OFFICIAL STATEMENT DATED SEPTEMBER 16, 2021

THE DELIVERY OF THE BONDS (DEFINED HEREIN) IS SUBJECT TO THE OPINION OF BOND COUNSEL (DEFINED HEREIN) TO THE EFFECT THAT, UNDER EXISTING LAW AND ASSUMING CONTINUING COMPLIANCE WITH COVENANTS IN THE BOND ORDER, INTEREST ON THE BONDS WILL BE EXCLUDABLE FROM GROSS INCOME OF THE OWNERS THEREOF FOR FEDERAL INCOME TAX PURPOSES. SEE "LEGAL MATTERS -- TAX EXEMPTION" HEREIN.

*The District has **not** designated the Bonds as "qualified tax-exempt obligations" for purposes of the calculation of interest expense by financial institutions which may own the Bonds. See "TAX MATTERS -- **NOT** Qualified Tax-Exempt Obligations for Financial Institutions."*

NEW ISSUE
BOOK-ENTRY ONLY
CUSIP Base No. 643161

RATINGS: (S&P–AGM) "AA" (stable outlook)
(Moody's–AGM) "A2" (stable outlook)
(See "BOND INSURANCE" herein)
(Moody's–underlying) "A3"

NEW CANEY MUNICIPAL UTILITY DISTRICT

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

$19,090,000

UNLIMITED TAX BONDS, SERIES 2021

Bonds Dated: October 1, 2021 **Due: April 1, as shown on inside cover**

The $19,090,000 Unlimited Tax Bonds, Series 2021 (the "Bonds") are obligations solely of New Caney Municipal Utility District (the "District") and are not obligations of the State of Texas; Montgomery County, Texas; the City of Houston, Texas; the City of Conroe, Texas; or any other political subdivision or agency. See "THE BONDS--Source of and Security for Payment."

Interest on the Bonds will accrue from October 1, 2021, and will be payable April 1, 2022 and each October 1 and April 1 thereafter, and will be calculated on the basis of a 360-day year of twelve 30-day months. The Bonds are issuable only in fully registered form in principal denominations of $5,000 or integral multiples thereof initially registered solely in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"), acting as securities depository for the Bonds, until DTC resigns or is discharged. The Bonds initially will be available to purchasers in book-entry form only. So long as Cede & Co. is the registered owner of the Bonds, as nominee for DTC, the Bonds shall be payable to Cede & Co., which will in turn, remit such amount to DTC participants for subsequent disbursement to the beneficial owners of the Bonds. See "THE BONDS--Book-Entry-Only System."

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

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by ASSURED GUARANTY MUNICIPAL CORP.

SEE INSIDE COVER PAGE FOR MATURITY SCHEDULE

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

The Bonds will be delivered when, as, and if issued by the District and accepted by the initial purchaser of the Bonds (the "Underwriter"), subject, amongst other things, to the approval of the Bonds by the Attorney General of the State of Texas and by the approval of certain legal matters by Johnson Petrov LLP, Houston, Texas, Bond Counsel, Houston, Texas, Bond Counsel. Certain legal matters will be passed upon for the District by Orrick, Herrington & Sutcliffe LLP, Houston, Texas, Disclosure Counsel. Delivery of the Bonds is expected on October 21, 2021, in Houston, Texas.

MATURITY SCHEDULE

Bonds Dated: October 1, 2021 **Due: April 1, as shown below**

$3,205,000 Serial Bonds

Maturity	***Amount***	***Interest Rate***	***Initial Yield(a)***	***CUSIP (b)***	***Maturity***	***Amount***	***Interest Rate***	***Initial Yield(a)***	***CUSIP (b)***
2022	$270,000	2.000%	0.200%	643161MB5	2028	$300,000	2.000%	1.000%	643161MH2
2023	280,000	2.000%	0.300%	643161MC3	2029	295,000(b)	2.000%	1.150%	643161MJ8
2024	280,000	2.000%	0.400%	643161MD1	2030	300,000(b)	2.000%	1.300%	643161MK5
2025	285,000	2.000%	0.550%	643161ME9	2031	300,000(b)	2.000%	1.450%	643161ML3
2026	295,000	2.000%	0.700%	643161MF6	2032	305,000(b)	2.000%	1.600%	643161MM1
2027	295,000	2.000%	0.850%	643161MG4					

$15,885,000 Term Bonds

$960,000 Term Bonds, Due April 1, 2036 (c)(d), 2.000% Interest Rate, 2.000% Initial Yield (a)
CUSIP (b) 643161MR0
$455,000 Term Bonds, Due April 1, 2038 (c)(d), 2.000% Interest Rate, 2.250% Initial Yield (a)
CUSIP (b) 643161MT6
$470,000 Term Bonds, Due April 1, 2040 (c)(d), 2.250% Interest Rate, 2.350% Initial Yield (a)
CUSIP (b) 643161MV1
$3,050,000 Term Bonds, Due April 1, 2043 (c)(d), 2.375% Interest Rate, 2.500% Initial Yield (a)
CUSIP (b) 643161MY5
$10,950,000 Term Bonds, Due April 1, 2047 (c)(d), 2.500% Interest Rate, 2.550% Initial Yield (a)
CUSIP (b) 643161NC2

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(a) Initial yield represents the initial reoffering yield to the public which has been established by the Underwriter for public offerings and which subsequently may be changed. The initial yields indicated above represent the lower of the yields resulting when priced to maturity or to the first call date. Accrued interest from October 1, 2021 is to be added to the price.

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

(c) Bonds maturing on or after April 1, 2029, are subject to redemption prior to maturity at the option of the District, as a whole or, from time to time, in part, on October 1, 2028, or on any date thereafter, at par plus accrued interest from the most recent interest payment date to the date fixed for redemption. See "THE BONDS–Current Redemption."

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

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 "BOND INSURANCE" and "APPENDIX B–Specimen Municipal Bond Insurance Policy."

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USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

All of the summaries of the statutes, orders, contracts, audited financial statements, engineering and other related reports set forth in this Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from the District, c/o Johnson Petrov LLP, 2929 Allen Parkway, Suite 3150, Houston, Texas 77019-6100 upon payment of duplication costs.

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

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

SALE AND DISTRIBUTION OF THE BONDS

Prices and Marketability

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

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

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

Securities Laws

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

Underwriter

After requesting competitive bids for the Bonds, the District accepted the bid resulting in the lowest net effective interest rate, which bid was tendered by SAMCO Capital (the “Underwriter”) bearing the interest rates shown on the inside cover page hereof, at a price of 98.875% of the par value thereof plus accrued interest to the date of delivery which resulted in a net effective interest rate of 2.479811% as calculated pursuant to Chapter 1204, Texas Government Code, as amended (the “IBA” method).

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

Municipal Bond Rating

S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”) is expected to assign its municipal rating of "AA" (stable outlook) to the Bonds and Moody’s Investors Service, Inc. (“Moody’s”) is expected to assign its municipal rating of “A2"(stable outlook) to the Bonds, both as a result of a municipal bond insurance policy issued by Assured Guaranty Municipal Corp. at the time of delivery of the Bonds (see “BOND INSURANCE” and “APPENDIX B–Specimen Municipal Bond Insurance Policy”). An explanation of the significance of such rating may be obtained from S&P or Moody’s. The ratings reflects only the views of S&P and Moody’s and the District makes no representation as to the appropriateness of such ratings.

In connection with the sale of the Bonds, the District made application to Moody’s , which has assigned a rating of “A3" to the Bonds. An explanation of the significance of such rating may be obtained from Moody’s. The rating reflects only the view of Moody’s and the District makes no representation as to the appropriateness of such rating.

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

SUMMARY

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

- The District -

Issuer/Description	New Caney Municipal Utility District (the "District") was created by the Texas Water Commission, the predecessor to the Texas Commission on Environmental Quality ("TCEQ") on June 1, 1978. The creation of the District was confirmed by election held within the District on August 15, 1978. The District, with approximately 9,428.31 acres, is located entirely within Montgomery County, Texas, approximately 17 miles southeast of the City of Conroe, Texas, and approximately 30 miles northeast of the central business district of the City of Houston, Texas.. The District is bisected by U.S. Highway 59, which traverses the District north to south, and Farm-to-Market Road 1485, which traverses the District from East to West. As of July 1, 2021, there were approximately 4,300 active water connections, including a number of multi-family meters, to the District's waterworks and wastewater system. See "THE DISTRICT."
Authority	The rights, powers, privileges, authority and functions of the District are established by the general laws of the State of Texas pertaining to municipal utility districts, including particularly Chapters 49 and 54 of the Texas Water Code, as amended. See "THE DISTRICT-Authority."

- The Bonds -

Description	The $19,090,000 Unlimited Tax Bonds, Series 2021 (the "Bonds") bear interest at the rates per annum set forth on the inside cover page hereof, from October 1, 2021, and are payable April 1, 2022 and each October 1 and April 1 thereafter until the earlier of maturity or prior redemption. The Bonds mature serially on April 1 in the years 2022 through 2032, inclusive, in the principal amounts set forth on the inside cover page hereof. Bonds maturing in each of the years April 1, 2036, 2038, 2040, 2043 and 2047 are the "Term Bonds." The Term Bonds are subject to mandatory redemption as described herein under "THE BONDS–Mandatory Redemption." Bonds scheduled to mature on or after April 1, 2029, are subject to optional redemption at the option of the District on any date on or after October 1, 2028, at a price of par plus accrued interest to the date of redemption. See "THE BONDS--Description" and "--Optional Redemption."
Source of Payment	Principal of and interest on the Bonds are payable from the proceeds of a continuing, direct annual ad valorem tax, without legal limitation as to rate or amount, levied against taxable property within the District. The Bonds are obligations of the District and are not obligations of Montgomery County, Texas; the State of Texas; the City of Houston, Texas; the City of Conroe, Texas; or any political subdivision other than the District. See "THE BONDS — Source of and Security for Payment."
Use of Proceeds	Proceeds of the Bonds will be used for meter system upgrades, renovations to Water Plant No. 2, waterline extensions, improvements to the wastewater treatment plant, force main replacements, sanitary sewer rehabilitation, decommissioning of lift stations, utility relocation, property acquisition, engineering and associated fees and to pay the costs of issuance of the Bonds. See "THE BONDS — Use of Proceeds."

NOT Qualified Tax Exempt Obligations	The District has NOT 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–NOT Qualified Tax-Exempt Obligations."
Payment Record	The District has never defaulted on the payment of any bond obligation. See "DISTRICT DEBT."
Book-Entry Only System	The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC"), pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in principal denominations of $5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of and interest on the Bonds will be payable by the UMB Bank n.s., Houston, Texas, the initial Paying Agent/Registrar, to Cede & Co. and Cede & Co. will make distribution of the amounts so paid to the beneficial owners of the Bonds (see "THE BONDS--Book-Entry Only System").
Bond Counsel	Johnson Petrov LLP, Houston, Texas. See "LEGAL MATTERS" and "TAX MATTERS."
Disclosure Counsel	Orrick, Herrington & Sutcliffe LLP, Houston, Texas.
Financial Advisor	Blitch Associates, Inc., Houston, Texas.
Municipal Bond Rating	The District made application to Moody's Investors Service, Inc., which has assigned a rating of "A3" to the Bonds based upon the District's underlying credit. See "SALE AND DISTRIBUTION OF THE BONDS–Municipal Bond Rating."
Municipal Bond Rating and Municipal Bond Insurance	S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC is expected to assign a municipal rating of "AA" (stable outlook), and Moody's is expected to assign a municipal rating of "A2" (stable outlook), both as a result of a municipal bond insurance policy issued by Assured Guaranty Municipal Corp. See "SALE AND DISTRIBUTION OF THE BONDS–Municipal Bond Rating," "BOND INSURANCE" and "APPENDIX B–Specimen Municipal Bond Insurance Policy."

RISK FACTORS

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

- Financial Highlights -
(Unaudited)

2021 Taxable Assessed Valuation (100% of Market Value)		$602,518,426	(a)
Direct Debt			
Outstanding Bonds (As of July 1, 2021)		$33,278,524	
The Bonds		19,090,000	
Total Direct Debt		$52,368,524	
Estimated Overlapping Debt		82,921,190	(b)
Direct and Estimated Overlapping Debt		$135,289,714	
Direct Debt Ratios:			
Direct Debt to Value		8.69%	
Direct & Estimated Overlapping Debt to Value		22.45%	
2021 Tax Rate per $100 of Assessed Value			
Debt Service		$0.465	
Maintenance		0.000	
Total		$0.465	
	Current	***Total***	
2020 Tax Collection Percentage	94.00%	99.42%	(c)
Five-Year Average (2016/2020) Collection Percentage	93.25%	99.41%	
Average Annual Debt Service Requirements (d)		$2,873,194	
Maximum Annual Debt Service Requirements (2022) (d)		$2,883,456	
Tax Rate Required to pay such Requirements at 98% Collection			
Average (2022/2047)		$0.487	
Maximum (2022)		$0.542	
Fund Balances as of July 1, 2021 (Cash & Investments)			
General Fund		$2,305,935	
Debt Service Fund		$3,320,053	
Capital Projects Fund		$7,711,890	

(a) Certified by the Montgomery Central Appraisal District (the "Appraisal District"). See "TAX PROCEDURES."
(b) See "DISTRICT DEBT--Estimated Overlapping Debt."
(c) 2020 tax collections still in progress; see "TAX DATA–Tax Collection History."
(d) Such requirements are on the Bonds and the Outstanding Bonds.

NEW CANEY MUNICIPAL UTILITY DISTRICT
$19,090,000
UNLIMITED TAX BONDS, SERIES 2021

This Official Statement of New Caney Municipal Utility District (the "District") is provided to furnish certain information with respect to the sale by the District of its $19,090,000 Unlimited Tax Bonds, Series 2021 (the "Bonds").

The Bonds are issued pursuant to the Texas Constitution, the general laws of the State of Texas, an order of the Texas Commission on Environmental Quality ("TCEQ), and an order authorizing the issuance of the Bonds (the "Bond Order") adopted by the Board of Directors of the District (the "Board"); Article XVI, Section 59 of the Texas Constitution; and Chapters 49 and 54 of the Texas Water Code, as amended. See "THE BONDS."

This Official Statement includes descriptions of the Bonds, the Bond Order and certain other information about the District. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document, copies of which may be obtained by contacting the District, c/o Johnson Petrov LLP, located at 2929 Allen Parkway, Suite 3150, Houston, Texas 77019-6100.

