higher water rates. In addition, the conversion to surface water could necessitate improvements to the system which could require the issuance of additional bonds by the District.

Wastewater Treatment

Wastewater treatment for the District is provided by two plants, a plant that is located within the boundary of WCID 92 and a plant located in MUD 119. The WCID 92 wastewater plant is a 700,000 gallon per day ("gpd") facility. The District owns 275,000 gpd of capacity in the WCID 92 plant, which will serve 916 equivalent single-family connections.

The District and MUD 119 own 246,000 gpd and 834,000 gpd of the capacity, respectively, in an 1,080,000 gpd wastewater treatment plant. The District's share of the capacity will serve 820 equivalent single-family connections. The District and MUD 119 have entered into an agreement whereby MUD 119 operates the wastewater treatment plant effective January 1, 2014.

The District's total existing wastewater capacity in both plants will serve 1,736 equivalent single family connections. As of April 30, 2021, the District was serving approximately 1,721 active equivalent single-family connections (consisting of 1,685 completed homes, 36 connections for the school, recreation center and commercial development). The capacities of the wastewater treatment plants are rated based on 300 gpd/connection.

Water Distribution, Wastewater Collection and Storm Drainage Facilities

Water distribution, wastewater collection and storm drainage facilities have been constructed to serve the entire District. See "THE DISTRICT—Land Use."

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. See "INVESTMENT CONSIDERATIONS—Severe Weather Events; Hurricane Harvey."

According to the current Flood Insurance Rate Map dated August 18, 2014, approximately 24 acres of land within the District boundaries are in the 100-year flood plain, which includes land within a nature preserve and 18 lots in Spring Trails Section 17. FEMA has issued a Letter of Map Revision Based on Fill and Letter of Map Amendment which removes such lots within Spring Trails Section 17 from the flood plain.

Atlas 14

The National Weather Service recently completed a rainfall study knows 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. 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. See "INVESTMENT CONSIDERATIONS—Atlas 14."

Regulation

Construction and operation of the District's water, wastewater and storm drainage system (the "System") as it now exists or as it may be expanded from time to time is subject to regulatory jurisdiction of federal, state and local authorities. The TCEQ exercises continuing, supervisory authority over the District. Discharge of treated sewage into Texas waters is also subject to the regulatory authority of the TCEQ and the United States Environmental Protection Agency. Montgomery County, the City of Houston, and the Texas Department of Health also exercise regulatory jurisdiction over the District's System.

Waterworks and Sewer System Operating Statement

The Remaining Outstanding Bonds and the Bonds are payable solely from the levy of an ad valorem tax, without legal limitation as to rate or amount, upon all taxable property in the District. Net revenue from operations of the District's system, if any, is available for any legal purpose, including, upon Board action, the payment of debt service on the Bonds and the Remaining Outstanding Bonds. It is anticipated that no significant operation revenues will be used for debt service on the Bonds or the Remaining Outstanding Bonds in the foreseeable future.

The following statement sets forth in condensed form the General Fund as derived from the District's audited financial statements for the periods ending March 31, 2017 through March 31, 2020 and an unaudited summary for the period ending March 31, 2021 as provided by the Bookkeeper. Accounting principles customarily employed in the determination of net revenues have been observed and in all instances exclude depreciation. Reference is made to "APPENDIX A" for further and complete information.

	Fiscal Year Ended March 31				
	2021 (a)	2020	2019	2018	2017
REVENUES:					
Water Service	$ 529,810	$ 526,946	$ 513,154	$ 522,045	$ 534,316
Sewer Service	904,246	901,266	902,031	895,375	883,344
Property Taxes	898,730	845,133	722,363	675,896	555,751
Water Authority Fees	591,307	552,003	538,084	560,406	532,594
Penalties & Interest	1,889	39,506	37,168	41,308	36,021
Tap Connection & Inspection	350	500	525	600	950
Miscellaneous	5,302	18,408	3,895	5,966	5,975
Investment Earnings	18,653	107,606	108,249	45,252	9,415
TOTAL REVENUES	$ 2,950,287	$ 2,991,368	$ 2,825,469	$ 2,746,848	$ 2,558,366
EXPENDITURES:					
Purchased Services	$ 189,372	$ 246,957	$ 286,745	$ 189,076	$ 254,914
Professional Fees	162,350	147,093	126,595	143,683	140,105
Contracted Services	809,845	746,809	800,238	678,083	662,132
Repairs & Maintenance	358,889	463,793	398,702	247,919	359,402
Utilities	214,680	200,927	208,933	211,337	232,240
Water Authority Assessments	600,008	543,446	562,233	579,024	536,099
Other	79,741	148,327	159,152	138,065	108,961
Capital Leases - Principal & Interest	30,000	30,000	30,000	30,000	33,850
Capital Outlay	121,759	253,980	60,036	223,072	-
Payment to Refunded Bond Escrow Agent	-	150,000	-	-	-
TOTAL EXPENDITURES	$ 2,566,644	$ 2,931,332	$ 2,632,634	$ 2,440,259	$ 2,327,703
NET REVENUES	$ 383,643	$ 60,036	$ 192,835	$ 306,589	$ 230,663
OTHER FINANCING SOURCES					
Interfund Transfer	$ -	$ 56,748	$ 214,480	$ -	$ -
OTHER ITEM					
Insurance Recovery	-	-	-	-	17,318
NET CHANGE IN FUND BALANCES	$ 383,643	$ 116,784	$ 407,315	$ 306,589	$ 247,981
General Operating Fund Balance (Beginning of Year)	$ 5,530,630	$ 5,413,846	$ 5,006,531	$ 4,699,942	$ 4,451,961
General Operating Fund Balance (End of Year)	$ 5,914,273	$ 5,530,630	$ 5,413,846	$ 5,006,531	$ 4,699,942

(a) Unaudited. Provided by the Bookkeeper.

FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)

2020 Certified Taxable Assessed Valuation	$462,767,690	(a)
2021 Preliminary Taxable Assessed Valuation	$478,538,844	(b)
Gross Direct Debt Outstanding (the Bonds and the Remaining Outstanding Bonds)	$25,905,000	(c)
Estimated Overlapping Debt	20,007,032	(d)
Gross Direct Debt and Estimated Overlapping Debt	$45,912,032	(d)
Ratios of Gross Direct Debt to:		
2020 Certified Taxable Assessed Valuation	5.60%	
2021 Preliminary Taxable Assessed Valuation	5.41%	
Ratios of Gross Direct Debt and Estimated Overlapping Debt to:		
2020 Taxable Assessed Valuation	9.92%	
2021 Preliminary Taxable Assessed Valuation	9.59%	
Funds Available for Operations and Maintenance as of May 4, 2021	$5,823,004	
Funds Available for Debt Service as of May 4, 2021	$3,635,702	(e)

(a) As certified by the Montgomery Central Appraisal District (the "Appraisal District"). See "TAXING PROCEDURES."
(b) Provided by the Appraisal District as a preliminary indication of the 2021 taxable value (as of January 1, 2021). Such amount is subject to review and downward adjustment prior to certification. No tax will be levied on such amount until it is certified in the summer of 2021. See "TAXING PROCEDURES."
(c) After the issuance of the Bonds and excludes the Refunded Bonds. See "Outstanding Bonds" herein.
(d) See "Estimated Overlapping Debt" and "Overlapping Taxes" herein.
(e) The District will apply $27,000 of lawfully available debt service funds towards the purpose for which the Bonds are being issued. Neither Texas law nor the Bond Order requires the District to maintain any particular balance in the Debt Service 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, as amended. The District's goal is to preserve principal and maintain liquidity while securing a competitive yield on its portfolio. Funds of the District will be invested in short term U.S. Treasuries, certificates of deposit insured by the Federal Deposit Insurance Corporation ("FDIC") or secured by collateral evidenced by perfected safekeeping receipts held by a third-party bank, and public funds investment pools rated in the highest rating category by a nationally recognized rating service. The District does not currently own, nor does it anticipate owning long term securities or derivative products in the District's investment portfolio.

Outstanding Bonds

The following table lists the original and current principal amounts 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
2012 (a)	$ 5,370,000	$ 320,000	$ -	$ 320,000
2013	3,965,000	2,915,000	-	2,915,000
2013A (b)	3,350,000	2,370,000	-	2,370,000
2014 (a)	3,325,000	350,000	-	350,000
2014A (a)	3,220,000	2,775,000	2,760,000	15,000
2015 (a)	3,235,000	320,000	-	320,000
2016 (a)	7,145,000	6,710,000	-	6,710,000
2019 (a)	6,585,000	6,540,000	-	6,540,000
2020 (a)	3,575,000	3,575,000	-	3,575,000
Total	$ 39,770,000	$ 25,875,000	$ 2,760,000	$ 23,115,000
The Bonds				2,790,000
The Bonds and Remaining Outstanding Bonds				$ 25,905,000

(a) Unlimited Tax Refunding Bonds.
(b) Unlimited Tax Park Bonds

Debt Service Requirements

The following sets forth the debt service requirements for the Outstanding Bonds, less the debt service on the Refunded Bonds ($2,760,000 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 Principal	Interest	Total	Total Debt Service Requirements
2021	$ 2,301,865.88	(a)	$ 46,346.88	$ -	$ 15,400.00	$ 15,400.00	$ 2,270,919.01
2022	2,712,212.75		112,693.75	30,000	61,600.00	91,600.00	2,691,119.00
2023	2,684,043.75		112,093.75	30,000	60,700.00	90,700.00	2,662,650.00
2024	2,667,781.25		331,493.75	250,000	59,800.00	309,800.00	2,646,087.50
2025	2,665,656.25		334,293.75	260,000	52,300.00	312,300.00	2,643,662.50
2026	2,645,481.25		336,793.75	270,000	44,500.00	314,500.00	2,623,187.50
2027	2,630,756.25		338,343.75	280,000	36,400.00	316,400.00	2,608,812.50
2028	2,609,506.25		599,568.75	540,000	28,000.00	568,000.00	2,577,937.50
2029	2,583,068.75		606,343.75	555,000	22,600.00	577,600.00	2,554,325.00
2030	2,162,131.25		616,568.75	575,000	11,500.00	586,500.00	2,132,062.50
2031	1,494,600.00		-	-	-	-	1,494,600.00
2032	1,286,050.00		-	-	-	-	1,286,050.00
2033	978,400.00		-	-	-	-	978,400.00
2034	946,168.75		-	-	-	-	946,168.75
2035	513,743.75		-	-	-	-	513,743.75
2036	367,693.75		-	-	-	-	367,693.75
2037	366,693.75		-	-	-	-	366,693.75
Total	$ 31,615,853.63		$ 3,434,540.63	$ 2,790,000	$ 392,800.00	$ 3,182,800.00	$ 31,364,113.01

(a) Excludes the District's April 1, 2021 debt service payment in the amount of $389,085.

Maximum Annual Debt Service Requirement (2022).. $2,691,119
Average Annual Debt Service Requirement (2022-2037)................................... $1,818,325

Estimated Overlapping Debt

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

Taxing Jurisdiction	Outstanding Bonds	As of	Overlapping Percent	Overlapping Amount
Montgomery County	$ 486,675,000	3/31/2021	0.75%	$ 3,650,063
Conroe Independent School District	1,351,160,000	3/31/2021	1.13%	15,268,108
Lone Star College System	518,505,000	3/31/2021	0.21%	1,088,861
Total Estimated Overlapping Debt				$ 20,007,032
The District	25,905,000 (a)	Current	100.00%	25,905,000
Total Direct and Estimated Overlapping Debt				$ 45,912,032

Ratio of Estimated Direct and Overlapping Debt to the 2020 Certified Taxable Assessed Valuation	9.92%
Ratio of Estimated Direct and Overlapping Debt to the 2021 Preliminary Taxable Assessed Valuation	9.59%

(a) The Bonds and the Remaining Outstanding Bonds.

Overlapping Taxes

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

Set forth below are all of the taxes levied for the 2020 tax year by all overlapping taxing jurisdictions and the District. No recognition is given to local assessments for civic association dues, fire department contributions, solid waste disposal charges or any other levy of entities other than political subdivisions.

	Tax Rate per $100 of Taxable Assessed Valuation
Montgomery County	$ 0.45900
Montgomery Co. Hospital District	0.05880
Conroe Independent School District	1.21250
Lone Star College System	0.10780
Montgomery County ESD No. 8	0.10000
Total Overlapping Tax Rate	$ 1.93810
The District	0.76500
Total Tax Rate	$ 2.70310

TAX DATA

Debt Service Tax

The Board covenants in the Bond Order to levy and assess, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the principal of and interest on the Bonds. See "Tax Rate Distribution" and "Tax Roll Information" herein.

Maintenance and Operations Tax

The Board has the statutory authority to levy and collect an annual ad valorem tax for the operation and maintenance of the District, if such a maintenance tax is authorized by the District's voters. A maintenance tax election was conducted November 5, 2002, and voters of the District authorized the Board, among other things, to levy a maintenance tax at a rate not to exceed $1.25 per $100 of taxable assessed valuation. Another maintenance tax election was conducted November 6, 2007, and voters of the District authorized the Board, among other things, to levy a maintenance tax for recreational facilities at a rate not to exceed $0.10 per $100 of taxable assessed valuation. A maintenance tax is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds. See "Debt Service Tax" above.

Tax Exemptions

For the tax year 2021, the District has adopted an exemption of $10,000 of the assessed value of residential homesteads of individuals who are sixty-five (65) years of age or older or disabled. See "TAXING PROCEDURES—Property Subject to Taxation by the District."