THE BONDS

Description

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

The Bonds will mature on April 1 of the years and in principal amounts, and will bear interest from October 1, 2021, at the rates per annum, set forth on the inside cover page of this Official Statement. Interest on the Bonds will be payable on April 1, 2022, and semiannually thereafter on each October 1 and April 1 thereafter until the earlier of maturity or redemption. Principal of and interest on the Bonds will be payable to Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"), by the paying agent/registrar, initially UMB Bank N.A., Houston, Texas (the "Paying Agent/Registrar"). Cede & Co. will make distribution of the principal and interest so paid to the beneficial owners of the Bonds. For so long as DTC shall continue to serve as securities depository for the Bonds, all transfers of beneficial ownership interest will be made by book-entry only and no investor or other party purchasing, selling or otherwise transferring beneficial ownership of the Bonds is to receive, hold or deliver any Bond certificate.

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

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

Use of Proceeds

Proceeds of the Bonds will be used for meter system upgrades, renovations to Water Plant No. 2, waterline extensions, improvements to the wastewater treatment plant, force main replacements, sanitary sewer rehabilitation, decommissioning of lift stations, utility relocation, property acquisition, engineering and associated fees and to pay the costs of issuance of the Bonds.

The costs outlined below have been provided by LJA Engineering Inc., the District's consulting engineer (the "Engineer"), and reflect those costs approved by the Texas Commission on Environmental Quality ("TCEQ"). Non-construction costs are based upon either contract amounts, or estimates of various costs by the Engineer and the Financial Advisor (hereinafter defined). The actual amounts to be reimbursed by the District and the non-construction costs will be finalized after the sale of the Bonds and completion of agreed-upon procedures by the District's auditor. *Amounts indicated below may not add due to rounding.*

Construction Costs	
Renovations to Water Plant No. 2	$2,696,000
Meter System Upgrade	1,885,636
Waterline Extensions	5,370,285
Wastewater Treatment Plant Improvements	492,150
Force Main Replacements	1,773,030
Decommission of Lift Stations	443,910
Utility Relocation	242,300
Property Acquisition	1,136,500
Contingencies (10%)	1,266,095
Engineering & Geotech	2,475,600
Total Construction Costs	$17,781,506
Non-Construction Costs	
Financial Advisor (1.75%)	$213,400
Bond Counsel (2.00%)	381,800
TCEQ Fee (0.25%)	47,725
Discount (3.00%)	572,700
Attorney General	9,500
Bond Application Report	40,000
Bond Issuance Expenses	46,369
Total Non-Construction Costs	$1,308,494
The Bonds	$19,090,000

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

Book-Entry-Only System

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

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

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

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

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

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

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

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

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

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

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

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

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

Registration and Transfer

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

Mandatory Redemption

The Bonds maturing April 1 in each of the years 2036, 2038, 2040, 2043 and 2047 (collectively, the "Term Bonds") are subject to mandatory redemption in part prior to maturity in the amounts (subject to redemption as described below) and on the dates set out below, at a price equal to the principal amount to be redeemed plus accrued interest to the redemption date:

Redemption Date	***Principal Amount***
$960,000 Term Bonds Due April 1, 2038	
April 1, 2033	$310,000
April 1, 2034	215,000
April 1, 2035	215,000
April 1, 2036 (maturity)	220,000
$455,000 Term Bonds Due April 1, 2038	
April 1, 2037	$225,000
April 1, 2038 (maturity)	230,000
$470,000 Term Bonds Due April 1, 2040	
April 1, 2039	$230,000
April 1, 2040 (maturity)	240,000
$3,050,000 Term Bonds Due April 1, 2043	
April 1, 2041	$240,000
April 1, 2042	240,000
April 1, 2043 (maturity)	2,570,000
$10,950,000 Term Bonds Due April 1, 2047	
April 1, 2044	$2,635,000
April 1, 2045	2,700,000
April 1, 2046	2,770,000
April 1, 2047 (maturity)	2,845,000

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

Optional Redemption

The District reserves the right, at its option, to redeem the Bonds maturing on or after April 1, 2029, in whole or in part in principal amounts of $5,000 or any integral multiple thereof on October 1, 2028, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. If less than all of the Bonds are to be redeemed, the Paying Agent/Registrar shall select by lot those Bonds to be redeemed.

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

Ownership

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

Source of and Security for Payment

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

Replacement of Paying Agent/Registrar

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

Authority for Issuance

The District has previously issued twelve installments of bonds in the aggregate principal amount of $45,895,000 for waterworks, sanitary sewer and drainage facilities authorized at various elections held within the District for that purpose in 1980, 1995, 2001 and 2004. No unlimited tax bonds will remain authorized but unissued after issuance of the Bonds. Additionally, unlimited tax refunding bonds in the amount of $70,650,000 were authorized at an election in 2004, of which $69,511,476 remain unissued. See "Issuance of Additional Debt."

The Bonds are issued pursuant to the Texas Constitution; an order of the TCEQ; the general laws of the State of Texas; the Bond Order; Article XVI, Section 59 of the Texas Constitution; and Chapters 49 and 54 of the Texas Water Code, as amended.

Outstanding Debt

The District has previously issued and has outstanding its $7,258,524 Unlimited Tax Refunding Bonds, Series 2015 (the "Series 2015 Bonds"); $2,400,000 Unlimited Tax Bonds, Series 2016 (the "Series 2016 Bonds"); $6,105,000 Unlimited Tax Bonds, Series 2016-A (the "Series 2016-A Bonds"); $12,100,000 Unlimited Tax Bonds, Series 2019 (the "Series 2019 Bonds"); and $8,615,000 Unlimited Tax Refunding Bonds, Series 2021 (the "Series 2021 Refunding Bonds").

As of July 1, 2021, $5,516,524 of the Series 2015 Bonds, $1,755,000 of the Series 2016 Bonds, $5,615,000 of the Series 2016-A Bonds, $11,795,000 of the Series 2019 Bonds, and $8,595,000 of the Series 2021 Refunding Bonds remain outstanding (the "Outstanding Bonds").

Issuance of Additional Debt

The District may issue additional bonds to provide those improvements for which the District was created. Following the issuance of the Bonds, there will be no authorized unlimited tax bonds remaining.

According to the District's Engineer, the District is currently assessing its current and future infrastructure needs and intends to call a bond election to be held in May of 2022 to authorize additional infrastructure bonds for the District. The exact amount of the bond election is still to be determined as an Engineering Report will need to be completed and presented to the Board to determine the amount before calling the election pursuant to the Texas Water Code. Depending upon the rate of development and increases in assessed valuation of taxable property within the District and the amount, maturity schedule and time of issuance of such additional bonds, increases in the District's annual tax rate may be required to provide for the payment of the principal of and interest on such additional bonds, the Outstanding Bonds and the Bonds. Additional tax bonds and/or tax and revenue bonds may be voted in the future. The Board is further empowered to borrow money for any lawful purpose and pledge the revenues of the waterworks and sewer system therefor and to issue bond anticipation notes and tax anticipation notes.

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

Defeasance

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

Mutilated, Lost, Stolen or Destroyed Bonds

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

Annexation and Consolidation

Chapter 42, Local Government Code, provides that, within the limits described therein, the unincorporated area contiguous to the corporate limits of any municipality comprises that municipality's extraterritorial jurisdiction ("ETJ"). The size of an ETJ depends in part on the municipality's population. With certain exceptions, a municipality may annex territory only within the confines of its ETJ. When a municipality annexes additional territory, the municipality's ETJ expands in conformity with such annexation.

The District lies partially within the ETJ of the City of Houston, Texas, a home rule municipality, and partially within the City of Conroe, Texas, a home rule municipality. The District may not be partially or wholly annexed for full purposes by either municipality except as may be specifically authorized by Chapter 43, Local Government Code, as amended. Any authorized annexation is subject to compliance by the municipalities with various requirements of Chapter 43, Local Government Code. Neither the City of Conroe, Texas nor the City of Houston, Texas may annex the portions of the District located within the ETJ of the other municipality unless the ETJ boundaries are adjusted by either the municipalities themselves or the selection by the District of the municipality with authority within the District. Chapter 54, Texas Water Code, provides that the District may select the municipality that may exercise authority within the District as a whole and that upon such selection, the District shall be contained wholly in the ETJ of the municipality selected. As of the date of this Official Statement, the District has not made such a selection. Because the District is currently located within the ETJs of two or more municipalities, if the District is partially annexed by one or more municipalities, the District may not be dissolved unless the municipalities agree to a service plan and the distribution of the District's assets and obligations (e.g., the Bonds and the Outstanding Bonds) between the two municipalities or the District is wholly annexed by one of the municipalities. If the District is wholly annexed by one city, the city must assume the District's assets and obligations (e.g., the Bonds and the Outstanding Bonds) and abolish the District within ninety (90) days of the date of annexation. Annexation of territory by the either municipality is a policy-making matter within the discretion of the Mayor and City Council of each municipality, and therefore, the District makes no representation that the City of Houston, Texas or the City of Conroe, Texas will ever annex the District and assume its debt. Moreover, no representation is made concerning the ability of the City of Houston, Texas or the City of Conroe, Texas to make debt service payments should the annexation occur.

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

Amendments to the Bond Order

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

Registered Owners' Remedies and Effects of Bankruptcy

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

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

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

Bankruptcy Limitation to Registered Owners' Rights

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

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

Legal Investment and Eligibility to Secure Public Funds in Texas

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 un-matured 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.

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

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, 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 July 8, 2021 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 October 29, 2020, KBRA announced that it had affirmed AGM's financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further rating actions that KBRA may take.

On August 13, 2019, Moody's announced that it had 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 June 30, 2021:

- The policyholders surplus of AGM was approximately $2,943 million.
- The contingency reserve of AGM was approximately $947 million.
- The net unearned premium reserves of AGM and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately $2,137 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").

The policyholders' surplus of AGM and the contingency reserves, net unearned premium reserves and deferred ceding commission income of AGM 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 Municipal Assurance Corp. ("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);

(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); and

(iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2021 (filed by AGL with the SEC on August 6, 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 "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 "BOND INSURANCE."

THE DISTRICT

Authority

The District is a municipal utility district created by the Texas Water Rights Commission, predecessor to the TCEQ, on June 1, 1978, and confirmed at an election held within the District on August 15, 1978. The District is vested with all of the rights, privileges, authority, and functions conferred by the general laws of the State applicable to municipal utility districts, including without limitation those conferred by Chapters 49 and 54, Texas Water Code, as amended. The District is empowered to purchase, construct, operate, acquire, own, and maintain all water and wastewater facilities, improvements and the control and diversion of storm water. The District is additionally empowered to establish, operate and maintain a fire department, independently or with one or more other conservation and reclamation districts, and to issue bonds for such purposes, after approval by the City of Houston, the TCEQ and the District's voters of the District's plans in such regard. The District is subject to the continuing supervisory jurisdiction of the TCEQ.

Description

The District encompasses approximately 9,428.31 acres, is located in northeast Montgomery County, Texas, along U.S. Highway 59 which transverses the District north to south and is roughly bisected by FM 1485 from east to west. The District is approximately 17 miles southeast of the City of Conroe, Texas, and approximately 30 miles northeast of downtown Houston and lies partially within the City of Houston's extraterritorial jurisdiction, partially within the City of Conroe's extraterritorial jurisdiction, and partially outside any municipality's extraterritorial jurisdiction.

The land within the District has elevations which range from approximately 65 feet mean sea level ("msl") to approximately 110 feet msl. According to LJA Engineering, Inc., the District's Engineer, approximately 2,865 acres of the District lie within the 100-year flood plain of tributaries of Caney, Peach and White Oak Creeks. The Montgomery County Engineer is charged with overseeing minimum flood slab elevations for the development of areas lying within the floodplain. According to the Engineer, a portion of this area has been developed. The District cannot predict what the effect the floodplain will have on future development of the District nor what effect a flood may have on the developed portion of the District.

Management of the District

The District is governed by the Board of Directors, consisting of five directors, which has management control over and management supervision of all affairs of the District. Directors are elected to serve four-year staggered terms. Elections are held within the District in May of each even-numbered year. The current members and officers of the Board are listed below:

Name	Title	Term Expires
William B. Smith	President	2024
Jerry R. Vernon	Vice President	2024
Dorothy Rawlinson	Secretary	2022
Tony A. Martinez, Jr.	Treasurer	2022
Matthew James Peterson	Director	2024

The District employs a staff of twenty-three to manage the operation of the District, including the following full-time personnel:

Name	Title	Years With The District
Richard McDonald	General Manager	30 Years (a)
Jan Rice	Office Manager	34 Years

(a) Twelve years as general manager.

In addition, the District contracts for the services indicated below:

Auditor - The District’s audited financial statements for the year ended May 31, 2021 were prepared by McCall Gibson Swedlund Barfoot PLLC, Certified Public Accountants, Houston, Texas.

Bond Counsel - The District employs Johnson Petrov LLP, Houston, Texas, as Bond Counsel in connection with the issuance of the Bonds. The legal fees to be paid to Bond Counsel for services rendered in connection with the issuance of the Bonds are based on a percentage of Bonds actually issued and sold; and therefore, such fees are contingent on the sale and delivery of the Bonds. Johnson Petrov LLP also serves as General Counsel to the District. See "LEGAL MATTERS.

Disclosure Counsel - Orrick, Huntington & Sutcliffe LLP, Houston, Texas. The legal fees to be paid to Disclosure Counsel for services rendered in connection with the issuance of the Bonds are contingent on the sale and delivery of the Bonds.

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

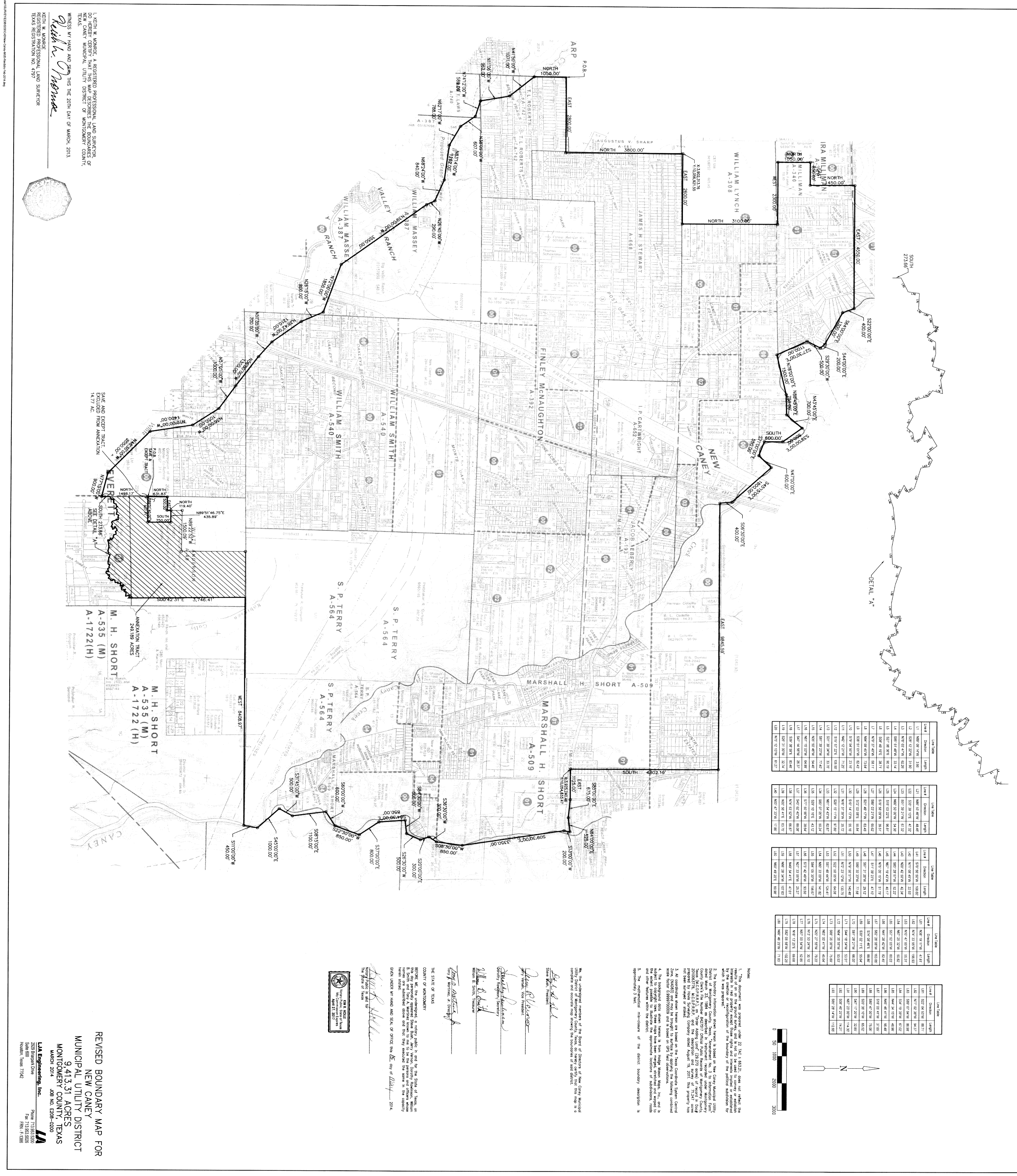
Engineer - The consulting engineer for the District is LJA Engineering, Inc., Houston, Texas.

Tax Assessor/Collector - The District's Tax Assessor/Collector is Tammy McRae, Montgomery County Tax Collector.

Development

As of July 2021, there are approximately 4,300 active water connections, including a number of multi-family meters, to the System. Development within the District consists primarily of residential growth in various subdivisions throughout the District and commercial activity concentrated primarily among the U.S. Highway 59 corridor. Commercial development within the District is found in several strip centers. There is no principal developer within the District. See "TAX DATA--Principal Taxpayers." There are approximately 7,000 acres with service availability within the District. Another approximately 1,803 acres are considered developable, but are currently undeveloped.

Map of the District



Photographs Taken in the District (November 2020)


Walmart


POPEYES
LOUISIANA KITCHEN
POPEYES


STALLION STORAGE
NOW OPEN!


TERRENOS
HOUSTON


Walgreens


STARBUCKS
EXIT ONLY


FAMILY CARE
New Caney FAMILY CARE


Wienerschnitzel
Drive Thru
NEW CANEY DENTAL & ORTHODONTICS
Exit Only


QUALITY MEATS
FRESH PRODUCE
FOOD TOWN

DISTRICT DEBT

Debt Statement

2021 Taxable Assessed Valuation (100% of Market Value)	$602,518,426	(a)
Direct Debt		
Outstanding Bonds (As of July 1, 2021)	$33,278,524	
The Bonds	19,090,000	
Total Direct Debt	$52,368,524	
Estimated Overlapping Debt	82,921,190	(b)
Direct and Estimated Overlapping Debt	$135,289,714	
Direct Debt Ratios:		
Direct Debt to Value	8.69%	
Direct & Estimated Overlapping Debt to Value	22.45%	
Average Annual Debt Service Requirements (2022/47) (c)	$2,873,194	
Maximum Annual Debt Service Requirements (2022) (c)	$2,883,456	
Fund Balances as of July 1, 2021 (Cash & Investments)		
General Fund	$2,305,935	
Debt Service Fund	$3,320,053	
Capital Projects Fund	$7,711,890	

(a) Certified by the Montgomery Central Appraisal District (the "Appraisal District"). See "TAX PROCEDURES."
(b) See "Estimated Overlapping Debt," below.
(c) Such requirements are on the Bonds and the Outstanding Bonds.

Estimated Overlapping Debt

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

Jurisdiction	***Debt As Of July 1, 2021***	***Overlapping Percent***	***Overlapping Amount***
Lone Star College System	$680,135,000	0.240%	$1,632,324
Montgomery County	486,675,000	0.876%	4,263,273
New Caney Independent School District	544,285,000	10.987%	59,800,593
New Caney MUD–Hendricks Defined Area	None	100.000%	0
Valley Ranch Town Center Management District	17,225,000	100.000%	17,225,000
Estimated Overlapping Debt			$82,921,190
The District (Includes the Bonds)			52,368,524
Total Direct & Estimated Overlapping Debt			$135,289,714

Debt Service Schedule

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

Year	***Outstanding Debt Service***	***The Bonds Principal***	***The Bonds Interest***	***The Bonds Total D/S***	***Grand Total Debt Service***
2021	$2,119,619				$2,119,619
2022	2,166,994	$270,000	$446,463	$716,463	2,883,456
2023	2,161,344	280,000	440,963	720,963	2,882,306
2024	2,162,244	280,000	435,363	715,363	2,877,606
2025	2,160,269	285,000	429,713	714,713	2,874,981
2026	2,157,569	295,000	423,913	718,913	2,876,481
2027	2,161,681	295,000	418,013	713,013	2,874,694
2028	2,157,678	300,000	412,063	712,063	2,869,741
2029	2,167,028	295,000	406,113	701,113	2,868,141
2030	2,169,794	300,000	400,163	700,163	2,869,956
2031	2,176,247	300,000	394,163	694,163	2,870,409
2032	2,176,419	305,000	388,113	693,113	2,869,531
2033	2,175,313	310,000	381,963	691,963	2,867,275
2034	2,278,100	215,000	376,713	591,713	2,869,813
2035	2,281,688	215,000	372,413	587,413	2,869,100
2036	2,280,300	220,000	368,063	588,063	2,868,363
2037	2,282,475	225,000	363,613	588,613	2,871,088
2038	2,283,619	230,000	359,063	589,063	2,872,681
2039	2,286,156	230,000	354,175	584,175	2,870,331
2040	2,284,563	240,000	348,888	588,888	2,873,450
2041	2,289,969	240,000	343,338	583,338	2,873,306
2042	2,292,188	240,000	337,638	577,638	2,869,825
2043	0	2,570,000	304,269	2,874,269	2,874,269
2044	0	2,635,000	240,813	2,875,813	2,875,813
2045	0	2,700,000	174,125	2,874,125	2,874,125
2046	0	2,770,000	105,750	2,875,750	2,875,750
2047	0	2,845,000	35,563	2,880,563	2,880,563
	$48,671,253	$19,090,000	$9,061,419	$28,151,419	$76,822,672

Average Annual Debt Service (2022/2047)	$ 2,873,194
Maximum Annual Debt Service (2022)	$ 2,883,456

Historical Operations of the Debt Service Fund

The following statement sets forth in condensed form the historical operations of the District's Debt Service Fund. Such information has been prepared based upon information obtained from the District's audited financial statements and other information provided by the District. Reference is made to such statements for further and complete information.

	Fiscal Years Ended May 31,				
	2021	***2020***	***2019***	***2018***	***2017***
Revenues					
Ad Valorem Taxes	$2,705,961	$2,277,797	$2,275,213	$1,900,082	$1,685,830
Penalties	92,321	65,531	74,394	58,859	93,942
Other Revenues	33,387	5,332	4,807	2,679	1,472
Total Revenues	$2,831,669	$2,348,660	$2,354,414	$1,961,620	$1,781,244
Expenditures					
Bond Principal	$1,120,000	$1,070,000	$895,000	$875,000	$735,000
Bond Interest	1,070,719	1,240,969	894,812	830,769	732,762
Cost of Collections	56,852	51,382	46,352	39,748	45,675
Total Expenses	$2,247,571	$2,362,351	$1,836,164	$1,745,517	$1,513,437
Net Revenues	$584,098	($13,691)	$518,250	$216,103	$267,807
Fund Balance, June 1	$2,748,292	$2,761,983	$2,143,145	$1,927,042	$1,517,454
Bond Sale (Net)	(600)	0	100,588	0	141,781
Fund Balance, May 31	$3,331,790	$2,748,292	$2,761,983	$2,143,145	$1,927,042
Cash & Inv., May 31	$3,331,790	$2,748,292	$2,762,733	$2,143,895	$1,927,792

TAX PROCEDURES

Authority To Levy Taxes

The Board is authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District in sufficient amount to pay the principal of and interest on the District's Outstanding Bonds, the Bonds and any additional bonds payable from taxes which the District may hereafter issue, and to pay the expenses of assessing and collecting such taxes. The Board is also authorized to levy and collect annual ad valorem taxes for the administration, operation and maintenance of the District and its properties and for the payment of certain contractual obligations other than bonds if such taxes are authorized by vote of the District's electors at an election. The District has never had a maintenance tax authorized by the voters.

Exempt Property

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes, and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District; however, no effort is expected to be made to levy taxes against tangible or intangible personal property not devoted to commercial or industrial use. Principal categories of exempt real property include property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; non-profit cemeteries; certain household goods, family supplies and personal effects; and certain property owned by qualified charitable, religious, veterans, youth, fraternal, or educational organizations. Property owned by a disabled veteran or by the spouse or certain children of a deceased disabled veteran or a veteran who died while on active duty is exempt to between $5,000 and $12,000 depending on the disability rating of the veteran. State law further mandates a complete exemption for the residential homestead of disabled veterans determined to be 100% disabled by the U.S. Department of Veterans Affairs. Subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled such exemption on the same property to which the disabled veteran's exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization or donated at some cost to the disabled veteran in the form of a cash payment, a mortgage or both in an aggregate amount that is not more than 50% of the good faith estimate of the market value of the residence homestead as of the date the donation is made. Also, the surviving spouse of a member of the armed forces who was killed in action is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. Subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. Finally, the surviving spouse of a first responder who is killed or fatally injured in the line of duty is entitled to an exemption of the total appraised value of the surviving spouse's residence homestead if the surviving spouse has not remarried since the first responder's death, and said property was the first responder's residence homestead at the time of death. Such exemption would be transferred to a subsequent residence homestead of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received.

If approved by the Board or through a process of petition and referendum by the District's voters, residence homesteads of certain persons who are disabled or at least 65 years old are exempt to the extent of $3,000 or such higher amount, as the Board or the District's voters may approve. The District's tax assessor is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax-supported debt incurred prior to adoption of the exemption by the District. The District currently grants a $25,000 homestead exemption to persons who are disabled or 65 years of age or older.

The Board also may exempt up to 20% of the market value of residential homesteads from ad valorem taxation. Such exemption would be in addition to any other applicable exemptions provided by law. However, if ad valorem taxes have previously been pledged for the payment of debt and the granting of the homestead exemption would impair the obligation or the contract by which the debt was created, then the Board may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged. The Board currently grants a 20% homestead exemption.

Montgomery County, Texas, may designate all or part of the area within the District as a reinvestment zone, and the District, Montgomery County, Texas, New Caney Independent School District, Lone Star College System, the City of Conroe, Texas or the City of Houston, Texas may thereafter enter into tax abatement agreements with owners of real property within the zone. The tax abatement agreements may exempt from ad valorem taxation by the applicable taxing jurisdiction, for a period of up to 10 years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed, on the condition that the property owner make specified improvements or repairs to the property in conformity with a comprehensive plan. None of the area within the District has been designated as a reinvestment zone to date.

Appraisal of Taxable Property

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

Assessment and Levy

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

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

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

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

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

Rollback of Operation and Maintenance Tax Rate

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

Special Taxing Units

Special Taxing Units that adopt a total tax rate that would impose more than1.08 times the amount of the total tax imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Special Taxing Unit is the current year's debt service and contract tax rate plus 1.08 times the previous year's operation and maintenance tax rate.

Developed Districts

Developed Districts that adopt a total tax rate that would impose more than1.035 times the amount of the total tax imposed by the district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions for the preceding tax year, plus any unused increment rates, as calculated and described in Section 26.013 of the Tax Code, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Developed District is the current year's debt service and contract tax rate plus 1.035 times the previous year's operation and maintenance tax rate plus any unused increment rates. In addition, if any part of a Developed District lies within an area declared for disaster by the Governor of Texas or President of the United States, alternative procedures and rate limitations may apply for a temporary period. If a district qualifies as both a Special Taxing Unit and a Developed District, the district will be subject to the operation and maintenance tax threshold applicable to Special Taxing Units.

Developing Districts

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

The District

A determination as to a district's status as a Special Taxing Unit, Developed District or Developing District will be made by the Board of Directors on an annual basis. For the 2021 tax year, a determination has been made by the District's

Board of Directors that the District be classified as a Developing 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.

Collection

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

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

District's Rights in the Event of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property as of January 1 of the year in which the tax is imposed. 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 the State and each taxing unit, including the District, having the power to tax the property. The District's tax lien is on a parity with the tax liens of other such taxing units. A tax lien on real property takes priority over the claims of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the District is determined by federal law. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes, penalty and interest.

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights or by bankruptcy proceedings which restrict the collection of taxpayer debts. A taxpayer may redeem property within two years for residential and agricultural property and six months for commercial property and all other types of property after the purchaser's deed at the foreclosure sale is filed in the county records.

Temporary Tax Exemptions for Property Damaged by Disaster

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. Section 11.35 of the Tax Code clarifies that purely non-physical economic damage to property is not eligible for this temporary tax exemption.