Tax Rate Distribution

	2020	2019	2018	2017	2016
Debt Service	$ 0.570	$ 0.605	$ 0.630	$ 0.640	$ 0.640
Maintenance and Operations	0.195	0.180	0.170	0.160	0.130
Total	$ 0.765	$ 0.785	$ 0.800	$ 0.800	$ 0.770

Historical Tax Collections

The following statement of tax collections sets forth in condensed form the historical tax experience of the District. Such table has been prepared for inclusion herein based upon information obtained from a report prepared by the Tax Assessor/Collector. Reference is made to such statements and records for further and complete information. See "Tax Roll Information" herein.

Tax Year	Taxable Assessed Valuation (a)	Tax Rate	Total Tax Levy (b)	Total Collections as of April 30, 2021 (c) Amount	Percent
2016	$ 429,801,531	$ 0.770	$ 3,309,472	$3,304,149	99.84%
2017	424,716,944	0.800	3,397,736	3,392,207	99.84%
2018	426,483,279	0.800	3,411,866	3,406,268	99.84%
2019	448,182,003	0.785	3,518,229	3,509,469	99.75%
2020	462,767,690	0.765	3,540,173	3,495,373	98.73%

(a) As certified by the Appraisal District. See "Tax Roll Information" herein for taxable assessed value and exemptions granted by the District.
(b) Represents actual tax levy, including any adjustments by the Appraisal District, as of the date of this OFFICIAL STATEMENT.
(c) Unaudited.

Tax Roll Information

The District's assessed value as of January 1 of each year is used by the District in establishing its tax rate (see "TAXING PROCEDURES—Valuation of Property for Taxation"). The following represents the composition of property comprising the 2016 through 2020 Certified Taxable Assessed Valuations. A breakdown of the 2021 Preliminary Taxable Assessed Valuation, which is subject to review and downward revision prior to certification, is not included herein.

	2020	2019	2018	2017	2016
Land	$ 51,206,510	$ 50,910,220	$ 50,916,040	$ 50,876,410	$ 51,078,590
Improvements	426,440,860	416,369,330	392,779,610	392,422,510	397,459,580
Personal Property	5,335,295	6,623,823	6,889,308	6,481,820	5,827,736
Exemptions	(20,214,975)	(25,721,370)	(24,101,679)	(25,063,796)	(24,564,375)
Total Value	$462,767,690	$448,182,003	$426,483,279	$424,716,944	$429,801,531

Principal Taxpayers

The following table represents the principal taxpayers, the taxable assessed value of such property, and such property's taxable assessed value as a percentage of the 2020 Certified Taxable Assessed Valuation of $462,767,690. This represents ownership as of January 1, 2020. A principal taxpayer list related to the 2021 Preliminary Taxable Assessed Valuation, of $478,538,844 which is subject to review and downward adjustment prior to certification, is not available from the Appraisal District.

Taxpayer	2020 Certified Taxable Assessed Valuation	% of 2020 Certified Taxable Assessed Valuation
Riley Fuzzel Road Property LLC	$ 5,750,000	1.24%
Rio De La Plata Investments LLC	2,094,750	0.45%
CBGRAU Properties LLC	1,395,610	0.30%
Centerpoint Energy Houston Electric	1,366,850	0.30%
Individual	1,281,700	0.28%
Centerpoint Energy Entex	807,430	0.17%
Individual	807,300	0.17%
Individual	681,870	0.15%
Individual	654,540	0.14%
Individual	552,060	0.12%
Total	$ 15,392,110	3.33%

Tax Adequacy for Debt Service

The tax rate calculations set forth below are presented to indicate the tax rates per $100 of taxable assessed valuation which would be required to meet average annual and maximum annual debt service requirements on the Bonds and the Remaining Outstanding Bonds if no growth in the District's tax base occurred beyond the 2020 Certified Taxable Assessed Valuation of $462,767,690 and the 2021 Preliminary Taxable Assessed Valuation of $478,538,844, which is subject to review and downward adjustment prior to certification. The calculations contained in the following table merely represent the tax rates required to pay principal of and interest on the Bonds and the Remaining Outstanding Bonds when due, assuming no further increase or any decrease in the taxable value in the District, collection of ninety-five percent (95%) of taxes levied, the sale of no additional bonds, and no other funds available for the payment of debt service. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements."

Average Annual Debt Service Requirement (2022-2037)	$1,818,325
$0.42 Tax Rate on the 2020 Certified Taxable Assessed Valuation	$1,846,443
$0.40 Tax Rate on the 2021 Preliminary Taxable Assessed Valuation	$1,818,448
Maximum Annual Debt Service Requirement (2022)	$2,691,119
$0.62 Tax Rate on the 2020 Certified Taxable Assessed Valuation	$2,725,702
$0.60 Tax Rate on the 2021 Preliminary Taxable Assessed Valuation	$2,727,671

No representation or suggestion is made that the 2021 Preliminary Taxable Assessed Valuation, which is subject to review and downward revision prior to certification, provided by the Appraisal District for the District 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 its attainment. See "TAXING PROCEDURES."

TAXING PROCEDURES

Property Tax Code and County-Wide Appraisal District

The Texas 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 Montgomery Central Appraisal District (the "Appraisal District") has the responsibility for appraising property for all taxing units wholly within Montgomery County, including the District. Such appraisal values are subject to review and change by the Montgomery 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 Montgomery 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 2021 tax year, the District has granted an exemption of $10,000 of assessed valuation for persons 65 years of age and older and to individuals who are under a disability for purposes of payment of disability insurance benefits under the Federal Old-Age Survivors and Disability Insurance Act. 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.

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.

General Residential Homestead Exemption

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. For the 2021 tax year, the District has not granted a general residential homestead exemption.

Valuation of Property for Taxation

Generally, property in the District must be appraised by the Appraisal District at market value as of January 1 of each year. Assessments under the Property Tax Code are to be based upon one hundred percent (100%) of market value. The appraised value of residential homestead property may be limited to the lesser of the market value of the property, or the sum of the appraised value of the property for the last year in which it was appraised, plus ten percent (10%) of such appraised value multiplied by the number of years since the last appraisal, plus the market value of all new improvements to the property. 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 by the Appraisal District at least once every three (3) years. It is not known what frequency of reappraisal will be utilized by the Appraisal District or whether reappraisals will be conducted on a zone or county-wide basis.

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

District and Taxpayer Remedies

Under certain circumstances, taxpayers and taxing units, including the District, may appeal orders of the Appraisal Review Board by filing a petition for review in district court within forty-five (45) days after notice is received that a final order has been entered. In such event, the property value in question may be determined by the court, or by a jury, if requested by any party. Additionally, taxing units may bring suit against the Appraisal District to comply with the Property Tax Code. The District may challenge the exclusion of property from the appraisal rolls or the grant, in whole or in part, of an exemption.

Texas law provides for notice and hearing procedures prior to the adoption of an ad valorem tax rate by the District. Additionally, under certain circumstances, an election would be required to determine whether to approve the adopted tax rate. See "Rollback of Operation and Maintenance Tax Rate" herein. The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property values, appraisals that are higher than renditions and appraisals of property not previously on an appraisal roll.

Agricultural, Open Space, Timberland, and Inventory Deferment

The Property Tax Code permits land designated for agricultural use (including wildlife management), open space, or timberland to be appraised at its value based on the land's capacity to produce agriculture or timber products rather than at its fair market value. The Property Tax Code permits, under certain circumstances, that residential real property inventory held by a person in the trade or business be valued at the price all such property would bring if sold as a unit to a purchaser who would continue the business. Landowners wishing to avail themselves of any of such designations must apply for the designation, and the Appraisal District is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions and not as to others. If a claimant receives the designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use for the three (3) years prior to the loss of the designation for agricultural, timberland or open space land. According to the District's Tax Assessor/Collector, as of January 1, 2021, no land within the District was designated for agricultural use, open space, inventory deferment, or timberland.

Tax Abatement

The City of Houston and Montgomery County may designate all or part of the District as a reinvestment zone, and the District, Montgomery County, and (if it were to annex the area) the City of Houston, may thereafter enter into tax abatement agreements with the owners of property within the zone. The tax abatement agreements may exempt from ad valorem tax, by the applicable taxing jurisdictions, and by 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 a comprehensive plan. According to the District's Tax Assessor/Collector, to date, none of the area within the District has been designated as a reinvestment zone.

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 for the items specified in the Texas Property Tax Code. 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 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

During the 86th Regular Legislative Session, Senate Bill 2 ("SB2") was passed and signed by the Governor, with an effective date (as to those provisions discussed herein) of January 1, 2020, and the provisions described herein are effective beginning with the 2020 tax year. See "SELECTED FINANCIAL INFORMATION" for a description of the District's current total tax rate. Debt Service and contract tax rates cannot be reduced by a rollback election held within any of the districts described below.

SB2 classifies municipal utility districts differently based on their current operation and maintenance tax rate or on the percentage of projected build-out that a district has completed. Districts that have adopted an operation and maintenance tax rate for the current year that is 2.5 cents or less per $100 of taxable value are classified herein as "Low Tax Rate Districts." Districts that have financed, completed, and issued bonds to pay for all land, improvements and facilities necessary to serve at least 95% of the projected build-out of the district are classified as "Developed Districts." Districts that do not meet either of the classifications previously discussed can be classified herein as "Developing Districts." The impact each classification has on the ability of a district to increase its maintenance and operations tax rate is described for each classification below.

Low Tax Rate Districts: Low Tax Rate Districts that adopt a total tax rate that would impose more than 1.08 times the amount of the total tax imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a 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 year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, subject to certain homestead exemptions.

Developed Districts: Developed Districts that adopt a total tax rate that would impose more than 1.035 times the amount of the total tax imposed by the district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead in the district, subject to certain homestead exemptions, plus any unused increment rates, as calculated and described in Section 26.013 of the Tax Code, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Developed District is the current year's debt service and contract tax rate plus the operation and maintenance tax rate that would impose 1.035 times the amount of operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, subject to certain homestead exemptions, plus any unused increment rates. In addition, if any part of a Developed District lies within an area declared for disaster by the Governor of Texas or President of the United States, alternative procedures and rate limitations may apply for a temporary period. If a district qualifies as both a 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 can be classified as Developing Districts. The qualified voters of these districts, upon the Developing District's adoption of a total tax rate that would impose more than 1.08 times the amount of the total tax imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead in the district, subject to certain homestead exemptions, are authorized to petition for an election to reduce the operation and maintenance tax rate. If an election is called and passes, the total tax rate for Developing Districts is the current year's debt service and contract tax rate plus the operation and maintenance tax rate that would impose 1.08 times the amount of operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, subject to certain homestead exemptions..

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

District's Rights in the Event of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property 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 "FINANCIAL INFORMARTION CONCERNING THE DISTRICT (UNAUDITED)—Estimated Overlapping Debt." 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."

INVESTMENT CONSIDERATIONS

General

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

Infectious Disease Outlook (COVID-19)

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

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 volatility attributed to COVID-19 concerns. Texas may be particularly at risk from any global slowdown, given the prevalence of international trade in the state and the risk of contraction in the oil and gas industry and spillover effects into other industries.

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

While the potential impact of the Pandemic on the District cannot be quantified at this time, the continued outbreak of the Pandemic could have an adverse effect on the District's operations and financial condition. The financial and operating data contained herein are the latest available, but are as of dates and for periods partially 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 Volatility on the Houston Area

The recent volatility in oil prices in the U.S. and globally, which at times have led to the lowest 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 or homebuilding activity within the District. As previously stated, the Bonds are secured by an unlimited ad valorem tax, and a reduction in property values may require an increase in the ad valorem tax rate required to pay the Bonds as well as the District's share of operations and maintenance expenses payable from ad valorem taxes.

Severe Weather Events; Hurricane Harvey

The greater Houston area, including the District, is subject to occasional severe weather events, including tropical storms, winter 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 multiple 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.

According to the District's Operator, the District's System sustained some damage but was returned to operation within 1 day as a result of Hurricane Harvey. To the best knowledge of the District, approximately 50 homes and some commercial businesses within the District experienced water incursions 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

River (or Fluvial) Flood: 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 sheetflow overland. 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 floods are very dangerous and destructive not only because of the force of the water, but also the hurtling debris that is often swept up in the flow. They can occur within minutes or a few hours of excessive rainfall. They can also occur even if no rain has fallen, for instance, after a levee or dam has failed, or after a sudden release of water by a debris or ice jam. Controlled releases from a dam or levee also could potentially create a flooding condition in rivers or man-made drainage systems (canals or channels) downstream.

Ponding (or Pluvial) Flood: occurs when heavy rainfall creates a flood event independent of an overflowing water body, typically in relatively flat areas. Intense rainfall can over capacitate a drainage system which becomes trapped and flows out into streets and nearby structures until it reaches a natural outlet. Ponding can also occur in a flood pool upstream or behind a dam or levee.

Atlas 14

The National Weather Service recently completed a rainfall study knows 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. 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. See "THE SYSTEM—Atlas 14."

Tax Collection Limitations and Foreclosure Remedies

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other state and local taxing authorities on the property against which taxes are levied, and such lien may be enforced by foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by (a) 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

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 right to seek 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. Even if a judgment against the District for money damages could be obtained, it could not be enforced by direct levy and execution against the District's property. Further, the Beneficial 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 Beneficial 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.