Tax Payment Installments after Disaster

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

TAX DATA

General

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

Tax Collection History

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

Tax Year	Assessed Valuation	Tax Rate(a)	Tax Levy	Percent Current	Percent Total	Yr End May 31
2006	$139,978,881	$0.5376	$752,644	88.74%	101.77%	2007
2007	151,820,094	0.5862	901,652	89.11%	98.11%	2008
2008	161,934,103	0.5862	958,565	89.06%	98.24%	2009
2009	169,000,535	0.6200	1,049,676	86.73%	95.14%	2010
2010	169,528,674	0.7100	1,210,407	89.13%	98.70%	2011
2011	172,547,033	0.7100	1,224,234	88.92%	96.35%	2012
2012	179,417,545	0.7100	1,273,867	90.47%	99.32%	2013
2013	180,851,831	0.7100	1,284,048	90.83%	101.00%	2014
2014	185,349,383	0.6797	1,261,579	92.49%	101.77%	2015
2015	210,258,768	0.6797	1,432,225	92.97%	100.32%	2016
2016	244,172,350	0.6797	1,661,464	93.35%	101.47%	2017
2017	320,849,446	0.5994	1,929,520	93.61%	98.47%	2018
2018	415,279,691	0.5700	2,372,276	91.41%	95.91%	2019
2019	422,190,943	0.5300	2,237,612	93.89%	101.80%	2020
2020	542,582,613	0.5000	2,719,105	94.00%	99.42%	2021
2021	602,518,426	0.4650	2,801,711	(In	process)	2022

Principal Taxpayers

The following table, sets forth the District's principal taxpayers, was provided by the District's Tax Assessor/Collector based upon the 2021 and 2020 certified tax rolls (which reflect ownership of property as of January 1, 2021 and January, 2020, respectively) according to the records of the Appraisal District.

Name of Taxpayer	*Type of Property*	*2021 Ass'd Value*	*% of Total*	*2020 Ass'd Value*	*% of Total*
Valley Ranch Town Center One Ltd	Shopping Center	$44,555,060	7.18%	$43,404,450	7.89%
The Pointe Valley Ranch Town Cntr	Apartments	32,000,000	5.16%	31,500,000	5.73%
Valley Ranch Town Center Two Ltd	Commercial	31,447,150	5.07%	30,434,510	5.53%
Valley Ranch Town Center Holdings	Commercial	26,910,830	4.34%	8,850,030	1.61%
Wal-Mart Real Estate Business Tr	Commercial	17,480,140	2.82%	24,342,670	4.43%
Wal-Mart Stores Texas LLC	Wal-Mart	7,134,662	1.15%	(a)	
Minero Holdings	Commercial	6,277,540	1.01%	(a)	
Kroger	Grocery Store	5,916,206	0.95%	6,189,775	1.13%
VR Town Center Three LLC	Commercial	5,626,000	0.91%	6,308,580	1.15%
Entergy Texas Inc	Electric Utility	5,264,240	0.85%	4,301,790	0.78%
Valley Ranch Town Center Ltd	Shopping Center	(a)	(a)	13,316,180	2.42%
2ML Real Estate Interest, Inc	Commercial	(a)	(a)	4,581,990	0.83%
Total--Top Ten		$182,611,827	29.42%	$173,229,975	31.50%

(a) Not among top ten this year.

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per $100 of assessed valuation which would be required to meet certain debt service requirements if no growth in the District's tax base occurs beyond the 2021 Taxable Value ($602,518,426). The calculations assume collection of 98% of taxes levied and the sale of no additional bonds by the District.

Average Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2022/2047)	$2,873,194
Tax Rate of $0.487 on the 2021 Taxable Value produces	$2,875,579
Maximum Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2022)	$2,883,456
Tax Rate of $0.489 on the 2021 Taxable Value produces	$2,887,389

Analysis of Tax Base

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

	2021 Amount	*2021 %'s*	*2020 Amount*	*2020 %'s*
Land	$245,517,051	30.73%	$241,283,534	30.84%
Improvements	473,496,369	59.26%	460,488,860	58.86%
Personal Property	79,951,449	10.01%	80,627,631	10.31%
Subtotal	$798,964,869		$782,400,025	
Less: Exemptions	(241,647,613)		(239,817,412)	
Total Taxable Values	$557,317,256		$542,582,613	
	2019 Amount	*2019 %'s*	*2018 Amount*	*2018 %'s*
Land	$182,562,831	29.50%	$183,335,215	31.57%
Improvements	359,718,411	58.12%	337,589,243	58.14%
Personal Property	76,668,956	12.39%	59,769,266	10.29%
Subtotal	$618,950,198		$580,693,724	
Less: Exemptions	(202,755,664)		(173,451,892)	
Total Taxable Value	$416,194,534		$407,241,832	

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

Estimated Overlapping Taxes

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

Taxing Entities	*2020 Tax Rates*
Lone Star College System	$0.1078
Montgomery County	0.4312
Montgomery Co. Emergency Services District No. 6	0.1000
Montgomery Co. Hospital District	0.0588
New Caney Independent School District	1.4761
Overlapping Taxes	$2.1739
The District (a)	0.5000
Total Direct & Overlapping Taxes	$2.6739

(a) The District has levied a 2021 tax rate of $0.465.

Note: Properties located within the Valley Ranch Town Center Management District pay an additional management district tax rate of $1.000 per $100 assessed valuation for 2020.

THE SYSTEM

Regulation

The System has been designed in conformance with accepted engineering practices and the requirements of certain governmental agencies having regulatory or supervisory jurisdiction over the construction and operation of such facilities including, among others, the TCEQ and the City. During construction, facilities are subject to inspection by the District's Engineer and the foregoing governmental agencies.

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

Description of the System

Wastewater System

The System's wastewater facilities consist of sanitary sewer collection facilities and a wastewater treatment plant. Wastewater treatment is provided by the District's existing 2.00 million gallons per day ("mgd") wastewater treatment plant. The District discharges treated effluent into Caney Creek, a tributary of Lake Houston.

Proceeds from the sale of the Outstanding Bonds were used to finance the cost of wastewater collection facilities to serve the then-existing development within the District, including the first 2.000 mgd phase of a new wastewater treatment plant and associated facilities, currently on-line. According to the Engineer, the District's existing wastewater collection system is sufficient to serve the existing development within the District.

Water System

The System's water facilities include three wells with a combined capacity of 3,725 gallons per minute ("gpm") and 1,764,000 gallons of ground storage capacity. The District also has 90,000 gallons of hydropneumatic tank capacity and a 8,600 gpm of booster pump capacity. A new 750,000 gallon elevated water storage tank is currently under construction. The water facilities are adequate for the existing connections, according to the TCEQ's minimum criteria. In addition, the District has entered into a contract with the San Jacinto River Authority in order to satisfy the surface water conversion requirements of the Lone Star Groundwater Conservation District.

Stormwater Drainage

The District does not provide for stormwater drainage and flood control improvements. Montgomery County has the responsibility for providing such improvements and facilities for the land within the District.

Rate Order

The District's utility rate order, subject to change from time to time by Board, is summarized in part below and was passed by the Board on June 1, 2014:

-Water Rates(a)-

First 3,000 gallons	$12.00 (Minimum)
Next 1,000 gallons	$2.50/1,000 gallons
Next 1,000 gallons	$2.75/1,000 gallons
Next 1,000 gallons	$3.00/1,000 gallons
Next 4,000 gallons	$3.25/1,000 gallons
Next 2,000 gallons	$3.75/1,000 gallons
Next 3,000 gallons	$4.00/1,000 gallons
Next 5,000 gallons	$4.25/1,000 gallons
Next 30,000 gallons	$4.75/1,000 gallons
All over 50,000 gallons	$5.75/1,000 gallons

-Sewer Rates-

First 3,000 gallons of water	$14.00 (Minimum)
Next 17,000 gallons	$2.50/1,000 gallons
All over 20,000 gallons of water	$3.00/1,000 gallons

(a) In order to obtain the necessary revenues required to pay the cost to comply with the Lone Star Groundwater Fees and the San Jacinto River Authority Plan Fees, the District assesses a specific charge to its customers equal to one hundred ten percent (115%) of the Lone Star Groundwater Fees and the San Jacinto River Authority Plan Fees per 1,000 gallons of water used, rounded to the nearest cent. The additional fifteen percent (15%) charge represents an administrative charge for the District costs associated with the Lone Star Groundwater Fees and the San Jacinto River Authority Plan Fees and to provide for water pumped and subject to such fees, but not accounted for billings to the District. Each customer's billing statement includes line items reflected and "Lone Star Fee" and "SJRA Fee" or such other similar language. Such fees are calculated based upon the customer's actual water usage for the previous month (total number of gallons divided by 1,000), multiplied by the current pumpage fee assessed by Lone Star and SJRA plus fifteen percent (15%) rounded to the next highest penny.

Historical Operations of the General Operating Fund

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

	Fiscal Year Ended May 31				
	2021	***2020***	***2019***	***2018***	***2017***
Revenues					
Water Revenues	$1,663,989	$1,616,424	$1,434,181	$1,489,295	$1,347,662
Sewer Revenues	1,220,030	1,147,645	1,095,866	1,079,591	1,027,113
SJRA & Lone Star Fees	1,165,391	1,060,730	943,865	926,548	853,195
Penalty & Interest	85,753	70,832	80,128	75,030	76,307
Tap Fees	280,696	271,840	325,588	330,449	353,192
Interest Earned, Other	38,106	38,568	106,629	37,243	33,328
Total Revenues	$4,453,965	$4,206,039	$3,986,257	$3,938,156	$3,690,797
Expenses					
Personnel	$1,645,487	$1,586,766	$1,494,806	$1,370,173	1,271,077
Professional Fees	195,471	83,803	99,843	86,382	96,366
Utilities	309,856	250,582	241,527	241,403	238,880
Repairs & Maintenance	390,576	307,163	218,832	279,429	259,795
SJRA & Lone Star Fees	1,136,565	1,111,580	1,066,344	1,006,052	870,454
Other	569,875	594,229	518,818	491,481	470,013
Total Expenditures	$4,247,830	$3,934,123	$3,640,170	$3,474,920	$3,206,585
Net Revenue	$206,135	$271,916	$346,087	$463,236	$484,212
Other Sources (Uses)					
Capital Outlay (a)	(1,150,524)	(264,018)	(111,526)	(177,909)	(77,782)
Fund Balance, June	$3,136,896	$3,128,998	$2,894,437	$2,609,110	$2,202,680
Fund Balance, May 31	$2,192,507	$3,136,896	$3,128,998	$2,894,437	$2,609,110
Cash/Invests, June 1	$2,388,490	$3,153,133	$3,154,786	$2,869,737	$2,449,128
Cash as % of Ann Exp	56.23%	80.15%	86.67%	82.58%	76.38%
Water Cust at May 31	4,126	4,093	3,849	3,493	3,738
Sewer Cust at May 31	3,927	3,873	3,765	3,685	3,556

(a) For the fiscal year ended May 31, 2021, an estimated $1,000,000 of capital outlay will be reimbursed to the General Operating Fund from Bond proceeds.

RISK FACTORS

General

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

The economy of Montgomery County, Texas, and the southeast Texas regional area is largely dependent on the petrochemical industry. Recent decreases in the price of oil have the potential to decrease housing prices and negatively effect the Montgomery County economy. The District can make no prediction on what effect current or future oil prices may have on assessed valuations in the District or on the Montgomery County economy generally.

Recent Extreme Weather Events; Hurricane Harvey

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

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

According to the District, approximately 100 homes within the District and were flooded with only about one home still not reconnected to the System. There was no interruption of water and sewer service resulting from Hurricane Harvey and additional expenses for generator fuel and overtime has been reimbursed by FEMA. The District cannot predict the effect that additional extreme weather events may have upon the District and the Gulf Coast. Additional extreme weather events have the potential to cause damage within the District and along the Gulf Coast generally that could have a negative effect on taxable assessed valuations in the District and the economy of the District and the region.

If a future weather event significantly damaged taxable property 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

The District is subject to the following flood risks:

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

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

Factors Affecting Taxable Values and Tax Payments

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

Maximum Impact on District Rates: Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of District property owners to pay their taxes. The 2021 Taxable Valuation is $602,518,426. See "TAX DATA." After issuance of the Bonds, the maximum annual debt service requirement on the Bonds and Outstanding Bonds (2042) is $2,883,456 and the average annual debt service requirements on the Bonds and the Outstanding Bonds (2022/2047) is $2,873,194. Assuming no increase or decrease from the 2021 Taxable Valuation and no use of funds other than tax collections, tax rates of $0.489 and $0.487 per $100 assessed valuation at a 98% collection rate against the 2021 Assessed Valuation, respectively, would be necessary to pay such debt service requirements. The Board levied a tax rate of $0.465 for debt service purposes for tax year 2021. See "DISTRICT DEBT--Debt Service Schedule" and "TAX DATA--Tax Rate Calculations."

Overlapping Tax Rates

Consideration should be given to the total tax burden of all overlapping jurisdictions imposed upon property located within the District as contrasted with property located in comparable real estate developments to gauge the relative tax burden on property within the District. The combination of the District's tax rate and the overlapping taxing entities' tax rates is higher than the combined tax rates levied upon certain other comparable developments in the market area. Consequently, an increase in the District's tax rate above those anticipated above may have an adverse impact on future development or the construction of taxable improvements in the District. See "DISTRICT DEBT--Estimated Overlapping Debt" and "TAX DATA--Estimated Overlapping Taxes."

Infectious Disease Outbreak–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 the State. 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 State Governor (the "Governor") declared COVID-19 an imminent threat of disaster for all counties in the State (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.

Pursuant to Chapter 418 of the Texas Government Code, the Governor has broad authority to respond to disasters, including suspending any regulatory statute prescribing the procedures for conducting State business or any order or rule of a State agency that would in any way prevent, hinder, or delay necessary action in coping with the disaster, and issuing executive orders that have the force and effect of law. The Governor has issued a number of executive orders relating to COVID-19 preparedness and mitigation and reopening of the State. These include, for example, the issuance on March 2, 2021 of Executive Order GA-34, which, among other things, removed any COVID-19-related operating limits for any business or other establishment and ended the State-wide mask mandate, effective March 10, 2021. The Governor's order also maintains, in providing or obtaining services every person (including individuals, businesses, and other legal entities) should use good-faith efforts and available resources to follow the minimum standard health protocols. Executive Order GA-34 remains in place until amended, rescinded, or superseded by the Governor. On May 18, 2021, Governor Abbott issued Executive Order GA-36, which supersedes Executive Order GA-34 in part. Executive GA-36 prohibits governmental entities in the State, including counties, cities, school districts, public health authorities, and government officials from requiring or mandating any person to wear a face covering and subjects a governmental entity or official to a fine up to $1,000 for noncompliance, subject to certain exceptions. Executive orders remain in place until they are amended, rescinded, or superseded by the Governor. Additional information regarding executive orders issued by the Governor is accessible on the website of the Governor at https://gov.texas.gov/. Neither the information on (nor accessed through) such website of the Governor is incorporated by reference, either expressly or by implication, into this Official Statement.

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 the State. Stock values and crude oil prices, in the U.S. and globally, have seen significant declines attributed to COVID-19 concerns. The State 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 or homebuilding activity 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.