Bankruptcy Limitation to Registered Owners' Rights

Subject to the requirements of Texas law, the District may voluntarily proceed under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. Sections 901-946, if the District: (1) is authorized to file for federal bankruptcy protection by Texas 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. Under Texas law, the District must also obtain the approval of the Commission prior to filing bankruptcy. Such law requires that the Commission investigate the financial conditions of the District and authorize the District to proceed only if the District has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

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 the District decides in the future to proceed voluntarily under the federal Bankruptcy Code, the District could develop and file a plan for the adjustment of its debts. If such a plan were confirmed by the bankruptcy court, it could, among other things, affect the Registered Owners by reducing or eliminating the interest rate or the principal amount, modifying or abrogating collateral or security arrangements, substituting (in whole or in part) other securities, and otherwise compromising and modifying the rights and remedies of such Beneficial Owner's claim against the District.

A district may not be placed into bankruptcy involuntarily.

Environmental and Air Quality 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.

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 developed a formal request that the HGB Area be redesignated to attainment under the 1997 Ozone Standards. The TCEQ Commissioners adopted the request and maintenance plan for the 1997 one-hour and eight-hour standards on December 12, 2018. On May 16, 2019, the EPA proposed a determination that the HGB Area has met the redesignation criteria and continues to attain the 1997 one-hour and eight-hour standards, the termination of the anti-backsliding obligations, and approval of the proposed maintenance plan.

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.

Future Debt

The District has the right to issue obligations other than the Bonds, including tax anticipation notes and bond anticipation notes, and to borrow for any valid corporate purpose. A total of $55,000,000 principal amount of unlimited tax bonds for acquiring or constructing water, sanitary sewer, and drainage facilities have been authorized by the District's voters, of which $16,550,000 principal amount remains authorized but unissued. Voters of the District have also authorized a total of $6,500,000 principal amount of unlimited tax bonds for acquiring or constructing recreational facilities, of which $3,150,000 principal amount remains authorized but unissued. The District's voters have also authorized $61,500,000 principal amount of unlimited tax refunding bonds for the purpose of refunding outstanding bonds of the District. After the issuance of the Bonds, the District will have $59,137,675 principal amount of refunding bonds authorized but unissued for refunding outstanding bonds of the District. In addition, voters may authorize the issuance of additional bonds secured by ad valorem taxes. The issuance of additional obligations may increase the District's tax rate and adversely affect the security for, and the investment quality and value of, the Bonds.

The District does not employ any formula with respect to appraised valuations, tax collections or otherwise to limit the amount of parity bonds which it may issue. The issuance of additional bonds to finance water, wastewater, drainage, parks and recreational facilities is subject to approval by the TCEQ pursuant to its rules regarding issuance and feasibility of bonds. In addition, future changes in health or environmental regulations could require the construction and financing of additional improvements without any corresponding increases in taxable value in the District. See "THE BONDS—Issuance of Additional Debt," "—Financing Recreational Facilities," and "—Financing Road Facilities."

Municipal Bond Insurance Risk Factors

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

The long-term ratings on the Bonds are dependent in part on the financial strength of the Bond Insurer and its claim paying ability. The Bond 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 Bond Insurer and of the ratings on the Bonds insured by the Bond 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" herein.

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

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

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.

Future and Proposed Legislation

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

Continuing Compliance with Certain Covenants

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

NO MATERIAL ADVERSE CHANGE

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

NO-LITIGATION CERTIFICATE

With the delivery of the Bonds, the President or Vice President and Secretary or Assistant Secretary of the Board will, on behalf of the District, execute and deliver to the Underwriter a certificate dated as of the date of delivery, to the effect that no litigation of any nature of which the District has notice is pending against or, to the knowledge of the District's certifying officers, threatened against the District, either in state or federal courts, contesting or attacking the Bonds; restraining or enjoining the authorization, execution or delivery of the Bonds; affecting the provision made for the payment of or security for the Bonds; in any manner questioning the authority or proceedings for the authorization, execution or delivery of the Bonds; or affecting the validity of the Bonds, the corporate existence or boundaries of the District or the title of the then present officers and directors of the Board.

MUNICIPAL BOND RATING

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

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 or Moody's, if in their judgment, circumstances so warrant. Any such revisions or withdrawal of the ratings may have an adverse effect on the market price of the Bonds.

MUNICIPAL BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as APPENDIX B to this OFFICIAL STATEMENT.

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

Assured Guaranty Municipal Corp.

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

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

Current Financial Strength Ratings

On October 29, 2020, KBRA announced it had affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

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

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

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2020.

Capitalization of AGM

At March 31, 2021:

- The policyholders' surplus of AGM was approximately $2,805 million.

- The contingency reserves of AGM and its indirect subsidiary Municipal Assurance Corp. ("MAC") (as described below) were approximately $959 million. Such amount includes 100% of AGM's contingency reserve and 60.7% of MAC's contingency reserve.

- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately $2,121 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM, (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiaries Assured Guaranty UK Limited ("AGUK") and Assured Guaranty (Europe) SA ("AGE"), and (iii) 60.7% of the net unearned premium reserve of MAC.

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

Merger of MAC into AGM

On April 1, 2021, MAC was merged into AGM, with AGM as the surviving company. Prior to that merger transaction, MAC was an indirect subsidiary of AGM (which indirectly owned 60.7% of MAC) and AGM's affiliate, Assured Guaranty Corp., a Maryland-domiciled insurance company ("AGC") (which indirectly owned 39.3% of MAC). In connection with the merger transaction, AGM and AGC each reassumed the remaining outstanding par they ceded to MAC in 2013, and AGC sold its indirect share of MAC to AGM. All of MAC's direct insured par exposures have become insured obligations of AGM.

Incorporation of Certain Documents by Reference

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

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2020 (filed by AGL with the SEC on February 26, 2021); and

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2021 (filed by AGL with the SEC on May 7, 2021).

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

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

Miscellaneous Matters

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

VERIFICATION OF MATHEMATICAL COMPUTATIONS

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) 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 of the Refunded Bonds, (b) the mathematical computations of yield used by Special Tax Counsel to support its opinion that interest on the Bonds will be excluded from gross income for federal income tax purposes; and (c) compliance with the City of Houston Ordinance 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.

LEGAL MATTERS

Legal Opinions

The District will furnish to the Underwriter a transcript of certain certified proceedings incident to the issuance and authorization of the Bonds, including a certified copy of the approving legal 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 Attorney General has examined a transcript of proceedings authorizing the issuance of the Bonds, and that based upon such examination, the Bonds are valid and binding obligations of the District 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. The District will also furnish the approving legal opinion of Schwartz, Page & Harding, L.L.P., Houston, Texas, Bond Counsel, to the effect that, based upon an examination of such transcript, the Bonds are valid and binding obligations of the District under the Constitution and laws of the State of Texas, except to the extent that enforcement of the rights and remedies of the Registered Owners of the Bonds may be limited by laws relating to bankruptcy, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. 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, upon all taxable property within the District. The District will also furnish the legal opinion of McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Special Tax Counsel to the District, to the effect that interest on the Bonds is excludable from gross income of the owners for federal income tax purposes under existing law and not subject to the alternative minimum tax.

In addition to serving as Bond Counsel, Schwartz, Page & Harding, L.L.P., 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 and Special Tax Counsel for services rendered in connection with the issuance of the Bonds are based upon a percentage of bonds actually issued, sold and delivered, and, therefore, such fees are contingent upon the sale and delivery of the Bonds. Certain legal matters will be passed upon for the Underwriter by McCall, Parkhurst & Horton, L.L.P., Houston, Texas.

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 its capacity as Bond Counsel, Schwartz, Page & Harding, L.L.P., has reviewed the information appearing in this OFFICIAL STATEMENT under the captioned sections "PLAN OF FINANCING—Escrow Agreement" and "—Defeasance of the Refunded Bonds" (but only insofar as such section relates to the legal opinion of Bond Counsel), "THE BONDS," "THE DISTRICT—General," "MANAGEMENT OF THE DISTRICT—District Consultants—Bond Counsel and General Counsel," "TAXING PROCEDURES," and "LEGAL MATTERS—Legal Opinions" (insofar as such section relates to the opinion of Bond Counsel) solely to determine whether such information fairly summarizes the law and documents referred to therein. In its capacity as Special Tax Counsel, McCall, Parkhurst & Horton, L.L.P., Dallas, Texas, has reviewed the information appearing in this OFFICIAL STATEMENT under the caption "LEGAL MATTERS—Legal Opinions" (insofar as such section relates to the opinion of Special Tax Counsel) and "TAX MATTERS" solely to determine whether such information fairly summarizes the law referred to therein. Such firms have not independently verified factual information contained in this OFFICIAL STATEMENT, nor have such firms 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 firms' 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.

TAX MATTERS

Tax Exemption

On the date of initial delivery of the Bonds, McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Special Tax Counsel, will render their 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, Special Tax 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 their opinion, Special Tax Counsel will rely upon (a) the opinion of Schwartz, Page & Harding, L.L.P., Houston, Texas, Bond Counsel, that the Bonds are valid and binding obligations of the District payable from the proceeds of a generally-applicable ad valorem tax, (b) the District's federal tax certificate and the verification report prepared by Public Finance Partners LLC, and (c) covenants of the District with respect to arbitrage, the application of the proceeds to be received from the issuance and sale of the Bonds and certain other matters. Although it is expected that the Bonds will qualify as tax-exempt obligations for federal income tax purposes as of the date of issuance, the tax-exempt status of the Bonds could be affected by future events. However, future events beyond the control of the District, as well as the failure to observe the aforementioned representations or covenants, could cause the interest on the Bonds to become taxable retroactively to the date of issuance.

Special Tax Counsel's opinion represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Special Tax 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 Issuer with respect to the Bonds. No assurances can be given as to whether or not 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 Special Tax Counsel. If an 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 Underwriter has represented that the initial public offering price to be paid for one or more maturities of the Bonds (the "Original Issue Discount Bonds"), as stated on the cover of the OFFICIAL STATEMENT, is less than the principal amount thereof. As such, the difference between (i) the amount payable at the maturity of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond constitutes original issue discount with respect to such Original Issue Discount Bond in the hands of any owner who has purchased such Original Issue Discount Bond in the initial public offering of the Bonds.

Under Existing Law, such an owner 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 period for which such Original Issue Discount Bond continues to be owned by such owner. 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.

The initial public offering price to be paid for certain maturities of the Bonds is greater than the amount payable on such Bonds at maturity (the "Premium Bonds"). An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser must be reduced each year by the amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser's yield to maturity. PURCHASERS OF THE PREMIUM BONDS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS WITH RESPECT TO THE DETERMINATION OF AMORTIZABLE BOND PREMIUM WITH RESPECT TO THE PREMIUM BONDS FOR FEDERAL INCOME TAX PURPOSES AND WITH RESPECT TO THE STATE AND LOCAL TAX CONSEQUENCES OF OWNING PREMIUM BONDS.

Collateral Federal Income Tax Consequences

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Bonds. This discussion is based on Existing Law which is subject to change or modification retroactively.

Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences. The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, including financial institutions, life insurance and property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, 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 individuals otherwise allowed an earned income credit. THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIFIC PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED AND 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.

Qualified Tax-Exempt Obligations

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(1)(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 aforementioned dollar limitation and the Bonds would not be "qualified tax-exempt obligations."

PREPARATION OF OFFICIAL STATEMENT

Sources and Compilation of Information

The financial data and other information contained in this OFFICIAL STATEMENT has been obtained primarily from the District's records, the Engineer, the Tax Assessor/Collector, the Appraisal District and information from other sources. All of these sources are believed to be reliable, but no guarantee is made by the District as to the accuracy or completeness of the information derived from sources other than the District, and its inclusion herein is not to be construed as a representation on the part of the District to such effect. Furthermore, there is no guarantee that any of the assumptions or estimates contained herein will be realized. The summaries of the agreements, reports, statutes, resolutions, engineering and other related information set forth in this OFFICIAL STATEMENT are included herein subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents for further information.

Financial Advisor

Masterson Advisors LLC is employed as the Financial Advisor to the District to render certain professional services, including advising the District on a plan of financing and preparing the OFFICIAL STATEMENT. In its capacity as Financial Advisor, Masterson Advisors LLC has compiled and edited this OFFICIAL STATEMENT. The Financial Advisor has reviewed the information in this OFFICIAL STATEMENT in accordance with, and as a part of, its responsibilities to the District and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

Consultants

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

Tax Assessor/Collector: The information contained in this OFFICIAL STATEMENT relating to the historical breakdown of the District's assessed valuations and certain other historical data concerning tax rates and tax collections has been provided by Assessments of the Southwest, Inc. and is included herein in reliance upon the authority as an expert in assessing property values and collecting taxes.

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

Auditor: The financial statements of the District as of March 31, 2020, and for the year then ended, included in this offering document, have been audited by McCall Gibson Swedlund & Barfoot PLLC, as stated in their report appearing herein.

Bookkeeper: The information related to the "unaudited" summary of the District's General Operating Fund as it appears in "THE SYSTEM—Waterworks and Sewer System Operating Statement" has been provided by McLennan & Associates, L.P., and is included herein in reliance upon the authority of such firm as an expert in tracking and managing the various funds of municipal utility districts.

Updating the Official Statement

If subsequent to the date of the OFFICIAL STATEMENT, the District learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the Underwriter, of any adverse event which causes the OFFICIAL STATEMENT to be materially misleading, and unless the Underwriter elects to terminate its obligation to purchase the Bonds, the District will promptly prepare and supply to the Underwriter an appropriate amendment or supplement to the OFFICIAL STATEMENT satisfactory to the Underwriter, provided, however, that the obligation of the District to the Underwriter to so amend or supplement the OFFICIAL STATEMENT will terminate when the District delivers the Bonds to the Underwriter, unless the Underwriter notifies the District on or before such date that less than all of the Bonds have been sold to ultimate customers, in which case the District's obligations hereunder will extend for an additional period of time (but not more than 90 days after the date the District delivers the Bonds) until all of the Bonds have been sold to an ultimate customer.

Certification of Official Statement

The District, acting through its Board in its official capacity, hereby certifies, as of the date hereof, that the information, statements, and descriptions or any addenda, supplement and amendment thereto pertaining to the District and its affairs contained herein, to the best of its knowledge and belief, contain no untrue statement of a material fact and do not omit to state any material fact necessary to make the statements herein, in the light of the circumstances under which they are made, not misleading. With respect to information included in this OFFICIAL STATEMENT other than that relating to the District, the District has no reason to believe that such information contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements herein, in the light of the circumstances under which they are made, not misleading; however, the Board has made no independent investigation as to the accuracy or completeness of the information derived from sources other than the District. In rendering such certificate, the official executing this certificate may state that he has relied in part on his examination of records of the District relating to matters within his own area of responsibility, and his discussions with, or certificates or correspondence signed by, certain other officials, employees, consultants and representatives of the District.

CONTINUING DISCLOSURE OF INFORMATION

In the Bond 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").

Annual Reports

The District will provide certain financial information and operating data and certain supplemental schedules, annually to the MSRB. The financial information and operating data which will be provided with respect to the District includes all quantitative financial information and operating data of the general type included in this OFFICIAL STATEMENT under the headings "THE SYSTEM," "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)," except for "Estimated Overlapping Debt," "TAX DATA," and in APPENDIX A (Financial Statements of the District). The District will update and provide this information to the MSRB within six months after the end of each of its fiscal years ending in or after 2021.

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 accounting principles described in the Bond Order or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation.

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

Specified Event Notices

The District will provide timely notices of certain events to the MRSB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other 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; (13) consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of 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, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, 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, 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. The MSRB makes the information available to the public without charge through an internet portal at www.emma.msrb.org.

Limitations and Amendments

The District has agreed to update information and to provide notices of specified events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition or prospects 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 registered owners 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 the Rule, taking into account any amendments and interpretations of the Rule to the date of such amendment, as well as changed circumstances, and either the registered owners 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 such Rule 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 its continuing disclosure undertakings in accordance with Rule 15(c)2-12, with the following exception.

Due to an administrative oversight, the District inadvertently omitted “TAX DATA” and “DEBT SERVICE REQUIREMENTS” from the 2016 filing. The District amended the March 31, 2016 Annual Report filing to include such sections on August 6, 2019, which was more than six months after the end of the District’s March 31, 2016 fiscal year.

MISCELLANEOUS

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

/s/ Jim Spitzmiller
President, Board of Directors

ATTEST:

/s/ Joseph Frost
Secretary, Board of Directors

APPENDIX A

Financial Statements of the District for the fiscal year ended March 31, 2020

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 94

MONTGOMERY COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

MARCH 31, 2020

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 94

MONTGOMERY COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

MARCH 31, 2020

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

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Montgomery County Municipal
Utility District No. 94
Montgomery County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Montgomery County Municipal Utility District No. 94 (the "District"), as of and for the year ended March 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Board of Directors
Montgomery County Municipal
Utility District No. 94

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of March 31, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

McCall Gibson Swedlund Barfoot PLLC

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

July 7, 2020

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 94
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2020

Management's discussion and analysis of Montgomery County Municipal Utility District No. 94's (the "District") financial performance provides an overview of the District's financial activities for the year ended March 31, 2020. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The basic financial statements include: (1) combined fund financial statements and government-wide financial statements and (2) notes to the financial statements. The combined fund financial statements and government-wide financial statements combine both: (1) the Statement of Net Position and Governmental Funds Balance Sheet and (2) the Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. This report also includes 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 includes all of the District's assets, liabilities and deferred inflows and outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

The Statement of Activities reports how the District's net position changed during the current 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 the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information ("RSI") and other supplementary information. A budgetary comparison schedule is included as RSI for the General Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities by $4,983,067 as of March 31, 2020.

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2020	2019	Change Positive (Negative)
Current and Other Assets	$ 10,179,949	$ 10,272,947	$ (92,998)
Capital Assets (Net of Accumulated Depreciation)	22,232,087	22,797,200	(565,113)
Total Assets	$ 32,412,036	$ 33,070,147	$ (658,111)
Deferred Outflows of Resources	$ 1,450,070	$ 1,179,159	$ 270,911
Bonds Payable	$ 28,244,883	$ 29,946,898	$ 1,702,015
Other Liabilities	634,156	609,662	(24,494)
Total Liabilities	$ 28,879,039	$ 30,556,560	$ 1,677,521
Net Position:			
Net Investment in Capital Assets	$ (4,698,107)	$ (6,065,106)	$ 1,366,999
Restricted	4,093,477	4,165,842	(72,365)
Unrestricted	5,587,697	5,592,010	(4,313)
Total Net Position	$ 4,983,067	$ 3,692,746	$ 1,290,321

The following table provides a summary of the District's operations for the year ended March 31, 2020, and March 31, 2019. The District's net position increased by $1,290,321 during the year ended March 31, 2020.

	Summary of Changes in the Statement of Activities		
	2020	2019	Change Positive (Negative)
Revenues:			
Property Taxes	$ 3,518,774	$ 3,404,363	$ 114,411
Charges for Services	2,036,467	2,008,199	28,268
Other Revenues	199,673	202,198	(2,525)
Total Revenues	$ 5,754,914	$ 5,614,760	$ 140,154
Expenses for Services	4,464,593	4,632,181	167,588
Change in Net Position	$ 1,290,321	$ 982,579	$ 307,742
Net Position, Beginning of Year	3,692,746	2,710,167	982,579
Net Position, End of Year	$ 4,983,067	$ 3,692,746	$ 1,290,321

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of March 31, 2020, were $9,507,215, a decrease of $30,258 from the prior year.

The General Fund fund balance increased by $116,784, primarily due to property tax and service revenues exceeding operating and capital costs.

The Debt Service Fund fund balance decreased by $90,199, primarily due to the structure of the District's outstanding long-term debt.

The Capital Projects Fund fund balance decreased by $56,843 primarily due to the use of surplus bond proceeds for capital projects and a transfer of funds to the General Fund to reimburse construction costs.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors annually adopts an unappropriated budget for the General Fund. The budget was amended during the current fiscal year to increase projected property tax revenues and security costs. Actual revenues were $335,146 less than budgeted revenues, primarily due to lower service revenues than anticipated. Actual expenditures were less than budgeted expenditures by $5,234.

CAPITAL ASSETS

Capital assets as of March 31, 2020, total $22,232,087 (net of accumulated depreciation) and include land and land improvements, construction in progress, the water, wastewater and drainage systems, capacity in joint wastewater facilities, recreational facilities and landscaping improvements.

Capital Assets At Year-End, Net of Accumulated Depreciation

	2020	2019	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	$ 163,987	$ 163,987	$
Construction in Progress		55,756	(55,756)
Capital Assets, Net of Accumulated Depreciation:			
Water, Wastewater and Drainage Systems	18,139,660	18,444,558	(304,898)
Equipment	85,906	94,496	(8,590)
Generator Capital Lease	149,400	161,850	(12,450)
Capacity in Joint Wastewater Facilities	1,774,543	1,827,859	(53,316)
Recreational Facilities	747,744	787,785	(40,041)
Landscaping Improvements	1,170,847	1,260,909	(90,062)
Total Net Capital Assets	$ 22,232,087	$ 22,797,200	$ (565,113)

LONG-TERM DEBT ACTIVITY

As of March 31, 2020, the District had total bond debt payable of $27,810,000. The changes in the debt position of the District during the fiscal year ended March 31, 2020, are summarized as follows:

Bond Debt Payable, April 1, 2019	$ 29,595,000
Add: Bond Sale - Series 2019 Refunding	6,585,000
Less: Bond Principal Paid and Refunded	8,370,000
Bond Debt Payable, March 31, 2020	$ 27,810,000

The District maintains an underlying rating of "BBB+" from Standard and Poor's on all outstanding bonds with the exception of the Series 2015 Refunding, Series 2016 Refunding and Series 2019 Refunding bonds. The Series 2015 Refunding bonds do not carry an underlying rating. The Series 2016 Refunding and Series 2019 Refunding bonds carry an underlying rating of "A2" from Moody's. The Series 2009 bonds carry an insured rating of "AA" from Standard and Poor's by virtue of bond insurance issued by Assured Guaranty Corp. The Series 2010, Series 2011, Series 2012 Refunding, 2012A Refunding and Series 2016 Refunding bonds carry an insured rating of "AA" from Standard and Poor's by virtue of bond insurance issued by Assured Guaranty Municipal Corp. The Series 2013, Series 2013A, Series 2014 Refunding, 2014A Refunding and Series 2019 Refunding bonds carry insured ratings of "AA" by virtue of bond insurance issued by Build America Mutual Assurance Company. The Series 2015 Refunding bonds do not carry an insured rating. The above ratings are as of March 31, 2020 and reflect all rating changes of the bond insurers through the fiscal year-end.

The changes in the capital lease payable during the fiscal year ended March 31, 2020, are summarized as follows:

Capital Lease Payable, April 1, 2019	$ 151,425
Less: Principal Payments Capital Lease	16,029
Capital Lease Payable, March 31, 2020	$ 135,396

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 Montgomery County Municipal Utility District No. 94, c/o Schwartz, Page & Harding, L.L.P., 1300 Post Oak Blvd., Suite 1400, Houston, Texas 77056-3078.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 94
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
MARCH 31, 2020

	General Fund	Debt Service Fund
ASSETS		
Cash	$ 214,977	$ 196,606
Investments	5,321,293	3,799,762
Receivables:		
Property Taxes	26,195	92,424
Penalty and Interest on Delinquent Taxes		
Service Accounts (Net of Allowance for Doubtful Accounts of $30,000)	250,234	
Other	26,500	
Due from Other Funds	12,442	1,435
Prepaid Costs	65,797	
Due from Other Governmental Units	72,942	
Advance for Wastewater Treatment Plants Operations	57,849	
Land and Land Improvements		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	$ 6,048,229	$ 4,090,227
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Refunding Bonds	$ -0-	$ -0-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 6,048,229	$ 4,090,227

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
$	$ 411,583	$	$ 411,583
15	9,121,070		9,121,070
	118,619		118,619
		24,483	24,483
	250,234		250,234
	26,500		26,500
	13,877	(13,877)	
	65,797	30,872	96,669
	72,942		72,942
	57,849		57,849
		163,987	163,987
		22,068,100	22,068,100
$ 15	$ 10,138,471	$ 22,273,565	$ 32,412,036
$ -0-	$ -0-	$ 1,450,070	$ 1,450,070
$ 15	$ 10,138,471	$ 23,723,635	$ 33,862,106

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

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 94
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
MARCH 31, 2020

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	$ 363,638	$
Due to Other Funds	1,435	12,442
Due to Taxpayers		8,791
Security Deposits	126,331	
Obligations Under Capital Lease:		
Due Within One Year		
Due After One Year		
Long-Term Liabilities:		
Due Within One Year		
Due After One Year		
TOTAL LIABILITIES	$ 491,404	$ 21,233
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	$ 26,195	$ 92,424
FUND BALANCES		
Nonspendable:		
Prepaid Costs	$ 65,797	$
For Wastewater Treatment Plants Operations	57,849	
Restricted for:		
Authorized Construction		
Debt Service		3,976,570
Unassigned	5,406,984	
TOTAL FUND BALANCES	$ 5,530,630	$ 3,976,570
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 6,048,229	$ 4,090,227
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
$	$ 363,638	$	$ 363,638
	13,877	(13,877)	
	8,791		8,791
	126,331		126,331
		17,652	17,652
		117,744	117,744
		1,905,000	1,905,000
		26,339,883	26,339,883
$ -0-	$ 512,637	$ 28,366,402	$ 28,879,039
$ -0-	$ 118,619	$ (118,619)	$ -0-
$	$ 65,797	$ (65,797)	$
	57,849	(57,849)	
15	15	(15)	
	3,976,570	(3,976,570)	
	5,406,984	(5,406,984)	
$ 15	$ 9,507,215	$ (9,507,215)	$ -0-
$ 15	$ 10,138,471		
		$ (4,698,107)	$ (4,698,107)
		4,093,477	4,093,477
		5,587,697	5,587,697
		$ 4,983,067	$ 4,983,067

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

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 94
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
MARCH 31, 2020

Total Fund Balances - Governmental Funds		$ 9,507,215
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		22,232,087
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. The District also amortizes prepaid bond insurance over the term of the bonds.		1,480,942
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.		143,102
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:		
Capital Lease Payable	$ (135,396)	
Bonds Payable	(28,244,883)	(28,380,279)
Total Net Position - Governmental Activities		$ 4,983,067

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

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MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 94
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2020