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

Tax Collection Limitations

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

Registered Owners' Remedies

In the event of default in the payment of principal of or interest on the Bonds, the registered owners may seek a writ of mandamus requiring the District to levy adequate taxes to make such payments. Except for the remedy of mandamus, the Bond Order does not specifically provide for remedies to a registered owner in the event of a District default, nor does it provide for the appointment of a trustee 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. Although the registered owners could obtain a judgment against the District, such a judgment could not be enforced by direct levy and execution against the District's property. Further, the registered owners cannot themselves foreclose on the property of the District or sell property within the District in order to pay the principal of or interest on the Bonds. The enforceability of the rights and remedies of the registered owners may be further 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. For example, a Chapter IX bankruptcy proceeding by the District could delay or eliminate payment of principal or interest to the registered owners.

Bankruptcy Limitation to Registered Owners' Rights

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

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

Environmental Regulation and Air Quality

Wastewater treatment, 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; and
- 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 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 (3) 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 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 (6) 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 90 contaminants and has identified and listed other contaminants which may require national drinking water regulation in the future.

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

The District is subject to the TCEQ's General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the "MS4 Permit"), which was issued by the TCEQ on January 24, 2019. The MS4 Permit authorizes the discharge of stormwater to surface water in the state from small municipal separate storm sewer systems. In order to maintain MS4 Permit compliance, the District is partnering with the City, to participate in the City's program to develop, implement, and maintain the required plan (the "MS4 Permit Plan") as well as to install or implement best management practices to minimize or eliminate unauthorized pollutants that may otherwise be found in stormwater runoff. While the District does not have its own independent MS4 Permit Plan, the District has taken all necessary steps required by the City to be included in the City's MS4 Permit Plan in order to obtain MS4 Permit compliance with the TCEQ. If at any time in the future the District were required to maintain independent coverage under the MS4 Permit, it is anticipated that the District could incur substantial additional costs to develop and implement its own program necessary 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 (4) 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 was 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

After issuance of the Bonds, the District will have no remaining authorized but unissued unlimited tax bonds. The District has the right to issue such additional bonds as may hereafter be approved by both the Board and voters of the District. An additional bond election has not been scheduled.

The 2021 Legislative Session

The 87th Texas Legislature convened on January 12, 2021 and adjourned on May 31, 2021. Additionally, the Governor called a special session on July 8, 2021, and a second special session on August 7, 2021. The Governor may call one or more additional special sessions, which may last no more than 30 days, and for which the Governor sets the agenda. During a special session, the Texas Legislature may enact laws that materially change current law as it relates to the District and its finances. The District makes no representation regarding any actions the Texas Legislature may take.

Proposed Tax Legislation

Tax legislation, administrative actions taken by tax authorities, and court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to state income taxation, or otherwise prevent the beneficial owners of the Bonds from realizing the full current benefit of the tax status of such interest. For example, future legislation to resolve certain federal budgetary issues may significantly reduce the benefit of, or otherwise affect, the exclusion from gross income for federal income tax purposes of interest on all state and local obligations, including the Bonds. In addition, such legislation or actions (whether currently proposed, proposed in the future or enacted) could affect the market price or marketability of the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and its impact on their individual situations, as to which Bond Counsel expresses no opinion.

Continuing Compliance with Certain Covenants

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

Marketability

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

Approval of the Bonds

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

LEGAL MATTERS

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

Legal Review

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

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

No-Litigation Certificate

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

No Material Adverse Change

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

Legal Opinions

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

TAX MATTERS

Opinion

Bond Counsel will render its opinion that, under existing law, and assuming compliance with certain covenants and the accuracy of certain representations, discussed below, interest on the Bonds is excludable from gross income for federal income tax purposes.

Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") establishes certain requirements that must be met at and subsequent to the issuance of the Bonds in order for interest on the Bonds to be and remain excludable from federal gross income. Included among these continuing requirements are certain restrictions and prohibitions on the use of bond proceeds, yield and other restrictions on the investment of gross proceeds and other amounts, and the arbitrage rebate requirement that certain earnings on gross proceeds be rebated to the federal government. Failure to comply with these continuing requirements may cause interest on the Bonds to become includable in gross income for federal income tax purposes retroactively to the date of their issuance. The District has covenanted to comply with certain procedures and has made certain representations and certifications designed to assure compliance with these Code requirements. In rendering its opinion, Bond Counsel will rely on these covenants, on representations and certifications of the District relating to matters solely within its knowledge (which Bond Counsel has not independently verified) and will assume continuing compliance by the District.

The statutes, regulations, published rulings, and court decisions on which Bond Counsel has based its opinion are subject to change by Congress, as well as to subsequent judicial and administrative interpretation by courts and the Internal Revenue Service (the "Service"). No assurance can be given that such law or its interpretation will not change in a manner that would adversely affect the tax treatment of receipt or accrual of interest on, or the acquisition, ownership, market value, or disposition of, the Bonds. No ruling concerning the tax treatment of the Bonds has been sought from the Service, and the opinion of Bond Counsel is not binding on the Service. The Service has an ongoing audit program of tax-exempt obligations to determine whether, in the Service's view, interest on such tax-exempt obligations is excludable from gross income for federal income tax purposes. No assurance can be given regarding whether or not the Service will commence an audit of the Bonds. If such an audit were to be commenced, under current procedures, the Service would treat the District as the taxpayer, and owners of the Bonds would have no right to participate in the audit process. In this regard, in responding to or defending an audit with respect to the Bonds, the District might have different or conflicting interests from those of the owners of the Bonds.

In rendering the foregoing opinions, Bond Counsel will rely upon the representations and certifications of the District made in a certificate dated the date of delivery of the Bonds pertaining to the use, expenditure, and investment of the proceeds of the Bonds and will assume continuing compliance with the provisions of the Bond Order subsequent to the issuance of the Bonds. The Bond Order contains covenants by the District with respect to, among other matters, the use of the proceeds of the Bonds, the manner in which the proceeds of the Bonds are to be invested, the reporting of certain information to the United States Treasury and rebating any arbitrage profits to the United States Treasury. Failure to comply with any of these covenants would cause interest on the Bonds to be includable in the gross income of the owners thereof from date of the issuance of the Bonds.

The opinions set forth above are based on existing law and Bond Counsel's knowledge of relevant facts on the date of issuance of the Bonds. Such opinions are an expression of professional judgment and are not a guarantee of result. Except as stated above, Bond Counsel expresses no opinion regarding any other federal, state, or local tax consequences under current law or proposed legislation resulting from the receipt or accrual of interest on, or the acquisition, ownership, or disposition of, the Bonds. Further, Bond Counsel assumes no obligation to update or supplement its opinions to reflect any facts or circumstances that may come to its attention or any changes in law that may occur after the issuance date of the Bonds. In addition, Bond Counsel has not undertaken to advise in the future whether any events occurring after the issuance date of the Bonds may affect the tax-exempt status of interest on the Bonds.

Original Issue Discount

The Term Bonds maturing April 1, 2038, 2040, 2043 and 2047 (the "Discount Bonds") are offered and sold to the public at an "original issue discount" ("OID"). OID is the excess of the stated redemption price at maturity (the principal amount) over the "issue price" of such Bonds. In general, the issue price of Discount Bonds is the first price at which a substantial amount of Discount Bonds of the same maturity are sold to the public (other than bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers).

For federal income tax purposes, OID accrues to the owner of a Discount Bond over such Discount Bond's period to maturity based on the constant interest rate method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). Bond Counsel is of the opinion that the portion of OID that accrues during the ownership period of a Discount Bond (i) is interest excludable from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as is other interest on the Bonds, and (ii) is added to the owner's tax basis for purposes of determining gain or loss on the maturity, redemption, sale, or other disposition of that Discount Bond. OID may be treated as continuing to accrue even if payment of the Discount Bonds becomes doubtful in the event that the District encounters financial difficulties, and it is treated as interest earned by cash-basis owners, even though no cash corresponding to the accrual is received in the year of accrual. An owner's adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Discount Bond.

The federal income tax consequences of the acquisition, ownership, redemption, sale, or other disposition of Discount Bonds not purchased in the initial offering at the initial offering price may be determined according to rules different from those described above. Owners of such Discount Bonds should consult their tax advisors regarding the federal, state, and local income tax treatment and consequences of acquisition, ownership, redemption, sale, or other disposition of such Discount Bonds.

Original Issue Premium

The Bonds maturing April 1, 2022 through 2032 (the "Premium Bonds") are offered and sold to the public at prices greater than their stated redemption prices (the principal amount) payable at maturity ("Bond Premium"). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner's yield over the remaining term of the Premium Bond determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Collateral Tax Consequences Summary

The following discussion is a brief discussion of certain collateral federal income tax consequences resulting from the purchase, ownership, or disposition of the Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Bond. This discussion is based on existing statutes, regulations, published rulings, and court decisions, all of which are subject to change or modification, retroactively. Prospective investors should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

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

Under section 6012 of the Code, owners 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 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 owner 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 of 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.

Changes in Law

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 or otherwise prevent Owners of the Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Bonds.

Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

NOT Qualified Tax-Exempt Obligations for Financial Institutions

The Board has NOT designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Code.

CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports

The District will provide certain updated financial information and operating data to certain information vendors annually. The information to be updated includes all quantitative financial information and operating data with respect to the District of the general type included in this Official Statement under the headings "SUMMARY--Financial Highlights;" "DEVELOPMENT OF THE DISTRICT;" "DISTRICT DEBT–Estimated Overlapping Debt" and "–Historical Operations of the Debt Service Fund;" "TAX DATA–Tax Collection History," "–Principal Taxpayers," "–Analysis of Tax Base," "–Estimated Overlapping Taxes" and "–Tax Rate Calculations;" "THE SYSTEM–Historical Operations of the General Operating Fund" and "–Rate Order;" and "APPENDIX A–Financial Statements of the District."

The financial information and operating data which will be provided is found in the annual audit report, within six months after the end of each of its fiscal years. Any information so provided shall be prepared in accordance with generally accepted auditing standards or other such principles as the District may be required to employ from time to time pursuant to state law or regulation, and audited if the audit report is completed within the period during which it must be provided. If the audit report is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to the MSRB within such six month period, and audited financial statements when and if the audit report becomes available.

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

Event Notices

The District shall notify the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District; (13) the consummation of a merger, consolidation, or acquisition involving the District or the System or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of trustee, if material; (15) incurrence of a financial obligation of the District or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or obligated person, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the District or obligated person, any of which reflect financial difficulties.
For these purposes, any event described in the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry or an order confirming a plan or reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

The term "Financial Obligation" shall mean, for purposes of the events in clauses (15) and (16), a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing, or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in Rule 15c2-12) has been provided to the MSRB consistent with Rule 15c2-12. The District intends the words used in clauses (15) and (16) and the definition of Financial Obligation to have the meanings ascribed to them in SEC Release No. 34-83885 dated August 20, 2018 (the "2018 Release") and any further written guidance provided by the SEC or its staff with respect to the amendments to Rule 15c2-12 effected by the 2018 Release.

Availability of Information From EMMA

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

Limitations and Amendments

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

The District may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status or type of operations

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

Compliance with Prior Undertakings

The District failed to timely file its audited financial statements and additional financial information for the fiscal year ended May 31, 2018. In addition, the District failed to file the event notice required in connection with its failure to timely file such audit and additional financial information. Such event filing has subsequently been made. With the exception of the matters discussed above, the District has complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule and the District has implemented procedures to ensure timely filing of all future submissions.

PREPARATION OF OFFICIAL STATEMENT

General

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

Consultants

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

The information contained in this Official Statement relating to assessed valuations of property generally and, in particular, that information concerning historical breakdown of District valuations, principal taxpayers and collection rates contained in the sections captioned "TAX DATA" and "DISTRICT DEBT" has been provided by the Appraisal

District and the District's Tax Assessor/Collector and has been included herein in reliance upon their authority as experts in the field of tax assessing and collecting.

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

Updating the Official Statement

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

Certification of Official Statement

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

/s/ William Smith
President, Board of Directors
New Caney Municipal Utility District

ATTEST:
/s/ Dorothy Rawlinson
Secretary, Board of Directors
New Caney Municipal Utility District

APPENDIX A–Financial Statements of the District

NEW CANEY MUNICIPAL UTILITY DISTRICT

MONTGOMERY COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

MAY 31, 2021

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

NEW CANEY MUNICIPAL UTILITY DISTRICT

MONTGOMERY COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

MAY 31, 2021

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McCALL GIBSON SWEDLUND BARFOOT PLLC

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
New Caney Municipal
Utility District
Montgomery County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of New Caney Municipal Utility District (the "District"), as of and for the year ended May 31, 2021, 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
New Caney Municipal
Utility District

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of May 31, 2021, 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

September 16, 2021

NEW CANEY MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2021

Management's discussion and analysis of the financial performance of New Caney Municipal Utility District (the "District") provides an overview of the District's financial activities for the fiscal year ended May 31, 2021. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has three governmental fund types. The General Fund accounts for resources not accounted for in another fund, customer service revenues, operating costs and general expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and 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"). 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 $11,965,625 as of May 31, 2021. A portion of the District's net position reflects its net investment in capital assets (land, buildings and equipment as well as the water and wastewater facilities, less any debt used to acquire those assets that is still outstanding). The following is a comparative analysis of government-wide changes in net position.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2021	2020	Change Positive (Negative)
Current and Other Assets	$ 14,324,614	$ 17,615,264	$ (3,290,650)
Capital Assets (Net of Accumulated Depreciation)	33,186,485	29,633,484	3,553,001
Total Assets	$ 47,511,099	$ 47,248,748	$ 262,351
Deferred Outflows of Resources	$ 305,077	$ -0-	$ 305,077
Due to Developer	$ 358,745	$ 358,745	$
Bonds Payable	34,084,902	34,555,846	470,944
Other Liabilities	1,406,904	1,455,428	48,524
Total Liabilities	$ 35,850,551	$ 36,370,019	$ 519,468
Net Position:			
Net Investment in Capital Assets	$ 6,160,546	$ 4,774,806	$ 1,385,740
Restricted	3,578,315	2,935,073	643,242
Unrestricted	2,226,764	3,168,850	(942,086)
Total Net Position	$ 11,965,625	$ 10,878,729	$ 1,086,896

The following table provides a summary of the District's operations for the years ended May 31, 2021, and May 31, 2020.

	Summary of Changes in the Statement of Activities		
	2021	2020	Change Positive (Negative)
Revenues:			
Property Taxes	$ 2,735,360	$ 2,206,183	$ 529,177
Charges for Services	4,509,650	4,229,421	280,229
Other Revenues	1,295,846	737,841	558,005
Total Revenues	$ 8,540,856	$ 7,173,445	$ 1,367,411
Expenses for Services	7,453,960	6,701,771	(752,189)
Change in Net Position	$ 1,086,896	$ 471,674	$ 615,222
Net Position, Beginning of Year	10,878,729	10,407,055	471,674
Net Position, End of Year	$ 11,965,625	$ 10,878,729	$ 1,086,896

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of May 31, 2021, were $12,779,890, a decrease of $3,277,356 from the prior year.

The General Fund fund balance decreased by $944,389, primarily due to operating and capital expenditures exceeding service revenues.