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	$ 845,133	$ 2,652,990
Water Service	526,946	
Wastewater Service	901,266	
Water Authority Fees	552,003	
Penalty and Interest	39,506	12,495
Tap Connection and Inspection Fees	500	
Investment Revenues	107,606	72,096
Miscellaneous Revenues	18,408	
TOTAL REVENUES	$ 2,991,368	$ 2,737,581
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	$ 147,093	$ 1,955
Contracted Services	746,809	59,392
Purchased Wastewater Service	246,957	
Utilities	200,927	
Water Authority Assessments	543,446	
Repairs and Maintenance	463,793	
Depreciation		
Other	148,327	3,811
Capital Outlay	253,980	
Debt Service:		
Capital Lease Principal	16,029	
Capital Lease Interest	13,971	
Bond Principal		1,820,000
Bond Interest		838,406
Bond Issuance Costs		236,033
Payment to Refunded Bond Escrow Agent	150,000	107,000
TOTAL EXPENDITURES/EXPENSES	$ 2,931,332	$ 3,066,597
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES/EXPENSES	$ 60,036	$ (329,016)

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
$	$ 3,498,123	$ 20,651	$ 3,518,774
	526,946		526,946
	901,266		901,266
	552,003		552,003
	52,001	3,751	55,752
	500		500
1,563	181,265		181,265
	18,408		18,408
$ 1,563	$ 5,730,512	$ 24,402	$ 5,754,914
$ 95	$ 149,143		$ 149,143
	806,201		806,201
	246,957		246,957
	200,927		200,927
	543,446		543,446
	463,793		463,793
		820,635	820,635
21	152,159		152,159
1,542	255,522	(255,522)	
	16,029	(16,029)	
	13,971		13,971
	1,820,000	(1,820,000)	
	838,406	15,432	853,838
	236,033	(22,510)	213,523
	257,000	(257,000)	
$ 1,658	$ 5,999,587	$ (1,534,994)	$ 4,464,593
$ (95)	$ (269,075)	$ 1,559,396	$ 1,290,321

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

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 94
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2020

	General Fund	Debt Service Fund
OTHER FINANCING SOURCES		
Transfers In (Out)	$ 56,748	$
Refunding Bonds		6,585,000
Payment to Refunded Bond Escrow Agent		(6,404,702)
Bond Premium		58,519
TOTAL OTHER FINANCING SOURCES	$ 56,748	$ 238,817
NET CHANGE IN FUND BALANCES	$ 116,784	$ (90,199)
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - APRIL 1, 2019	5,413,846	4,066,769
FUND BALANCES/NET POSITION - MARCH 31, 2020	$ 5,530,630	$ 3,976,570

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
$ (56,748)	$	$	$
	6,585,000	(6,585,000)	
	(6,404,702)	6,404,702	
	58,519	(58,519)	
$ (56,748)	$ 238,817	$ (238,817)	$ -0-
$ (56,843)	$ (30,258)	$ 30,258	$
		1,290,321	1,290,321
56,858	9,537,473	(5,844,727)	3,692,746
$ 15	$ 9,507,215	$ (4,524,148)	$ 4,983,067

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

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 94
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2020

Net Change in Fund Balances - Governmental Funds	$	(30,258)
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.		20,651
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.		3,751
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.		(820,635)
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.		255,522
Governmental funds report bond premiums as other financing sources in the year received. However, in the Statement of Net Position, bond premiums are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities.		(58,519)
Governmental funds report bond principal payments and capital lease payments as expenditures. However, in the Statement of Net Position, bond principal payments and capital lease payments are reported as decreases in long-term liabilities.		1,836,029
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.		(15,432)
Government funds report bond insurance payments as expenditures. However, in the Statement of Net Position, bond insurance is amortized over the term of the bonds.		22,510
Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in the Statement of Net Position.		(6,585,000)
Governmental funds report the payment to the refunded bond escrow agent as an other financing use. However, the refunding of outstanding bonds decreases long-term liabilities in the Statement of Net Positon.		6,661,702
Change in Net Position - Governmental Activities	$	1,290,321

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

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 94
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2020

NOTE 1. CREATION OF DISTRICT

Montgomery County Municipal Utility District No. 94 (the "District") was created effective September 11, 2002, by an Order of the Texas Natural Resource Conservation Commission, predecessor to the Texas Commission on Environmental Quality (the "Commission"). Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, sanitary sewer service, storm sewer drainage, irrigation, solid waste collection and disposal, including recycling, and to construct parks and recreational facilities for the residents of the District. The District is also empowered to establish, operate and maintain a fire department to perform all fire-fighting activities within the District subject to the receipt of certain approvals from the Commission and voters within the District. The Board of Directors held its first meeting on September 12, 2002, and sold its first series of bonds on October 7, 2003.

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

The District has entered into an agreement with Montgomery County Municipal Utility District No. 119 ("MUD 119") for the operation of a wastewater treatment plant. Oversight of the plant is provided by MUD 119. Additional disclosure concerning this agreement is provided in Note 9. The plant's financial information is included in the financial statements for MUD 119. Copies of the financial statements can be obtained from the District's attorney.

The District has also entered into an agreement with Harris County Water Control and Improvement District No. 92 ("WICD 92") for the operation of a wastewater treatment plant. Oversight of the plant is provided by WCID 92. Additional disclosure concerning this agreement is provided in Note 9. The plant's financial information is included in the financial statements for WCID 92. Copies of the financial statements can be obtained from the District's auditor.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

- 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.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

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

Governmental Funds

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

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

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

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

Basis of Accounting

The District uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both "measurable and available." Measurable means the amount can be determined. Available means collectable within the current period or soon enough thereafter to pay current liabilities. The District considers revenues reported in the governmental funds to be available if they are collected 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. The District has applied a current accounting standard that provides for an exception to the basic concept that general long-term indebtedness is not reported as an expenditure until the amount becomes due and payable. This exception allows the District to record the April 1, 2020, debt service payments as expenditures during the current fiscal year.

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.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

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. At March 31, 2020, the Debt Service Fund owed the General Fund $12,442 for maintenance tax collections and the General Fund owed the Debt Service Fund $1,435 for an excess reimbursement of bond issuance costs. During the current fiscal year, the Capital Projects fund transferred $56,748 to the General Fund for the use of surplus funds for construction and engineering costs.

Service Accounts Receivable

The District provides for uncollectible accounts receivable through the allowance method of accounting. Under this method a provision for uncollectible accounts is charged to bad debt expense, and the allowance account is increased based on past collection history and management's evaluation of accounts receivable. All amounts considered uncollectible are charged against the allowance account, and recoveries of previously charged off accounts are added to the account. At March 31, 2020, allowances of $30,000 were provided for possible uncollected accounts.

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 acquisition value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as expenses in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset. The District chose to early implement GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period.* Interest costs will no longer be capitalized as part of the asset but will be shown as an expenditure in the fund financial statements and as an expense in the government-wide financial statements.

Assets are capitalized, including infrastructure assets, if they have an original cost greater than $5,000 and a useful life of two years or more. Depreciation is calculated on each class of depreciable property using no salvage value and the straight-line method of depreciation.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

Estimated useful lives are as follows:

	Years
Water System	10-45
Wastewater System	10-45
Drainage System	10-45
All Other Equipment	3-20
Capacity in Joint Wastewater Facilities	45
Recreational Facilities	10-50
Landscaping Improvements	20

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 amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the original and revised budget amounts, if revised, 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 has determined that fees of office received by Directors are considered to be wages subject to federal income tax withholding for payroll purposes only.

Measurement Focus

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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

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

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

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

	Series 2009	Series 2010	Series 2011	Refunding Series 2012
Amount Outstanding – March 31, 2020	$ 165,000	$ 170,000	$ 50,000	$ 630,000
Interest Rates	4.00%	4.125%	3.75%	2.50% - 2.75%
Maturity Dates – Serially Beginning/Ending	October 1, 2020	October 1, 2020	October 1, 2020	October 1, 2020/2021
Interest Payment Dates	October 1/ April 1	October 1/ April 1	October 1/ April 1	October 1/ April 1
Callable Dates	October 1, 2018*	October 1, 2018*	October 1, 2018*	October 1, 2019*

	Refunding Series 2012A	Series 2013	Series 2013A	Refunding Series 2014
Amount Outstanding – March 31, 2020	$ 165,000	$ 3,065,000	$ 2,510,000	$ 1,940,000
Interest Rates	3.50%	3.00% - 4.625%	3.00% - 5.00%	2.50% - 4.00%
Maturity Dates – Serially Beginning/Ending	October 1, 2020	October 1, 2020/2037	October 1, 2020/2037	October 1, 2020/2025
Interest Payment Dates	October 1/ April 1	October 1/ April 1	October 1/ April 1	October 1/ April 1
Callable Dates	October 1, 2019*	October 1, 2023*	October 1, 2023*	October 1, 2020*

* Or any date thereafter as a whole or in part, at par plus interest accrued to the date of redemption. Series 2009 term bonds maturing October 1, 2020 are subject to mandatory redemption beginning October 1, 2018Series 2013 term bonds maturing on October 1, 2025, 2027, 2029, 2031, 2034 and 2037, are subject to mandatory redemption beginning October 1, 2024, 2026, 2028, 2030, 2032 and 2035, respectively. Series 2013A term bonds maturing on October 1, 2021, 2023, 2025, 2027, 2029, 2031, 2034 and 2037, are subject to mandatory redemption beginning October 1, 2019, 2022, 2024, 2026, 2028, 2030, 2032 and 2035, respectively.

NOTE 3. LONG-TERM DEBT (Continued)

	Refunding Series 2014A	Refunding Series 2015	Refunding Series 2016	Refunding Series 2019
Amount Outstanding – March 31, 2020	$ 2,790,000	$ 2,855,000	$ 6,885,000	$ 6,585,000
Interest Rates	3.00% - 3.625%	2.715%	2.00% - 4.00%	2.00% - 2.25%
Maturity Dates – Serially Beginning/Ending	October 1, 2020/2030	October 1, 2020/2030	October 1, 2020/2035	October 1, 2020/2034
Interest Payment Dates	October 1/ April 1	October 1/ April 1	October 1/ April 1	October 1/ April 1
Callable Dates	October 1, 2021*	October 1, 2020*	October 1, 2024*	October 1, 2025*

* Or any date thereafter as a whole or in part, at par plus interest accrued to the date of redemption.

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

	April 1, 2019	Additions	Retirements	March 31, 2020
Bonds Payable	$ 29,595,000	$ 6,585,000	$ 8,370,000	$ 27,810,000
Unamortized Discounts	(276,450)		(58,077)	(218,373)
Unamortized Premiums	628,348	58,519	33,611	653,256
Total Bonds Payable, Net	$ 29,946,898	$ 6,643,519	$ 8,345,534	$ 28,244,883

Amount Due Within One Year	$ 1,905,000
Amount Due After One Year	26,339,883
Total Bonds Payable, Net	$ 28,244,883

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

Fiscal Year	Principal	Interest	Total
2021	$ 1,905,000	$ 846,110	$ 2,751,110
2022	1,935,000	794,102	2,729,102
2023	1,960,000	745,840	2,705,840
2024	1,980,000	694,264	2,674,264
2025	2,020,000	637,858	2,657,858
2026-2030	10,830,000	2,241,522	13,071,522
2031-2035	6,035,000	741,700	6,776,700
2036-2038	1,145,000	76,260	1,221,260
	$ 27,810,000	$ 6,777,656	$ 34,587,656

NOTE 3. LONG-TERM DEBT (Continued)

As of March 31, 2020, the District had authorized but unissued water, sewer and drainage bonds of $16,550,000, park bonds of $3,150,000, and refunding bonds of $59,264,132.

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 ended March 31, 2020, the District levied an ad valorem debt service tax rate of $0.595 per $100 of assessed valuation, which resulted in a tax levy of $2,667,649 on the adjusted taxable valuation of $448,344,413 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 costs 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 bond order states that the District is required to provide to certain information repositories continuing disclosure of annual financial information and operating data with respect to the District. The information, along with the audited annual financial statements, is of the general type included in the annual audit report and must be filed within six months after the end of each fiscal year of the District.

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

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 $411,583 and the bank balance was $416,131. 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 at March 31, 2020, as listed below:

	Cash
GENERAL FUND	$ 214,977
DEBT SERVICE FUND	196,606
TOTAL DEPOSITS	$ 411,583

Investments

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

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. The District 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 also invest in Texas Cooperative Liquid Assets Securities System ("Texas CLASS"). Texas CLASS is a public funds investment pool which has operated since 1996. The public seeks to provide safety, liquidity, convenience and competitive rates of return for Texas public sector investors such as municipal utility districts. Public Trust Advisors, LLC serves as the pool's administrator and investment advisor. Texas CLASS meets the criteria established in GASB Statement No. 79 and measures portfolio assets at amortized cost. As a result, the District also measures its investments in Texas CLASS at amortized costs for financial reporting purposes. There are no limitations or restrictions on withdrawals from Texas CLASS.

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

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
GENERAL FUND		
Texas CLASS	$ 5,321,293	$ 5,321,293
DEBT SERVICE FUND		
Texas CLASS	3,799,762	3,799,762
CAPITAL PROJECTS FUND		
Texas CLASS	15	15
TOTAL INVESTMENTS	$ 9,121,070	$ 9,121,070

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At March 31, 2020, the District's investment in Texas CLASS was rated AAAm by Standard and Poor's.

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

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Restrictions

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

All cash and investments of the Capital Projects Fund are restricted for the purchase or rehabilitation of capital assets.