The Debt Service Fund fund balance increased by $583,498, primarily due to the structure of the District's outstanding debt and the impact of the issuance of the Series 2021 Refunding Bonds.

The Capital Projects Fund fund balance decreased by $2,916,465, primarily due to current year capital outlay costs paid from proceeds of bonds issued in prior years.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors did not amend the budget during the current fiscal year. Actual revenues were $167,700 more than budgeted revenues and actual expenditures were $1,112,089 more than budgeted expenditures which resulted in a negative variance of $944,389. See the budget to actual comparison for more information.

LONG-TERM DEBT ACTIVITY

As of May 31, 2021, the District had total bond debt payable of $33,278,524. The changes in the debt position of the District during the fiscal year ended May 31, 2021, are summarized as follows:

Bond Debt Payable, June 1, 2020	$ 34,433,524
Add: Bond Sale	8,615,000
Less: Bond Principal Paid/Refunded	9,770,000
Bond Debt Payable, May 31, 2021	$ 33,278,524

The District carries an underlying rating of "A3". The District's Series 2016, Series 2016-A, Series 2019 and Series 2021 Refunding Bonds carry insured ratings of "AA" by virtue of bond insurance issued by Build America Mutual Assurance Company. The District's Series 2015 Refunding Bonds carry an insured rating of "AA" from Standard & Poor's and "A2" from Moody's by virtue of bond insurance issued by Assured Guaranty Municipal Corp. The above ratings are as of May 31, 2021 and reflect all changes in ratings through the fiscal year end.

CAPITAL ASSETS

Capital assets as of May 31, 2021, total $33,186,485 (net of accumulated depreciation) and include land, equipment and buildings as well as the water and wastewater systems. Capital asset additions during the current year included the purchase of land, trucks, a generator, various equipment, and the South Street lift station and force main replacement. Construction in progress includes Hendricks lift station and gravity sewer force main extension, waterline extensions, elevated storage tank and renovations at Water Plant No. 1.

Capital Assets At Year-End, Net of Accumulated Depreciation

	2021	2020	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	$ 3,756,770	$ 2,259,721	$ 1,497,049
Construction in Progress	4,773,709	3,196,084	1,577,625
Capital Assets, Net of Accumulated Depreciation:			
Building and Improvements	91,546	98,455	(6,909)
Equipment	479,733	473,080	6,653
Water System	4,132,948	4,316,991	(184,043)
Wastewater System	19,951,779	19,289,153	662,626
Total Net Capital Assets	$ 33,186,485	$ 29,633,484	$ 3,553,001

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 New Caney Municipal Utility District, P. O. Box 1799, New Caney, TX 77357.

NEW CANEY MUNICIPAL UTILITY DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
MAY 31, 2021

	General Fund	Debt Service Fund
ASSETS		
Cash	$ 1,270,913	$ 3,150,621
Investments	1,117,577	142,205
Cash with Tax Assessor/Collector		38,964
Receivables:		
Property Taxes		399,007
Penalty and Interest on Delinquent Taxes		
Service Accounts	389,308	
Prepaid Costs	34,471	
Materials and Supplies Inventory	84,921	
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	$ 2,897,190	$ 3,730,797
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Refunding Bonds	$ -0-	$ -0-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 2,897,190	$ 3,730,797

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
$ 377,624	$ 4,799,158	$	$ 4,799,158
7,264,796	8,524,578		8,524,578
	38,964		38,964
	399,007		399,007
		19,950	19,950
	389,308		389,308
	34,471	34,257	68,728
	84,921		84,921
		3,756,770	3,756,770
		4,773,709	4,773,709
		24,656,006	24,656,006
$ 7,642,420	$ 14,270,407	$ 33,240,692	$ 47,511,099
$ -0-	$ -0-	$ 305,077	$ 305,077
$ 7,642,420	$ 14,270,407	$ 33,545,769	$ 47,816,176

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

NEW CANEY MUNICIPAL UTILITY DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
MAY 31, 2021

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	$ 172,303	$
Accrued Interest Payable		
Due to Developers		
Security Deposits	532,380	
Accrued Interest Payable on Compound Interest Bonds		
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	$ 704,683	$ -0-
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	$ - 0 -	$ 399,007
FUND BALANCES		
Nonspendable:		
Prepaid Costs	$ 34,471	$
Inventory	84,921	
Restricted for Authorized Construction		
Restricted for Debt Service		3,331,790
Unassigned	2,073,115	
TOTAL FUND BALANCES	$ 2,192,507	$ 3,331,790
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 2,897,190	$ 3,730,797
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
$ 386,827	$ 559,130	$	$ 559,130
		172,432	172,432
		358,745	358,745
	532,380		532,380
		142,962	142,962
		1,150,000	1,150,000
		32,934,902	32,934,902
$ 386,827	$ 1,091,510	$ 34,759,041	$ 35,850,551
$ - 0 -	$ 399,007	$ (399,007)	$ - 0 -
$	$ 34,471	$ (34,471)	$
	84,921	(84,921)	
7,255,593	7,255,593	(7,255,593)	
	3,331,790	(3,331,790)	
	2,073,115	(2,073,115)	
$ 7,255,593	$ 12,779,890	$ (12,779,890)	$ - 0 -
$ 7,642,420	$ 14,270,407		
		$ 6,160,546	$ 6,160,546
		3,578,315	3,578,315
		2,226,764	2,226,764
		$ 11,965,625	$ 11,965,625

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

NEW CANEY MUNICIPAL UTILITY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
MAY 31, 2021

Total Fund Balances - Governmental Funds		$ 12,779,890
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Deferred charges on refunding bonds are recorded as deferred outflows of resources in the Statement of Net Position and amortized over the life of the bonds.		305,077
Prepaid bond insurance costs are amortized over the term of the outstanding bonds.		34,257
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		33,186,485
Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2020 and prior tax levies became part of recognized revenue in the governmental activities of the District.		418,957
Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:		
Due to Developer	$ (358,745)	
Accrued Interest Payable	(315,394)	
Bonds Payable	(34,084,902)	(34,759,041)
Total Net Position - Governmental Activities		$ 11,965,625

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

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NEW CANEY MUNICIPAL UTILITY DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MAY 31, 2021

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	$	$ 2,705,961
Water Service	1,663,989	
Wastewater Service	1,220,030	
San Jacinto River Authority Fees	1,165,391	
Penalty and Interest	85,753	92,321
Tap Connection and Inspection Fees	280,696	
Investment and Miscellaneous Revenues	38,106	33,387
TOTAL REVENUES	$ 4,453,965	$ 2,831,669
EXPENDITURES/EXPENSES		
Service Operations:		
Personnel	$ 1,645,487	$
Professional Fees	195,471	51,828
Utilities	309,856	
Repairs and Maintenance	390,576	
San Jacinto River Authority Costs	1,136,565	
Depreciation		
Other	569,875	5,024
Capital Outlay	1,150,524	
Debt Service:		
Bond Principal		1,120,000
Bond Interest		1,070,719
Bond Issuance Costs		389,424
TOTAL EXPENDITURES/EXPENSES	$ 5,398,354	$ 2,636,995
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	$ (944,389)	$ 194,674
OTHER FINANCING SOURCES (USES)		
Proceeds from Issuance of Long-Term Debt	$	$ 8,615,000
Transfer to Refunded Bond Escrow Agent		(8,823,350)
Bond Premium		597,174
Contributed by Other Entities		
TOTAL OTHER FINANCING SOURCES (USES)	$ -0-	$ 388,824
NET CHANGE IN FUND BALANCES	$ (944,389)	$ 583,498
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - JUNE 1, 2020	3,136,896	2,748,292
FUND BALANCES/NET POSITION - MAY 31, 2021	$ 2,192,507	$ 3,331,790

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
$	$ 2,705,961	$ 29,399	$ 2,735,360
	1,663,989		1,663,989
	1,220,030		1,220,030
	1,165,391		1,165,391
	178,074	1,470	179,544
	280,696		280,696
5,786	77,279	1,218,567	1,295,846
$ 5,786	$ 7,291,420	$ 1,249,436	$ 8,540,856
$	$ 1,645,487	$	$ 1,645,487
23,901	271,200		271,200
	309,856		309,856
231,516	622,092		622,092
	1,136,565		1,136,565
		1,482,924	1,482,924
	574,899		574,899
3,885,401	5,035,925	(5,035,925)	
	1,120,000	(1,120,000)	
	1,070,719	(13,959)	1,056,760
	389,424	(35,247)	354,177
$ 4,140,818	$ 12,176,167	$ (4,722,207)	$ 7,453,960
$ (4,135,032)	$ (4,884,747)	$ 4,884,747	$ 1,086,896
$	$ 8,615,000	$ (8,615,000)	$
	(8,823,350)	8,823,350	
	597,174	(597,174)	
1,218,567	1,218,567	(1,218,567)	
$ 1,218,567	$ 1,607,391	$ (1,607,391)	$ -0-
$ (2,916,465)	$ (3,277,356)	$ 3,277,356	$
		1,086,896	1,086,896
10,172,058	16,057,246	(5,178,517)	10,878,729
$ 7,255,593	$ 12,779,890	$ (814,265)	$ 11,965,625

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

NEW CANEY MUNICIPAL UTILITY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2021

Net Change in Fund Balances - Governmental Funds	$ (3,277,356)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report tax revenues when collected. However, in the government-wide financial statements, revenue is recorded in the accounting period for which the taxes are levied.	29,399
Governmental funds report penalty and interest revenue on property taxes when collected. However, in the government-wide financial statements, revenue is recorded when penalties and interest are assessed.	1,470
Governmental funds do not account for depreciation. However, in the government-wide financial statements, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.	(1,482,924)
Governmental funds report capital expenditures as expenditures in the period purchased. However, in the government-wide financial statements, capital assets are increased by new purchases and the Statement of Activities is not affected.	5,035,925
In the government-wide financial statements, the bond premium is amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities.	(561,927)
Governmental funds report bond principal payments as expenditures. However, in the government-wide financial statements, bond principal payments are reported as decreases in long-term liabilities.	1,120,000
Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the government-wide financial statements, interest is accrued on the long-term debt through fiscal year-end.	13,959
Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in the Statement of Net Position.	(8,615,000)
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 Position.	8,823,350
Change in Net Position - Governmental Activities	$ 1,086,896

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

NEW CANEY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2021

NOTE 1. CREATION OF DISTRICT

New Caney Municipal Utility District (the "District") was originally created effective June 1, 1978, by an order of the Texas Water Commission, now known as the Texas Commission of Environmental Quality (the "Commission"). Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, sanitary sewer service, storm sewer drainage, irrigation, solid waste collection and disposal, including recycling, and to construct parks and recreational facilities for the residents of the District. The District is also empowered to contract for or employ its own peace officers with powers to make arrests and to establish, operate and maintain a fire department to perform all fire-fighting activities within the District. The Board of Directors held its first meeting on June 5, 1978 and sold its first series of bonds on April 20, 1984.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

<u>Financial Statement Presentation</u>

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

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

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

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

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

Government-Wide Financial Statements

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

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

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense.

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 Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds

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

General Fund - To account for resources not required to be accounted for in another fund, customer service revenues, 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 collectible 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 collectible within 60 days after year end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures when payment is due.

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

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

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

Infrastructure assets are capitalized if they have an original cost greater than $5,000 and a useful life over two years, and other type assets are capitalized if they have a total cost of $500 or more. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Buildings are amortized over a period of 40 years. Water and wastewater facilities are amortized over periods ranging from 10 to 45 years. All other equipment is amortized over periods ranging from 3 to 20 years.

Inventory

Inventory is recorded at current replacement cost and has a May 31, 2021, balance of $84,921. Current replacement cost is obtained from a third-party source for each specific item on hand at the end of the fiscal year.

Budgeting

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was not amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the original budget amounts compared to the actual amounts of revenues and expenditures for the current year.

Pensions

The District employees make payments into an IRS code Section 457 plan for their benefit (see Note 8). The Internal Revenue Service has determined that the directors are considered to be employees for federal payroll tax purposes only. Directors do not participate in the pension plan.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus

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

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

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

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

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Estimates

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

NOTE 3. LONG TERM-DEBT

The following is a summary of transactions regarding bonds payable for the year ended May 31, 2021:

	June 1, 2020	Additions	Retirements	May 31, 2021
Bonds Payable	$ 34,433,524	$ 8,615,000	$ 9,770,000	$ 33,278,524
Unamortized Discounts	(121,079)		(121,079)	
Unamortized Premiums	243,401	597,174	34,197	806,378
Bonds Payable, Net	$ 34,555,846	$ 9,212,174	$ 9,683,118	$ 34,084,902

Amount Due Within One Year	$ 1,150,000
Amount Due After One Year	32,934,902
Bonds Payable, Net	$ 34,084,902

As of May 31, 2021, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2022	$ 1,150,000	$ 1,034,593	$ 2,184,593
2023	1,180,000	999,394	2,179,394
2024	1,220,000	963,292	2,183,292
2025	1,260,000	921,194	2,181,194
2026	1,300,000	879,342	2,179,342
2027-2031	7,110,000	3,810,741	10,920,741
2032-2036	7,748,524	3,554,652	11,303,176
2037-2041	10,060,000	1,542,826	11,602,826
2042	2,250,000	84,375	2,334,375
	$ 33,278,524	$ 13,790,409	$ 47,068,933

NOTE 3. LONG TERM-DEBT (Continued)

	Series 2015 Refunding: Current Interest Bonds	Series 2015 Refunding: Premium Compound Interest Bonds	Series 2016
Amount Outstanding - May 31, 2021	$ 4,985,000	$ 533,524	$ 1,755,000
Interest Rates	3.00% - 4.00%	4.09%	2.00% - 3.00%
Maturity Dates – Serially Beginning/Ending	April 1, 2022/2033, 2035,2036	April 1, 2034	April 1, 2022/2036
Interest Payment Dates	October 1/ April 1	At Maturity	October 1/ April 1
Callable Dates	April 1, 2023 *	Non-Callable *	April 1, 2023 *

	Series 2016-A	Series 2019	Series 2021 Refunding
Amount Outstanding - May 31, 2021	$ 5,615,000	$ 11,795,000	$ 8,595,000
Interest Rates	2.00% - 3.00%	3.00% - 5.00%	2.00% - 3.00%
Maturity Dates – Serially Beginning/Ending	April 1, 2022/2038	April 1, 2022/2042	April 1, 2022/2033
Interest Payment Dates	October 1 / April 1	October 1 / April 1	October 1 / April 1
Callable Dates	April 1, 2023 *	April 1, 2026 *	April 1, 2028 *

* In whole or from time to time in part on the callable date or any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. The Series 2015 Refunding Bonds maturing on April 1, 2030 and 2033 are term bonds and subject to mandatory redemption beginning on April 1, 2027 and 2031. The Series 2016-A Bonds maturing on April 1, 2025, 2027, 2029, 2031, 2033, 2036 and 2038 are term bonds and are subject to mandatory redemption beginning on April 1, 2024, 2026, 2028, 2030, 2032, 2034 and 2037. The Series 2019 Bonds maturing on April 1, 2029 and 2039 are term bonds and subject to mandatory redemption beginning on April 1, 2028 and 2037.

The Series 2015 Compound Interest Bonds par value is $533,524 and the maturity value is $1,145,000. Interest will be paid at maturity. As of May 31, 2021, accrued interest is $142,962 and the accreted value of these bonds is approximately $676,486

None of the District's bonds are private placement bonds.

NOTE 3. LONG TERM-DEBT (Continued)

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. As of May 31, 2021, the District has $19,090,000 in authorized but unissued bonds for utilities and $69,791,476 in authorized but unissued bonds for refunding purposes. On May 9, 2015, voters authorized designation of certain tracts as a defined area, issuance of $10,780,000 bonds and levy of taxes and pledge of net revenues adequate to provide for payment of the bonds for water, sewer and drainage improvements to serve the defined area. This bond authorization is in addition to the $19,090,000 in authorized but unissued bonds noted above.

During the year ended May 31, 2021, the District levied an ad valorem debt service tax rate of $0.50 per $100 of assessed valuation, which resulted in a tax levy of $2,721,701 on the adjusted taxable valuation of $542,352,280 for the 2020 tax year. The bond resolutions require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes.

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 RESOLUTIONS AND LEGAL REQUIREMENTS

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

The District has covenanted that it will take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross proceeds of the Bonds, within the meaning of Section 148(f) of the Internal Revenue Code, be rebated to the federal government. The minimum requirement for determination of the rebatable amount is on the five-year anniversary of 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 $4,799,158 and the bank balance was $4,857,829. The District was not exposed to custodial credit risk at year-end.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at May 31, 2021, as listed below:

	Cash
GENERAL FUND	$ 1,270,913
DEBT SERVICE FUND	3,150,621
CAPITAL PROJECTS FUND	377,624
TOTAL DEPOSITS	$ 4,799,158

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."

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

The District invests in Fidelity Investments Money Market Treasure Portfolio Class III ("FCSXX") Fidelity invests at least 99.5% of the fund's total assets in cash, U.S Treasury Securities and/or repurchase agreements for those securities. Fidelity stresses maintaining a stable $1.00 share price, liquidity, and income. The fund had a weighted average maturity of 31 days and a 30-day yield of 0.01% as of May 31, 2021. Investments in FCSXX are not insured by FDIC. This is a Level 1 investment with observable, quoted prices for identical assets in active markets.

As of May 31, 2021, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
GENERAL FUND		
TexPool	$ 1,117,577	$ 1,117,577
DEBT SERVICE FUND		
TexPool	142,205	142,205
CAPITAL PROJECTS FUND		
TexPool	3,153,785	3,153,785
MMMF FCSXX	4,111,011	4,111,011
TOTAL INVESTMENTS	$ 8,524,578	$ 8,524,578

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At May 31, 2021, the District's investments in TexPool and FCSXX were 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 investments in TexPool and FSCXX to have maturities of less than one year due to the fact the share positions can usually be redeemed each day at the discretion of the District, unless there have been significant changes in values.

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 of capital assets.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended May 31, 2021 is as follows:

	June 1, 2020	Increases	Decreases	May 31, 2021
Capital Assets Not Being Depreciated				
Land and Land Improvements	$ 2,259,721	$ 1,497,049	$	$ 3,756,770
Construction in Progress	3,196,084	3,538,876	1,961,251	4,773,709
Total Capital Assets Not Being Depreciated	$ 5,455,805	$ 5,035,925	$ 1,961,251	$ 8,530,479
Capital Assets Subject to Depreciation				
Building and Improvements	$ 239,250	$	$	$ 239,250
Equipment	1,805,723	131,706		1,937,429
Water System	12,981,786	135,677		13,117,463
Wastewater System	28,170,335	1,693,868		29,864,203
Total Capital Assets Subject to Depreciation	$ 43,197,094	$ 1,961,251	$ - 0 -	$ 45,158,345
Accumulated Depreciation				
Building and Improvements	$ 140,795	$ 6,909	$	$ 147,704
Equipment	1,332,643	125,053		1,457,696
Water System	8,664,795	319,720		8,984,515
Wastewater System	8,881,182	1,031,242		9,912,424
Total Accumulated Depreciation	$ 19,019,415	$ 1,482,924	$ - 0 -	$ 20,502,339
Total Depreciable Capital Assets, Net of Accumulated Depreciation	$ 24,177,679	$ 478,327	$ - 0 -	$ 24,656,006
Total Capital Assets, Net of Accumulated Depreciation	$ 29,633,484	$ 5,514,252	$ 1,961,251	$ 33,186,485

NOTE 7. MAINTENANCE TAX

The Board of Directors of the District have the statutory authority to levy and collect an annual ad valorem tax for planning, maintaining, repairing and operating of the District's improvements, if such maintenance tax is authorized by a vote of the District's electorate. Such tax would be in addition to taxes which the District is authorized to levy for paying principal and interest on outstanding bonds, and any tax bonds which may be issued in the future.

On May 9, 2015, voters authorized implementation of an operations and maintenance tax not to exceed $1.50 per $100 valuation of taxable property within a defined area. During the current fiscal year, no such tax was levied.

NOTE 8. RETIREMENT PLAN

In February 1991, the District approved a deferred compensation plan, which was created in accordance with Internal Revenue Code Section 457. The plan, available to all qualified employees, permits the employees to defer a portion of their salaries. The deferred compensation is not paid to employees until retirement, cessation of employment, death, or unforeseeable emergencies. Contributions to the plan are comprised of voluntary employee withholding and District contributions. Each individual employee's pension account is maintained by an independent third-party administrator to manage the plan. Vesting is immediate upon funding.

NOTE 9. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The District carries commercial insurance for its fidelity bonds and participates in the Texas Water Conservation Association Risk Management Fund (TWCA) to provide property, general liability, errors and omissions, automobile, and workers compensation coverage. The District, along with other participating entities, contributes annual amounts determined by TWCA's management. As claims arise they are submitted and paid by TWCA. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 10. LONE STAR GROUNDWATER CONSERVATION DISTRICT

The District is a part of the Lone Star Groundwater Conservation District ("Conservation District"). The Conservation District was created 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 of their subdivisions. The Conservation District charges a fee to enable it to fulfill its purpose and regulatory functions.

NOTE 11. SAN JACINTO RIVER AUTHORITY

On June 17, 2010, the District 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 District and the Authority operate within the boundaries of the Lone Star Ground Water Conservation District. 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 (the "Project") 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 underground water supplies, so that regulated users may continue to pump groundwater. The Authority charges a fee, currently $2.73 per 1,000 gallons, based on the amount of groundwater and surface water used. The terms of this contract expire on December 31, 2045. During the current fiscal year, the District recorded expenditures of $1,136,565 in relation to this contract.

NOTE 12. UNREIMBURSED COSTS

The District has executed reimbursement agreements with Developers within the District. The agreements call for the Developers to fund costs associated with water, wastewater and drainage facilities until such time as the District can sell bonds. The District previously recorded $1,180,450 as Due to Developer for completed projects. During the prior fiscal year, the Developer was reimbursed $821,387 (including $59,054 interest) for the 68% District Area portion of the construction and engineering costs of the Kidd Road Lift Station. The District also reimbursed the Developer $59,372 for the difference between the amount advanced and the actual cost of the project. As of May 31, 2021, the District has recorded $358,745 as Due to Developer for the 32% Defined Area portion of the construction and engineering costs for the Kidd Road Lift Station.

NOTE 13. REFUNDING BOND SALE

On January 28, 2021, the District closed on the sale of its $8,615,000 Series 2021 Unlimited Tax Refunding Bonds. Proceeds of the bonds were used to refund $8,650,000 of the Series 2014 Refunding Bonds with interest rates of 3.00% to 4.375%, maturity dates of 2022-2033, and a redemption date of April 1, 2021. The refunding resulted in gross debt service savings of $1,538,444 and net present value savings of $1,360,946.

NOTE 14. SUBSEQUENT EVENT – BOND SALE

On or about October 21, 2021, subsequent to the report date, the District expects to close on the sale of its $19,090,000 Series 2021 Unlimited Tax Bonds. Proceeds of the bonds will be used to (i) finance the District's cost of the acquisition or construction of meter system upgrades, renovations to water plant no. 2, waterline extensions, improvements to the wastewater treatment plant, force main replacements, sanitary sewer rehabilitation, decommissioning of lift stations, utility relocation, and property acquisition; (ii) pay engineering costs associated with the design and construction of such projects; and (iii) pay certain issuance costs of the bonds.

NOTE 15. ECONOMIC UNCERTAINTIES

On March 11, 2020, the World Health Organization declared the COVID-19 virus a global pandemic. Since that time, the District has not experienced any decrease in property values, unusual tax delinquencies, or interruptions to service as a result of COVID-19. The District will continue to carefully monitor the situation and evaluate the financial statement impact, if any, that results from the pandemic.

NEW CANEY MUNICIPAL UTILITY DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

MAY 31, 2021

NEW CANEY MUNICIPAL UTILITY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED MAY 31, 2021

	Orignal and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Water Service	$ 2,733,665	$ 2,829,380	$ 95,715
Wastewater Service	1,200,000	1,220,030	20,030
Penalty and Interest	75,000	85,753	10,753
Tap Connection and Inspection Fees	235,000	280,696	45,696
Investment and Miscellaneous Revenues	42,600	38,106	(4,494)
TOTAL REVENUES	$ 4,286,265	$ 4,453,965	$ 167,700
EXPENDITURES			
Service Operations:			
Personnel	$ 1,665,115	$ 1,645,487	$ 19,628
Professional Fees	98,000	195,471	(97,471)
Utilities	268,500	309,856	(41,356)
Repairs and Maintenance	318,181	390,576	(72,395)
San Jacinto River Authority Costs	1,200,000	1,136,565	63,435
Other	579,811	569,875	9,936
Capital Outlay	156,658	1,150,524	(993,866)
TOTAL EXPENDITURES	$ 4,286,265	$ 5,398,354	$(1,112,089)
NET CHANGE IN FUND BALANCE	$ -0-	$ (944,389)	$ (944,389)
FUND BALANCE - JUNE 1, 2020	3,136,896	3,136,896	
FUND BALANCE - MAY 31, 2021	$ 3,136,896	$ 2,192,507	$ (944,389)

See accompanying independent auditor's report.

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NEW CANEY MUNICIPAL UTILITY DISTRICT

SUPPLEMENTARY INFORMATION – REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

MAY 31, 2021

NEW CANEY MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED MAY 31, 2021

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

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

2. RETAIL SERVICE PROVIDERS

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

Based on the rate order effective June 1, 2014.

	Minimum Charge	Minimum Usage	Flat Rate	Rate per 1,000 Gallons over Minimum Use	Usage Levels
WATER:	$ 12.00	3,000	N	$ 2.50	3,001 to 4,000
				$ 2.75	4,001 to 5,000
				$ 3.00	5,001 to 6,000
				$ 3.25	6,001 to 10,000
				$ 3.75	10,001 to 12,000
				$ 4.00	12,001 to 15,000
				$ 4.25	15,001 to 20,000
				$ 4.75	20,001 to 50,000
				$ 5.75	50,001 and up
WASTEWATER:	$ 14.00	3,000	N	$ 2.50	3,001 to 20,000
				$ 3.00	20,001 and up

SURCHARGE:

Water Conservation District Fees	current rate + 15% per 1,000 gallons
Commission Regulatory Assessments	0.5% of water and wastewater bill
San Jacinto River Authority Fees	current rate + 15% per 1,000 gallons

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

Total monthly charges per 10,000 gallons usage: Water: $33.25 Wastewater: $31.50 Surcharge: $32.93

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"	4,359	3,868	x 1.0	3,868
1"	96	84	x 2.5	210
1½"	13	13	x 5.0	65
2"	152	146	x 8.0	1,168
3"	4	4	x 15.0	60
4"	6	6	x 25.0	150
6"	2	2	x 50.0	100
8"	3	2	x 80.0	160
10"	1	1	x 115.0	115
Total Water Connections	4,636	4,126		5,896
Total Wastewater Connections	4,141	3,927	x 1.0	3,927

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

Gallons pumped into system:	404,183,000	Water Accountability Ratio: 92.5 % (Gallons billed and lost/Gallons pumped)
Gallons billed to customers:	373,854,000	

See accompanying independent auditor's report.

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

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

If yes, Date of the most recent Commission Order: ______________________

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

If yes, Date of the most recent Commission Order: ______________________

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes _X_ No _____

County 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 extraterritorial jurisdiction (ETJ)?

Entirely _____ Partly _X_ Not at all _____

ETJ in which District is located:

City of Houston, Texas/Conroe, TX

Are Board Members appointed by an office outside the District?

Yes _____ No _X_

NEW CANEY MUNICIPAL UTILITY DISTRICT
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED MAY 31, 2021

PERSONNEL EXPENDITURES (Including Benefits)	$	1,645,487
PROFESSIONAL FEES:		
Auditing	$	20,000
Engineering		117,187
Legal		34,686
Management and Consulting		23,598
TOTAL PROFESSIONAL FEES	$	195,471
UTILITIES:		
Electricity	$	274,816
Telephone		35,040
TOTAL UTILITIES	$	309,856
REPAIRS AND MAINTENANCE	$	390,576
ADMINISTRATIVE EXPENDITURES:		
Director Fees	$	12,900
Insurance		48,650
Office Supplies and Postage		65,630
Travel, Meals and Entertainment		7,575
Bank Charges		23,025
Other		15,497
TOTAL ADMINISTRATIVE EXPENDITURES	$	173,277
CAPITAL OUTLAY	$	1,150,524
TAP CONNECTIONS	$	22,240
OTHER EXPENDITURES:		
Bad Debt Expense	$	7,956
Chemicals		73,863
Fuels and Lubricants		31,398
Equipment Rental		25,635
Permit Fees		23,580
Laboratory Fees		33,502
Sludge Hauling		62,576
San Jacinto River Authority Costs		1,136,565
Lone Star Groundwater		29,320
TCEQ Regulatory Assessment		13,222
Supplies/Maintenance/Equipment		44,620
Maintenance Agreements		28,686
TOTAL OTHER EXPENDITURES	$	1,510,923
TOTAL EXPENDITURES	$	5,398,354

Number of persons employed by the District __24__ Full-Time __-0-__ Part-Time

See accompanying independent auditor's report.