NOTE 6. CAPITAL ASSETS

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

	April 1, 2019	Increases	Decreases	March 31, 2020
Capital Assets Not Being Depreciated				
Land and Land Improvements	$ 163,987	$	$	$ 163,987
Construction in Progress	55,756	255,522	311,278	
Total Capital Assets Not Being Depreciated	$ 219,743	$ 255,522	$ 311,278	$ 163,987
Capital Assets Subject to Depreciation				
Water, Wastewater and Drainage Systems	$ 27,097,094	$ 311,278	$	$ 27,408,372
Equipment	171,806			171,806
Generator Capital Lease	249,000			249,000
Capacity in Joint Wastewater Facilities	2,399,233			2,399,233
Recreational Facilities	1,028,031			1,028,031
Landscaping Improvements	1,801,281			1,801,281
Total Capital Assets Subject to Depreciation	$ 32,746,445	$ 311,278	$ -0-	$ 33,057,723
Accumulated Depreciation				
Water, Wastewater and Drainage Systems	$ 8,652,536	$ 616,176	$	$ 9,268,712
Equipment	77,310	8,590		85,900
Generator Capital Lease	87,150	12,450		99,600
Capacity in Joint Wastewater Facilities	571,374	53,316		624,690
Recreational Facilities	240,246	40,041		280,287
Landscaping Improvements	540,372	90,062		630,434
Total Accumulated Depreciation	$ 10,168,988	$ 820,635	$ -0-	$ 10,989,623
Total Depreciable Capital Assets, Net of Accumulated Depreciation	$ 22,577,457	$ (509,357)	$ -0-	$ 22,068,100
Total Capital Assets, Net of Accumulated Depreciation	$ 22,797,200	$ (253,835)	$ 311,278	$ 22,232,087

NOTE 7. MAINTENANCE TAX

On November 5, 2002, the voters of the District approved the levy and collection of a maintenance tax not to exceed $1.25 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 wastewater system. During the year ended March 31, 2020, the District levied an ad valorem maintenance tax rate of $0.19 per $100 of assessed valuation, which resulted in a tax levy of $851,855 on the adjusted taxable valuation of $448,344,413 for the 2019 tax year.

NOTE 8. CAPITAL LEASE - GENERATOR

On March 6, 2012, the District entered into a capital lease agreement for an emergency generator system at its water plant. The lease is for a 20-year term. Total expenditures on the lease for the fiscal year ended March 31, 2020 were $30,000, which includes principal and interest components. The capital asset acquired under this lease is included in the District's capital assets schedule.

Future minimum lease payments under the capital lease as of March 31, 2020 are as follows:

Year	Principal	Interest	Total
2021	$ 17,652	$ 12,348	$ 30,000
2022	18,441	10,559	29,000
2023	8,763	9,237	18,000
2024	9,650	8,350	18,000
2025	10,629	7,371	18,000
2026-2030	50,179	21,321	71,500
2031-2032	20,082	1,918	22,000
Total	$ 135,396	$ 71,104	$ 206,500

NOTE 9. WASTE DISPOSAL AGREEMENTS

On December 19, 2007, the District and Montgomery County Municipal Utility District No. 119 ("MUD 119") entered into a Waste Disposal Agreement, as subsequently amended on September 23, 2008, November 7, 2011, January 1, 2014 and May 10, 2016 (the "Agreement"). The purpose of the Agreement is to establish the terms and conditions under which the District and MUD 119 will jointly construct and operate a permanent wastewater treatment plant (the "Plant").

NOTE 9. WASTE DISPOSAL AGREEMENTS (Continued)

As of March 31, 2020, the District owns 28.8% of the Plant and MUD 119 owns 71.2%. Operation and maintenance costs are shared between the District and MUD 119 on a pro rata basis and are billed monthly. During the current fiscal year, the District paid MUD 119, which serves as operating district, $123,381 for monthly operating costs for the plant.

In order for the operating district to have funds available to make timely payments of all expenditures, each District was billed a portion of a two-month operating reserved based on the number of actual or projected number of active connections. If the operating district determines that the reserve is not sufficient to pay for the operation and maintenance expenditures on a timely basis, the operating reserve may be increased up to a maximum number of four months calculated and paid in the same manner as above. The District's portion of the operating reserve is $38,606.

The financial activities of the plant as of June 30, 2019, and for the year then ended are as follows:

Total Assets	$ 140,179
Total Liabilities	135,172
Total Fund Balance	$ 5,007
Total Revenues	$ 933,556
Total Expenditures	933,556
Net Change in Fund Balance	$ -0-
Fund Balance – July 1, 2018	5,007
Fund Balance – June 30, 2019	$ 5,007

On October 1, 2001, District entered into an agreement with Harris County Water Control and Improvement District No. 92 ("WCID 92") for the lease and purchase of wastewater treatment capacity. The District constructed a wastewater collection system to connect to WCID 92's plant in order to serve its customers. Pursuant to the agreement, the District pays WCID 92 a monthly operations fee based on the District's percentage of ownership. During the current year, the District recorded $157,760 in purchased wastewater services related to this agreement which included $34,184 for capital costs. As of March 31, 2020, the District has paid an operating and maintenance reserve to WCID 92 in the amount of $19,243.

NOTE 9. WASTE DISPOSAL AGREEMENTS (Continued)

The financial activities of the plant as of December 31, 2019, and for the year then ended are as follows:

Total Assets	$ 152,990
Total Liabilities	104,013
Total Fund Balance	$ 48,977
Total Revenues	$ 438,232
Total Expenditures	438,232
Net Change in Fund Balance	$ -0-
Fund Balance – January 1, 2019	48,977
Fund Balance – December 31, 2019	$ 48,977

NOTE 10. 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 11. LONE STAR GROUNDWATER CONSERVATION DISTRICT

The District is located within the boundaries of the Lone Star Groundwater Conservation District (the "Conservation District"). The Conservation District was created under Article 16, Section 59 of the Texas Constitution by House Bill 1842 (the "Act"), as passed by the 77th Texas Legislature, in 2001. The Act empowers the Conservation District for purposes including the acquisition and provision of surface water and groundwater for residential, commercial, industrial, agricultural, and other uses, the reduction of groundwater withdrawals, the conservation, preservation, protection, recharge, and prevention of waste of groundwater, and of groundwater reservoirs or their subdivisions, and the control of subsidence caused by withdrawal of water from those groundwater reservoirs or their subdivisions. The Conservation District is overseeing that its participants comply with subsidence district pumpage requirements. The District is required to convert its water supply to surface water over a period of time.

A nine-member board of directors governs the Conservation District. The directors serve staggered four-year terms. Each director must qualify to serve as director in the manner provided by Section 49.055 of the Water Code. The Conservation District charges production fees based on the amount of water authorized by permit to be withdrawn from a well. This fee enables the Conservation District to fulfill its purpose and regulatory functions. The current permit fee is $0.105 per 1,000 gallons of water pumped from each well.

NOTE 12. SAN JACINTO RIVER AUTHORITY

The District has entered into a Contract for Groundwater Reduction Planning, Alternative Water Supply, and Related Goods and Services with the San Jacinto River Authority (the "Authority"). The Authority operates within the boundaries of the Lone Star Conservation District ("the Conservation District"). See Note 11. The Authority has developed supplies of surface water that, when taken together with groundwater withdrawals to be permitted by the Conservation District, are reasonably believed to be adequate to satisfy the total water demands of Montgomery County. A surface water treatment and transmission system is proposed to be designed, constructed, operated, and maintained by the Authority in order to provide phased treatment, transmission, and delivery of the Authority's surface water to regulated users for blending with groundwater supplies, so that regulated users may continue to pump groundwater. The Authority will develop a Groundwater Reduction Plan (the "GRP") for all participants. The Authority charges a fee, currently \$2.73 per 1,000 gallons for groundwater used and \$3.15 per 1,000 gallons for surface water used. This fee enables the Authority to achieve, maintain and implement the GRP. The terms of this contract expire on December 31, 2045. During the current fiscal year, the District recorded expenditures of \$543,446 for groundwater used.

NOTE 13. USE OF SURPLUS FUNDS

In accordance with Rule 30 T.A.C. 293.83(c)(3) of the Commission, the District approved the use of surplus Capital Projects Fund monies in the amount of \$200,976 to pay the cost of improvements to the joint wastewater treatment plant shared with MUD 119. The project was completed in the current fiscal year.

NOTE 14. REFUNDING BOND SALE

On September 17, 2019, the District issued \$6,585,000 of Unlimited Tax Refunding Bonds, Series 2019. The net proceeds of \$6,404,702 plus \$107,000 of available Debt Service monies and \$150,000 of available General Fund monies were used to retire portions of the Series 2012 Refunding and Series 2012A Refunding bonds in the amount of \$3,010,000 and \$3,540,000, respectively. As a result, the refunded bonds are considered to be defeased and the liability for these bonds has been removed from the Statement of Net Position. The effect of the refunding decreases total debt service by \$587,714 and obtains net percent value savings of \$466,572.

NOTE 15. 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.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 94

REQUIRED SUPPLEMENTARY INFORMATION

MARCH 31, 2020

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 94
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2020

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
REVENUES				
Property Taxes	$ 651,322	$ 703,569	$ 845,133	$ 141,564
Water Service	720,048	720,048	526,946	(193,102)
Wastewater Service	1,158,510	1,158,510	901,266	(257,244)
Water Authority Fees	625,000	625,000	552,003	(72,997)
Penalty and Interest	37,311	37,311	39,506	2,195
Tap Connection and Inspection Fees	979	979	500	(479)
Investment Revenues	75,000	75,000	107,606	32,606
Miscellaneous Revenues	6,097	6,097	18,408	12,311
TOTAL REVENUES	$ 3,274,267	$ 3,326,514	$ 2,991,368	$ (335,146)
EXPENDITURES				
Service Operations:				
Professional Fees	$ 140,075	$ 140,075	$ 147,093	$ (7,018)
Contracted Services	862,610	1,013,740	746,809	266,931
Purchased Wastewater Service	265,836	265,836	246,957	18,879
Utilities	220,410	220,410	200,927	19,483
Water Authority Assessments	638,615	638,615	543,446	95,169
Repairs and Maintenance	387,750	442,750	463,793	(21,043)
Other	178,640	178,640	148,327	30,313
Capital Lease, Principal and Interest	36,500	36,500	30,000	6,500
Payment to Refunded Bond Escrow Agent			150,000	(150,000)
Capital Outlay			253,980	(253,980)
TOTAL EXPENDITURES	$ 2,730,436	$ 2,936,566	$ 2,931,332	$ 5,234
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 543,831	$ 389,948	$ 60,036	$ (329,912)
OTHER FINANCING SOURCES(USES)				
Transfers In (Out)	$ -0-	$ -0-	$ 56,748	$ 56,748
NET CHANGE IN FUND BALANCE	$ 543,831	$ 389,948	$ 116,784	$ (273,164)
FUND BALANCE - APRIL 1, 2019	5,413,846	5,413,846	5,413,846	
FUND BALANCE - MARCH 31, 2020	$ 5,957,677	$ 5,803,794	$ 5,530,630	$ (273,164)

The accompanying independent auditor’s report.

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MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 94

SUPPLEMENTARY INFORMATION REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

MARCH 31, 2020

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 94
SERVICES AND RATES
FOR THE YEAR ENDED MARCH 31, 2020

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

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

2. RETAIL SERVICE PROVIDERS

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

Based on the rate order effective September 1, 2019.

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons over Minimum Use	Usage Levels
WATER:	$22.50	10,000	N	$1.00	10,001 to 15,000
				$1.25	15,001 to 20,000
				$1.50	Over 20,001
WASTEWATER:	$44.56		Y		
SURCHARGE:					
San Jacinto River Authority Fee	$2.94 per 1,000 gallons				

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

Total monthly charges per 10,000 gallons usage: Water: $22.50 Wastewater: $44.56 Surcharge: $29.40 Total: $96.46

See accompanying independent auditor's report.

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
Unmetered			x 1.0	
≤¾"	1,671	1,665	x 1.0	1,665
1”	40	40	x 2.5	100
1½”			x 5.0	
2”	15	15	x 8.0	120
3”	2	2	x 15.0	30
4”			x 25.0	
6”			x 50.0	
8”			x 80.0	
10”			x 115.0	
Total Water Connections	1,728	1,722		1,915
Total Wastewater Connections	1,708	1,702	x 1.0	1,702

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

Water Accountability Ratio: 95.3%
(Gallons billed /Gallons pumped)

Gallons pumped in system: 220,872,000

Gallons billed to customers: 210,561,000

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 or Counties in which District is located:

Montgomery County, Texas

Is the District located within a city?

Entirely ____ Partly ____ Not at all X

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

Entirely X Partly ____ Not at all ____

ETJ in which the District is located:

City of Houston, Texas

Are Board Members appointed by an office outside the District?

Yes ____ No X

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 94
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2020

PROFESSIONAL FEES:		
Auditing	$	11,500
Engineering		43,054
Legal		92,539
TOTAL PROFESSIONAL FEES	$	147,093
PURCHASED SERVICES FOR RESALE:		
Purchased Wastewater Service	$	246,957
CONTRACTED SERVICES:		
Bookkeeping	$	21,856
Operations and Billing		57,386
Security		283,668
Solid Waste Disposal		383,899
TOTAL CONTRACTED SERVICES	$	746,809
UTILITIES -		
Electricity	$	192,603
Telephone		8,324
TOTAL UTILITIES	$	200,927
REPAIRS AND MAINTENANCE	$	463,793
ADMINISTRATIVE EXPENDITURES:		
Director Fees	$	10,350
Election Costs		2,820
Insurance		34,598
Office Supplies and Postage		40,413
Payroll Administration		2,627
Payroll Taxes		792
Travel and Meetings		4,556
Other		7,865
TOTAL ADMINISTRATIVE EXPENDITURES	$	104,021

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 94
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2020

CAPITAL OUTLAY	$	253,980
OTHER EXPENDITURES:		
Chemicals	$	15,400
Laboratory Fees		3,693
Permit Fees		4,223
Reconnection Fees		9,837
Inspection Fees		945
Regulatory Assessment		7,212
Water Authority Assessments		543,446
Other		2,996
TOTAL OTHER EXPENDITURES	$	587,752
DEBT SERVICE:		
Capital Lease Principal	$	16,029
Capital Lease Interest		13,971
Payment to Refunded Bond Escrow Agent		150,000
TOTAL DEBT SERVICE	$	180,000
TOTAL EXPENDITURES	$	2,931,332

See accompanying independent auditor’s report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 94
INVESTMENTS
FOR THE YEAR ENDED MARCH 31, 2020

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
GENERAL FUND					
Texas CLASS	XXXX0001	Varies	Daily	$ 5,321,293	$ -0-
DEBT SERVICE FUND					
Texas CLASS	XXXX0002	Varies	Daily	$ 3,799,762	$ -0-
CAPITAL PROJECTS FUND					
Texas CLASS	XXXX0003	Varies	Daily	$ 15	$ -0-
TOTAL - ALL FUNDS				$ 9,121,070	$ -0-

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 94
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED MARCH 31, 2020

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE - APRIL 1, 2019	$ 19,627		$ 78,341	
Adjustments to Beginning Balance	(154)	$ 19,473	(576)	$ 77,765
Original 2019 Tax Levy	$ 800,635		$ 2,507,250	
Adjustment to 2019 Tax Levy	51,220	851,855	160,399	2,667,649
TOTAL TO BE ACCOUNTED FOR		$ 871,328		$ 2,745,414
TAX COLLECTIONS:				
Prior Years	$ 10,828		$ 40,300	
Current Year	834,305	845,133	2,612,690	2,652,990
TAXES RECEIVABLE - MARCH 31, 2020		$ 26,195		$ 92,424
TAXES RECEIVABLE BY YEAR:				
2019		$ 17,550		$ 54,959
2018		1,392		5,159
2017		1,427		5,708
2016		899		4,424
2015		716		3,042
2014		1,063		4,430
2013		651		2,636
2012		624		2,805
2011		835		2,940
2010		375		1,366
2009		336		1,521
2008		163		1,793
2007		164		1,641
TOTAL		$ 26,195		$ 92,424

See accompanying independent auditor’s report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 94
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED MARCH 31, 2020

	2019	2018	2017	2016
PROPERTY VALUATIONS:				
Land	$ 50,910,220	$ 50,916,040	$ 50,876,410	$ 51,078,590
Improvements	416,369,330	392,790,490	392,422,510	397,522,770
Personal Property	6,671,323	6,553,646	6,310,291	5,666,423
Exemptions	(25,606,460)	(23,683,619)	(24,759,052)	(24,374,691)
TOTAL PROPERTY VALUATIONS	$ 448,344,413	$ 426,576,557	$ 424,850,159	$ 429,893,092
TAX RATES PER $100 VALUATION:				
Debt Service	$ 0.595	$ 0.63	$ 0.64	$ 0.64
Maintenance	0.190	0.17	0.16	0.13
TOTAL TAX RATES PER $100 VALUATION	$ 0.785	$ 0.80	$ 0.80	$ 0.77
ADJUSTED TAX LEVY*	$ 3,519,504	$ 3,412,613	$ 3,398,801	$ 3,310,177
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	97.94 %	99.81 %	99.79 %	99.84 %

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

Maintenance Tax – Maximum tax rate of $1.25 per $100 of assessed valuation approved by voters on November 5, 2002.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 94
LONG-TERM DEBT SERVICE REQUIREMENTS
FOR THE YEAR ENDED MARCH 31, 2020

	SERIES-2009		
Due During Fiscal Years Ending March 31	Principal Due October 1	Interest Due October 1/ April 1	Total
2021	$ 165,000	$ 3,300	$ 168,300
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
	$ 165,000	$ 3,300	$ 168,300

The District records the amount due April 1 as an expenditure in the prior fiscal year. See Note 2. This schedule shows the amounts expended within the fiscal years assuming this practice will continue in the future.

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 94
LONG-TERM DEBT SERVICE REQUIREMENTS
FOR THE YEAR ENDED MARCH 31, 2020

	SERIES-2010		
Due During Fiscal Years Ending March 31	Principal Due October 1	Interest Due October 1/ April 1	Total
2021	$ 170,000	$ 3,506	$ 173,506
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
	$ 170,000	$ 3,506	$ 173,506

The District records the amount due April 1 as an expenditure in the prior fiscal year. See Note 2. This schedule shows the amounts expended within the fiscal years assuming this practice will continue in the future.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 94
LONG-TERM DEBT SERVICE REQUIREMENTS
FOR THE YEAR ENDED MARCH 31, 2020

	S E R I E S - 2 0 1 1		
Due During Fiscal Years Ending March 31	Principal Due October 1	Interest Due October 1/ April 1	Total
2021	$ 50,000	$ 938	$ 50,938
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
	$ 50,000	$ 938	$ 50,938

The District records the amount due April 1 as an expenditure in the prior fiscal year. See Note 2. This schedule shows the amounts expended within the fiscal years assuming this practice will continue in the future.

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 94
LONG-TERM DEBT SERVICE REQUIREMENTS
FOR THE YEAR ENDED MARCH 31, 2020

	SERIES-2012 REFUNDING		
Due During Fiscal Years Ending March 31	Principal Due October 1	Interest Due October 1/ April 1	Total
2021	$ 310,000	$ 12,675	$ 322,675
2022	320,000	4,400	324,400
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
	$ 630,000	$ 17,075	$ 647,075

The District records the amount due April 1 as an expenditure in the prior fiscal year. See Note 2. This schedule shows the amounts expended within the fiscal years assuming this practice will continue in the future.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 94
LONG-TERM DEBT SERVICE REQUIREMENTS
FOR THE YEAR ENDED MARCH 31, 2020

	SERIES-2012A REFUNDING		
Due During Fiscal Years Ending March 31	Principal Due October 1	Interest Due October 1/ April 1	Total
2021	$ 165,000	$ 2,888	$ 167,888
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
	$ 165,000	$ 2,888	$ 167,888

The District records the amount due April 1 as an expenditure in the prior fiscal year. See Note 2. This schedule shows the amounts expended within the fiscal years assuming this practice will continue in the future.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 94
LONG-TERM DEBT SERVICE REQUIREMENTS
FOR THE YEAR ENDED MARCH 31, 2020

	S E R I E S - 2 0 1 3		
Due During Fiscal Years Ending March 31	Principal Due October 1	Interest Due October 1/ April 1	Total
2021	$ 150,000	$ 123,068	$ 273,068
2022	150,000	118,568	268,568
2023	150,000	113,881	263,881
2024	150,000	108,913	258,913
2025	150,000	103,569	253,569
2026	150,000	97,944	247,944
2027	150,000	92,131	242,131
2028	150,000	86,131	236,131
2029	150,000	80,038	230,038
2030	150,000	73,850	223,850
2031	150,000	67,475	217,475
2032	200,000	59,819	259,819
2033	200,000	50,944	250,944
2034	200,000	41,944	241,944
2035	200,000	32,944	232,944
2036	200,000	23,819	223,819
2037	200,000	14,569	214,569
2038	215,000	4,972	219,972
	$ 3,065,000	$ 1,294,579	$ 4,359,579

The District records the amount due April 1 as an expenditure in the prior fiscal year. See Note 2. This schedule shows the amounts expended within the fiscal years assuming this practice will continue in the future.

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 94
LONG-TERM DEBT SERVICE REQUIREMENTS
FOR THE YEAR ENDED MARCH 31, 2020

	SERIES-2013A PARK		
Due During Fiscal Years Ending March 31	Principal Due October 1	Interest Due October 1/ April 1	Total
2021	$ 140,000	$ 103,450	$ 243,450
2022	140,000	99,250	239,250
2023	140,000	94,700	234,700
2024	140,000	89,800	229,800
2025	140,000	84,725	224,725
2026	140,000	79,475	219,475
2027	140,000	73,963	213,963
2028	140,000	68,187	208,187
2029	140,000	62,238	202,238
2030	140,000	56,112	196,112
2031	140,000	49,900	189,900
2032	140,000	43,600	183,600
2033	140,000	37,125	177,125
2034	140,000	30,475	170,475
2035	140,000	23,825	163,825
2036	140,000	17,000	157,000
2037	135,000	10,125	145,125
2038	135,000	3,375	138,375
	$ 2,510,000	$ 1,027,325	$ 3,537,325

The District records the amount due April 1 as an expenditure in the prior fiscal year. See Note 2. This schedule shows the amounts expended within the fiscal years assuming this practice will continue in the future.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 94
LONG-TERM DEBT SERVICE REQUIREMENTS
FOR THE YEAR ENDED MARCH 31, 2020

	SERIES-2014 REFUNDING		
Due During Fiscal Years Ending March 31	Principal Due October 1	Interest Due October 1/ April 1	Total
2021	$ 360,000	$ 55,569	$ 415,569
2022	375,000	45,912	420,912
2023	390,000	34,906	424,906
2024	405,000	22,728	427,728
2025	200,000	12,400	212,400
2026	210,000	4,200	214,200
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
	$ 1,940,000	$ 175,715	$ 2,115,715

The District records the amount due April 1 as an expenditure in the prior fiscal year. See Note 2. This schedule shows the amounts expended within the fiscal years assuming this practice will continue in the future.

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 94
LONG-TERM DEBT SERVICE REQUIREMENTS
FOR THE YEAR ENDED MARCH 31, 2020

	SERIES-2014A REFUNDING		
Due During Fiscal Years Ending March 31	Principal Due October 1	Interest Due October 1/ April 1	Total
2021	$ 15,000	$ 93,369	$ 108,369
2022	15,000	92,919	107,919
2023	20,000	92,394	112,394
2024	20,000	91,794	111,794
2025	240,000	87,894	327,894
2026	250,000	80,544	330,544
2027	260,000	72,569	332,569
2028	270,000	63,956	333,956
2029	540,000	50,456	590,456
2030	565,000	31,456	596,456
2031	595,000	10,784	605,784
2032			
2033			
2034			
2035			
2036			
2037			
2038			
	$ 2,790,000	$ 768,135	$ 3,558,135

The District records the amount due April 1 as an expenditure in the prior fiscal year. See Note 2. This schedule shows the amounts expended within the fiscal years assuming this practice will continue in the future.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 94
LONG-TERM DEBT SERVICE REQUIREMENTS
FOR THE YEAR ENDED MARCH 31, 2020

	SERIES-2015 REFUNDING		
Due During Fiscal Years Ending March 31	Principal Due October 1	Interest Due October 1/ April 1	Total
2021	$ 160,000	$ 75,341	$ 235,341
2022	160,000	70,997	230,997
2023	160,000	66,653	226,653
2024	310,000	60,273	370,273
2025	315,000	51,789	366,789
2026	320,000	43,169	363,169
2027	320,000	34,481	354,481
2028	325,000	25,725	350,725
2029	335,000	16,765	351,765
2030	340,000	7,602	347,602
2031	110,000	1,493	111,493
2032			
2033			
2034			
2035			
2036			
2037			
2038			
	$ 2,855,000	$ 454,288	$ 3,309,288

The District records the amount due April 1 as an expenditure in the prior fiscal year. See Note 2. This schedule shows the amounts expended within the fiscal years assuming this practice will continue in the future.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 94
LONG-TERM DEBT SERVICE REQUIREMENTS
FOR THE YEAR ENDED MARCH 31, 2020

	SERIES-2016 REFUNDING		
Due During Fiscal Years Ending March 31	Principal Due October 1	Interest Due October 1/ April 1	Total
2021	$ 175,000	$ 239,900	$ 414,900
2022	560,000	232,550	792,550
2023	555,000	221,400	776,400
2024	400,000	209,850	609,850
2025	395,000	197,925	592,925
2026	410,000	183,800	593,800
2027	410,000	167,400	577,400
2028	430,000	150,600	580,600
2029	425,000	133,500	558,500
2030	425,000	116,500	541,500
2031	700,000	94,000	794,000
2032	730,000	65,400	795,400
2033	565,000	39,500	604,500
2034	295,000	22,300	317,300
2035	290,000	10,600	300,600
2036	120,000	2,400	122,400
2037			
2038			
	$ 6,885,000	$ 2,087,625	$ 8,972,625

The District records the amount due April 1 as an expenditure in the prior fiscal year. See Note 2. This schedule shows the amounts expended within the fiscal years assuming this practice will continue in the future.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 94
LONG-TERM DEBT SERVICE REQUIREMENTS
FOR THE YEAR ENDED MARCH 31, 2020

	SERIES - 2019 REFUNDING		
Due During Fiscal Years Ending March 31	Principal Due October 1	Interest Due October 1/ April 1	Total
2021	$ 45,000	$ 132,106	$ 177,106
2022	215,000	129,506	344,506
2023	545,000	121,906	666,906
2024	555,000	110,906	665,906
2025	580,000	99,556	679,556
2026	595,000	87,806	682,806
2027	840,000	73,456	913,456
2028	855,000	56,506	911,506
2029	620,000	41,756	661,756
2030	635,000	29,206	664,206
2031	210,000	20,756	230,756
2032	215,000	16,506	231,506
2033	220,000	12,156	232,156
2034	225,000	7,566	232,566
2035	230,000	2,588	232,588
2036			
2037			
2038			
	$ 6,585,000	$ 942,282	$ 7,527,282

The District records the amount due April 1 as an expenditure in the prior fiscal year. See Note 2. This schedule shows the amounts expended within the fiscal years assuming this practice will continue in the future.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 94
LONG-TERM DEBT SERVICE REQUIREMENTS
FOR THE YEAR ENDED MARCH 31, 2020

Due During Fiscal Years Ending March 31	ANNUAL REQUIREMENTS FOR ALL SERIES: Total Principal Due	Total Interest Due	Total Principal and Interest Due
2021	$ 1,905,000	$ 846,110	$ 2,751,110
2022	1,935,000	794,102	2,729,102
2023	1,960,000	745,840	2,705,840
2024	1,980,000	694,264	2,674,264
2025	2,020,000	637,858	2,657,858
2026	2,075,000	576,938	2,651,938
2027	2,120,000	514,000	2,634,000
2028	2,170,000	451,105	2,621,105
2029	2,210,000	384,753	2,594,753
2030	2,255,000	314,726	2,569,726
2031	1,905,000	244,408	2,149,408
2032	1,285,000	185,325	1,470,325
2033	1,125,000	139,725	1,264,725
2034	860,000	102,285	962,285
2035	860,000	69,957	929,957
2036	460,000	43,219	503,219
2037	335,000	24,694	359,694
2038	350,000	8,347	358,347
	$ 27,810,000	$ 6,777,656	$ 34,587,656

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 94
CHANGE IN LONG-TERM DEBT
FOR THE YEAR ENDED MARCH 31, 2020

Description	Original Bonds Issued	Bonds Outstanding April 1, 2019
Montgomery County Municipal Utility District No. 94 Unlimited Tax Bonds - Series 2009	$ 3,975,000	$ 330,000
Montgomery County Municipal Utility District No. 94 Unlimited Tax Bonds - Series 2010	4,025,000	340,000
Montgomery County Municipal Utility District No. 94 Unlimited Tax Bonds - Series 2011	1,420,000	100,000
Montgomery County Municipal Utility District No. 94 Unlimited Tax Refunding Bonds - Series 2012	5,370,000	3,935,000
Montgomery County Municipal Utility District No. 94 Unlimited Tax Refunding Bonds - Series 2012A	4,520,000	4,020,000
Montgomery County Municipal Utility District No. 94 Unlimited Tax Bonds - Series 2013	3,965,000	3,215,000
Montgomery County Municipal Utility District No. 94 Unlimited Tax Park Bonds - Series 2013A	3,350,000	2,650,000
Montgomery County Municipal Utility District No. 94 Unlimited Tax Refunding Bonds - Series 2014	3,325,000	2,130,000

See accompanying independent auditor's report.

Current Year Transactions				
	Retirements		Bonds Outstanding	
Bonds Sold	Principal	Interest	March 31, 2020	Paying Agent
$	$ 165,000	$ 9,900	$ 165,000	Wells Fargo, N.A. Houston, TX
	170,000	10,519	170,000	Wells Fargo, N.A. Houston, TX
	50,000	2,813	50,000	Wells Fargo, N.A. Houston, TX
	3,305,000	19,869	630,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	3,855,000	9,713	165,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	150,000	127,568	3,065,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	140,000	107,650	2,510,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	190,000	62,087	1,940,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 94
CHANGE IN LONG-TERM DEBT
FOR THE YEAR ENDED MARCH 31, 2020

Description	Original Bonds Issued	Bonds Outstanding April 1, 2019
Montgomery County Municipal Utility District No. 94 Unlimited Tax Refunding Bonds - Series 2014A	3,220,000	2,805,000
Montgomery County Municipal Utility District No. 94 Unlimited Tax Refunding Bonds - Series 2015	3,235,000	3,015,000
Montgomery County Municipal Utility District No. 94 Unlimited Tax Refunding Bonds - Series 2016	7,145,000	7,055,000
Montgomery County Municipal Utility District No. 94 Unlimited Tax Refunding Bonds - Series 2019	6,585,000	
TOTAL	$ 50,135,000	$ 29,595,000

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

See accompanying independent auditor's report.

	Current Year Transactions				
		Retirements			
Bonds Sold	Principal	Interest	Bonds Outstanding March 31, 2020	Paying Agent
	15,000	93,819	2,790,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	160,000	79,685	2,855,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	170,000	243,350	6,885,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
6,585,000		71,433	6,585,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
$ 6,585,000	$ 8,370,000	$ 838,406	$ 27,810,000	

Bond Authority:	Water, Sewer and Drainage Bonds	Refunding Bonds	Park Bonds
Amount Authorized by Voters	$ 55,000,000	$ 61,500,000	$ 6,500,000
Amount Issued	38,450,000	2,235,868	3,350,000
Remaining to be Issued	$ 16,550,000	$ 59,264,132	$ 3,150,000

Debt Service Fund cash and investment balances as of March 31, 2020:	$ 3,996,368
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 1,921,536

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 94
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND – FIVE YEARS

	Amounts		
	2020	2019	2018
REVENUES			
Property Taxes	$ 845,133	$ 722,363	$ 675,896
Water Service	526,946	513,154	522,045
Wastewater Service	901,266	902,031	895,375
Water Authority Fees	552,003	538,084	560,406
Penalty and Interest	39,506	37,168	41,308
Tap Connection and Inspection Fees	500	525	600
Investment Revenues	107,606	108,249	45,252
Miscellaneous Revenues	18,408	3,895	5,966
TOTAL REVENUES	$ 2,991,368	$ 2,825,469	$ 2,746,848
EXPENDITURES			
Professional Fees	$ 147,093	$ 126,595	$ 143,683
Contracted Services	746,809	800,238	678,083
Purchased Wastewater Service	246,957	286,745	189,076
Utilities	200,927	208,933	211,337
Water Authority Assessments	543,446	562,233	579,024
Repairs and Maintenance	463,793	398,702	247,919
Other	148,327	159,152	138,065
Capital Outlay	253,980	60,036	223,072
Capital Lease, Principal and Interest	30,000	30,000	30,000
Payment to Refunded Bond Escrow Agent	150,000		
TOTAL EXPENDITURES	$ 2,931,332	$ 2,632,634	$ 2,440,259
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	$ 60,036	$ 192,835	$ 306,589
OTHER FINANCING SOURCES (USES)			
Insurance Recovery	$	$	$
Transfers In	56,748	214,480	
TOTAL OTHER FINANCING SOURCES (USES)	$ 56,748	$ 214,480	$ - 0 -
NET CHANGE IN FUND BALANCE	$ 116,784	$ 407,315	$ 306,589
BEGINNING FUND BALANCE	5,413,846	5,006,531	4,699,942
ENDING FUND BALANCE	$ 5,530,630	$ 5,413,846	$ 5,006,531

See accompanying independent auditor's report.

		Percentage of Total Revenue				
2017	2016	2020	2019	2018	2017	2016
$ 555,751	$ 663,829	28.2 %	25.7 %	24.7 %	21.8 %	24.9 %
534,316	551,468	17.6	18.2	19.0	20.9	20.7
883,344	887,482	30.1	31.9	32.6	34.5	33.3
532,594	510,607	18.5	19.0	20.4	20.8	19.2
36,021	38,502	1.3	1.3	1.5	1.4	1.4
950	850	0.1				
9,415	6,978	3.6	3.8	1.6	0.4	0.3
5,975	5,975	0.6	0.1	0.2	0.2	0.2
$ 2,558,366	$ 2,665,691	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 140,105	$ 110,917	4.9 %	4.5 %	5.3 %	5.5 %	4.2 %
662,132	625,584	25.0	28.3	24.7	25.9	23.5
254,914	224,963	8.3	10.1	6.9	10.0	8.4
232,240	234,941	6.7	7.4	7.7	9.1	8.8
536,099	449,479	18.2	19.9	21.1	21.0	16.9
359,402	311,699	15.5	14.1	9.0	14.0	11.7
108,961	107,258	5.0	5.6	5.0	4.3	4.0
		8.5	2.1	8.1		
33,850	34,200	1.0	1.1	1.1	1.3	1.3
		5.0				
$ 2,327,703	$ 2,099,041	98.1 %	93.1 %	88.9 %	91.1 %	78.8 %
$ 230,663	$ 566,650	1.9 %	6.9 %	11.1 %	8.9 %	21.2 %
$ 17,318	$					
$ 17,318	$ - 0 -					
$ 247,981	$ 566,650					
4,451,961	3,885,311					
$ 4,699,942	$ 4,451,961					

See accompanying independent auditor’s report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 94
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND – FIVE YEARS

	Amounts		
	2020	2019	2018
REVENUES			
Property Taxes	$ 2,652,990	$ 2,679,363	$ 2,711,443
Penalty and Interest	12,495	13,288	10,747
Investment Revenues	72,096	78,973	31,592
TOTAL REVENUES	$ 2,737,581	$ 2,771,624	$ 2,753,782
EXPENDITURES			
Tax Collection Expenditures	$ 56,503	$ 58,416	$ 47,643
Debt Service Principal	1,820,000	1,795,000	1,770,000
Debt Service Interest and Fees	847,061	1,046,725	1,102,564
Bond Issuance Costs	236,033		
Payment to Refunded Bond Escrow Agent	107,000		
TOTAL EXPENDITURES	$ 3,066,597	$ 2,900,141	$ 2,920,207
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	$ (329,016)	$ (128,517)	$ (166,425)
OTHER FINANCING SOURCES (USES)			
Refunding Bonds	$ 6,585,000	$	$
Payment to Refunded Bond Escrow Agent	(6,404,702)		
Bond Premium	58,519		
TOTAL OTHER FINANCING SOURCES (USES)	$ 238,817	$ -0-	$ - 0 -
NET CHANGE IN FUND BALANCE	$ (90,199)	$ (128,517)	$ (166,425)
BEGINNING FUND BALANCE	4,066,769	4,195,286	4,361,711
ENDING FUND BALANCE	$ 3,976,570	$ 4,066,769	$ 4,195,286
TOTAL ACTIVE RETAIL WATER CONNECTIONS	1,722	1,724	1,722
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	1,702	1,703	1,685

See accompanying independent auditor's report.

		Percentage of Total Revenue				
2017	2016	2020	2019	2018	2017	2016
$ 2,731,744	$ 2,822,873	96.9 %	96.7 %	98.5 %	99.3 %	99.2 %
10,128	16,234	0.5	0.5	0.4	0.4	0.6
7,545	5,945	2.6	2.8	1.1	0.3	0.2
$ 2,749,417	$ 2,845,052	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 65,331	$ 49,111	2.1 %	2.1 %	1.7 %	2.4 %	1.7 %
1,700,000	1,630,000	66.5	64.8	64.3	61.8	57.3
1,087,615	1,329,391	30.9	37.8	40.0	39.6	46.7
256,136	89,545	8.6			9.3	3.1
121,500		3.9			4.4	
$ 3,230,582	$ 3,098,047	112.0 %	104.7 %	106.0 %	117.5 %	108.8 %
$ (481,165)	$ (252,995)	(12.0) %	(4.7) %	(6.0) %	(17.5) %	(8.8) %
$ 7,145,000	$ 3,235,000					
(7,620,617)	(3,131,914)					
739,233						
$ 263,616	$ 103,086					
$ (217,549)	$ (149,909)					
4,579,260	4,729,169					
$ 4,361,711	$ 4,579,260					
1,721	1,721					
1,684	1,689					

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 94
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
MARCH 31, 2020

District Mailing Address - Montgomery County Municipal Utility District No. 94
c/o Schwartz, Page & Harding, L.L.P.
1300 Post Oak Blvd., Suite 1400
Houston, TX 77056-3078

District Telephone Number - (713) 623-4531

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended March 31, 2020	Expense reimbursements for the year ended March 31, 2020	Title
Jim Spitzmiller	05/18 - 05/22 (Elected)	$ 1,800	$ 445	President
Jason Schultz	05/16 - 05/20 (Elected)	$ 1,950	$ 139	Vice President
Joseph Frost	05/18 - 05/22 (Elected)	$ 1,050	$ 151	Secretary/ Records Management Officer
Merry Leonard	05/18 - 05/22 (Elected)	$ 1,650	$ 268	Assistant Secretary
Eric Lugger	08/18- 05/20 (Appointed)	$ 3,900	$ 2,066	Assistant Secretary

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

The submission date of the most recent District Registration Form: August 8, 2018

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

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 94
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
MARCH 31, 2020

Consultants:	Date Hired	Fees for the year ended March 31, 2020	Title
Schwartz, Page & Harding, L.L.P.	09/12/02	$ 93,253	General Counsel
		$ 53,653	Bond Counsel
McCall Gibson Swedlund Barfoot PLLC	05/16/18	$ 11,500	Auditor
		$ 1,500	Bond-Related
McLennan & Associates	2004	$ 25,750	Bookkeeper
Predue, Brandon, Fielder, Collins & Mott, L.L.P.	09/02/03	$ 1,955	Delinquent Tax Attorney
Costello, Inc.	09/12/02	$ 43,054	Engineer
Masterson Advisors LLC	05/16/18	$ 62,877	Financial Advisor
Jorge Diaz		$ -0-	Investment Officer
Gulf Utility Service, Inc.	06/05/12	$ 372,602	Operator
Assessments of the Southwest, Inc.	09/12/02	$ 24,359	Tax Assessor/ Collector

See accompanying independent auditor's report.

APPENDIX B

Specimen Municipal Bond Insurance Policy

ASSURED GUARANTY MUNICIPAL

MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No: -N

BONDS: $ in aggregate principal amount of Effective Date:

Premium: $

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

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

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

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

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

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

ASSURED GUARANTY MUNICIPAL CORP.

By ______________________________
Authorized Officer

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