NEW CANEY MUNICIPAL UTILITY DISTRICT
INVESTMENTS
MAY 31, 2021

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
GENERAL FUND					
TexPool	XXXX0002	Varies	Daily	$ 1,117,577	$ - 0 -
DEBT SERVICE FUND					
TexPool	XXXX0001	Varies	Daily	$ 142,205	$ - 0 -
CAPITAL PROJECTS FUND					
TexPool	XXXX0003	Varies	Daily	$ 997,656	$
TexPool	XXXX0016	Varies	Daily	2,156,129	
MMMF FCSXX	XXXX9284	Varies	Daily	4,111,011	
TOTAL CAPITAL PROJECTS FUND				$ 7,264,796	$ - 0 -
TOTAL - ALL FUNDS				$ 8,524,578	$ - 0 -

See accompanying independent auditor’s report.

NEW CANEY MUNICIPAL UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED MAY 31, 2021

	Debt Service Taxes	
TAXES RECEIVABLE -		
JUNE 1, 2020	$ 369,608	
Adjustments to Beginning		
Balance	13,659	$ 383,267
Original 2020 Tax Levy	$ 2,539,385	
Adjustment to 2020 Tax Levy	182,316	2,721,701
TOTAL TO BE		
ACCOUNTED FOR		$ 3,104,968
TAX COLLECTIONS:		
Prior Years	$ 147,439	
Current Year	2,558,522	2,705,961
TAXES RECEIVABLE -		
MAY 31, 2021		$ 399,007
TAXES RECEIVABLE BY		
YEAR:		
2020		$ 163,179
2019		50,866
2018		33,012
2017		24,631
2016		21,050
2015		15,283
2014		10,202
2013		11,306
2012		13,246
2011		13,380
2010		7,070
2009		5,536
2008		4,952
2007		4,592
2006 and prior		20,702
TOTAL		$ 399,007

See accompanying independent auditor's report.

NEW CANEY MUNICIPAL UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED MAY 31, 2021

	2020	2019	2018	2017
PROPERTY VALUATIONS:				
Land	$ 241,283,534	$ 184,365,151	$ 183,105,325	$ 152,837,325
Improvements	460,507,600	366,436,831	334,583,733	295,276,490
Personal Property	80,627,631	76,450,404	71,405,414	49,748,172
Exemptions	(240,066,485)	(205,633,479)	(173,814,781)	(176,342,821)
TOTAL PROPERTY VALUATIONS	$ 542,352,280	$ 421,618,907	$ 415,279,691	$ 321,519,166
TOTAL TAX RATES PER $100 VALUATION				
Debt Service	$ 0.5000	$ 0.5300	$ 0.5700	$ 0.5994
ADJUSTED TAX LEVY*	$ 2,721,701	$ 2,237,612	$ 2,372,276	$ 1,929,520
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	94.00 %	97.73 %	98.61 %	98.72 %

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

On May 9, 2015, voters authorized implementation of an operations and maintenance tax not to exceed $1.50 per $100 valuation of taxable property within a defined area. During the current fiscal year, no such tax was levied.

See accompanying independent auditor's report.

NEW CANEY MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
MAY 31, 2021

	SERIES-2015 REFUNDING		
Due During Fiscal Years Ending May 31	Principal Due April 1	Interest Due October 1/ April 1	Total
2022	$ 445,000	$ 188,937	$ 633,937
2023	455,000	175,587	630,587
2024	470,000	161,937	631,937
2025	490,000	143,137	633,137
2026	505,000	123,537	628,537
2027	30,000	103,337	133,337
2028	30,000	102,364	132,364
2029	30,000	101,388	131,388
2030	35,000	100,414	135,414
2031	35,000	99,276	134,276
2032	35,000	98,050	133,050
2033	35,000	96,826	131,826
2034	533,524	707,076	1,240,600
2035	1,165,000	95,600	1,260,600
2036	1,225,000	49,000	1,274,000
2037			
2038			
2039			
2040			
2041			
2042			
	$ 5,518,524	$ 2,346,466	$ 7,864,990

See accompanying independent auditor's report.

NEW CANEY MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
MAY 31, 2021

	S E R I E S - 2 0 1 6		
Due During Fiscal Years Ending May 31	Principal Due April 1	Interest Due October 1/ April 1	Total
2022	$ 125,000	$ 42,913	$ 167,913
2023	120,000	40,413	160,413
2024	115,000	38,012	153,012
2025	120,000	35,713	155,713
2026	120,000	33,312	153,312
2027	115,000	30,913	145,913
2028	105,000	28,612	133,612
2029	100,000	26,250	126,250
2030	95,000	24,000	119,000
2031	80,000	21,625	101,625
2032	70,000	19,625	89,625
2033	65,000	17,700	82,700
2034	170,000	15,750	185,750
2035	180,000	10,650	190,650
2036	175,000	5,250	180,250
2037			
2038			
2039			
2040			
2041			
2042			
	$ 1,755,000	$ 390,738	$ 2,145,738

See accompanying independent auditor's report.

NEW CANEY MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
MAY 31, 2021

	S E R I E S - 2 0 1 6 - A		
Due During Fiscal Years Ending May 31	Principal Due April 1	Interest Due October 1/ April 1	Total
2022	$ 125,000	$ 157,331	$ 282,331
2023	130,000	154,831	284,831
2024	135,000	152,231	287,231
2025	135,000	149,531	284,531
2026	140,000	146,831	286,831
2027	140,000	143,681	283,681
2028	145,000	140,531	285,531
2029	145,000	137,087	282,087
2030	150,000	133,644	283,644
2031	155,000	129,706	284,706
2032	160,000	125,638	285,638
2033	165,000	121,238	286,238
2034	170,000	116,700	286,700
2035	180,000	111,600	291,600
2036	185,000	106,200	291,200
2037	1,645,000	100,650	1,745,650
2038	1,710,000	51,300	1,761,300
2039			
2040			
2041			
2042			
	$ 5,615,000	$ 2,178,730	$ 7,793,730

See accompanying independent auditor's report.

NEW CANEY MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
MAY 31, 2021

	SERIES - 2019		
Due During Fiscal Years Ending May 31	Principal Due April 1	Interest Due October 1/ April 1	Total
2022	$ 160,000	$ 439,012	$ 599,012
2023	160,000	431,013	591,013
2024	165,000	423,012	588,012
2025	170,000	414,763	584,763
2026	175,000	407,962	582,962
2027	180,000	400,963	580,963
2028	180,000	395,562	575,562
2029	185,000	390,163	575,163
2030	190,000	384,612	574,612
2031	200,000	378,913	578,913
2032	205,000	372,662	577,662
2033	210,000	366,000	576,000
2034	215,000	358,913	573,913
2035	220,000	351,387	571,387
2036	225,000	343,687	568,687
2037	230,000	335,813	565,813
2038	225,000	327,187	552,187
2039	2,005,000	318,751	2,323,751
2040	2,080,000	243,562	2,323,562
2041	2,165,000	165,563	2,330,563
2042	2,250,000	84,375	2,334,375
	$ 11,795,000	$ 7,333,875	$ 19,128,875

See accompanying independent auditor's report.

NEW CANEY MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
MAY 31, 2021

	SERIES - 2021 REFUNDING		
Due During Fiscal Years Ending May 31	Principal Due April 1	Interest Due October 1/ April 1	Total
2022	$ 295,000	$ 206,400	$ 501,400
2023	315,000	197,550	512,550
2024	335,000	188,100	523,100
2025	345,000	178,050	523,050
2026	360,000	167,700	527,700
2027	880,000	156,900	1,036,900
2028	920,000	130,500	1,050,500
2029	965,000	102,900	1,067,900
2030	990,000	83,600	1,073,600
2031	1,030,000	63,800	1,093,800
2032	1,065,000	43,200	1,108,200
2033	1,095,000	21,900	1,116,900
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
	$ 8,595,000	$ 1,540,600	$ 10,135,600

See accompanying independent auditor's report.

NEW CANEY MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
MAY 31, 2021

Due During Fiscal Years Ending May 31	ANNUAL REQUIREMENTS FOR ALL SERIES Total Principal Due	Total Interest Due	Total Principal and Interest Due
2022	$ 1,150,000	$ 1,034,593	$ 2,184,593
2023	1,180,000	999,394	2,179,394
2024	1,220,000	963,292	2,183,292
2025	1,260,000	921,194	2,181,194
2026	1,300,000	879,342	2,179,342
2027	1,345,000	835,794	2,180,794
2028	1,380,000	797,569	2,177,569
2029	1,425,000	757,788	2,182,788
2030	1,460,000	726,270	2,186,270
2031	1,500,000	693,320	2,193,320
2032	1,535,000	659,175	2,194,175
2033	1,570,000	623,664	2,193,664
2034	1,088,524	1,198,439	2,286,963
2035	1,745,000	569,237	2,314,237
2036	1,810,000	504,137	2,314,137
2037	1,875,000	436,463	2,311,463
2038	1,935,000	378,487	2,313,487
2039	2,005,000	318,751	2,323,751
2040	2,080,000	243,562	2,323,562
2041	2,165,000	165,563	2,330,563
2042	2,250,000	84,375	2,334,375
	$ 33,278,524	$ 13,790,409	$ 47,068,933

See accompanying independent auditor's report.

NEW CANEY MUNICIPAL UTILITY DISTRICT
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED MAY 31, 2021

Description	Original Bonds Issued	Bonds Outstanding June 1, 2020
New Caney Municipal Utility District Unlimited Tax Refunding Bonds - Series 2014	$ 9,955,000	$ 8,910,000
New Caney Municipal Utility District Unlimited Tax Refunding Bonds - Series 2015	7,258,524	5,953,524
New Caney Municipal Utility District Unlimited Tax Bonds - Series 2016	2,400,000	1,880,000
New Caney Municipal Utility District Unlimited Tax Bonds - Series 2016-A	6,105,000	5,740,000
New Caney Municipal Utility District Unlimited Tax Bonds - Series 2019	12,100,000	11,950,000
New Caney Municipal Utility District Unlimited Tax Refunding Bonds - Series 2021	8,615,000	
TOTAL	$ 46,433,524	$ 34,433,524

Bond Authority:	Tax Bonds	Refunding Bonds	Defined Area Bonds
Amount Authorized by Voters	$ 64,985,000	$ 70,650,000	$ 10,780,000
Amount Issued	45,895,000	858,524	
Remaining to be Issued	$ 19,090,000	$ 69,791,476	$ 10,780,000

Debt Service Fund cash, investments and cash with Tax Assessor/Collector balances as of May 31, 2021:	$ 3,331,790
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 2,241,378

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

See accompanying independent auditor's report.

Current Year Transactions				
	Retirements		Bonds Outstanding	
Bonds Sold	Principal	Interest	May 31, 2021	Paying Agent
$	$ 8,910,000	$ 180,500	$ - 0 -	BOKF, N.A. Austin, TX
	435,000	201,987	5,518,524	BOKF, N.A. Austin, TX
	125,000	45,413	1,755,000	BOKF, N.A. Austin, TX
	125,000	159,832	5,615,000	BOKF, N.A. Austin, TX
	155,000	446,763	11,795,000	UMB Bank, N.A. Austin, TX
8,615,000	20,000	36,224	8,595,000	UMB Bank, N.A. Houston, TX
$ 8,615,000	$ 9,770,000	$ 1,070,719	$ 33,278,524	

See accompanying independent auditor’s report.

NEW CANEY MUNICIPAL UTILITY DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2021	2020	2019
REVENUES			
Water Service	$ 1,663,989	$ 1,616,424	$ 1,434,181
Wastewater Service	1,220,030	1,147,645	1,095,866
San Jacinto River Authority Fees	1,165,391	1,060,730	943,865
Penalty and Interest	85,753	70,832	80,128
Tap Connection and Inspection Fees	280,696	271,840	325,588
Investment and Miscellaneous Revenues	38,106	38,568	106,629
TOTAL REVENUES	$ 4,453,965	$ 4,206,039	$ 3,986,257
EXPENDITURES			
Personnel	$ 1,645,487	$ 1,586,766	$ 1,494,806
Professional Fees	195,471	83,803	99,843
Utilities	309,856	250,582	241,527
Repairs and Maintenance	390,576	307,163	218,832
San Jacinto River Authority Costs	1,136,565	1,111,580	1,066,344
Other	569,875	594,229	518,818
Capital Outlay	1,150,524	264,018	111,526
TOTAL EXPENDITURES	$ 5,398,354	$ 4,198,141	$ 3,751,696
NET CHANGE IN FUND BALANCE	$ (944,389)	$ 7,898	$ 234,561
BEGINNING FUND BALANCE	3,136,896	3,128,998	2,894,437
ENDING FUND BALANCE	$ 2,192,507	$ 3,136,896	$ 3,128,998

See accompanying independent auditor’s report.

		Percentage of Total Revenues				
2018	2017	2021	2020	2019	2018	2017
$ 1,489,295	$ 1,347,662	37.3 %	38.4 %	35.9 %	37.9 %	36.5 %
1,079,591	1,027,113	27.4	27.3	27.5	27.4	27.8
926,548	853,195	26.2	25.2	23.7	23.5	23.1
75,030	76,307	1.9	1.7	2.0	1.9	2.1
330,449	353,192	6.3	6.5	8.2	8.4	9.6
37,243	33,328	0.9	0.9	2.7	0.9	0.9
$ 3,938,156	$ 3,690,797	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 1,370,173	$ 1,271,077	36.9 %	37.7 %	37.5 %	34.8 %	34.4 %
86,382	96,366	4.4	2.0	2.5	2.2	2.6
241,403	238,880	7.0	6.0	6.1	6.1	6.5
279,429	259,795	8.8	7.3	5.5	7.1	7.0
1,006,052	870,454	25.5	26.4	26.8	25.5	23.6
491,481	470,013	12.8	14.1	13.0	12.5	12.7
177,909	77,782	25.8	6.3	2.8	4.5	2.1
$ 3,652,829	$ 3,284,367	121.2 %	99.8 %	94.2 %	92.7 %	88.9 %
$ 285,327	$ 406,430	(21.2) %	0.2 %	5.8 %	7.3 %	11.1 %
2,609,110	2,202,680					
$ 2,894,437	$ 2,609,110					

See accompanying independent auditor’s report.

NEW CANEY MUNICIPAL UTILITY DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2021	2020	2019
REVENUES			
Property Taxes	$ 2,705,961	$ 2,277,797	$ 2,275,213
Penalty and Interest	92,321	65,531	74,394
Investment and Miscellaneous Revenues	33,387	5,332	4,807
TOTAL REVENUES	$ 2,831,669	$ 2,348,660	$ 2,354,414
EXPENDITURES			
Tax Collection Expenditures	$ 49,578	$ 46,354	$ 42,593
Debt Service Principal	1,120,000	1,070,000	895,000
Debt Service Interest and Fees	1,077,993	1,245,997	898,571
Bond Issuance Costs	389,424		
TOTAL EXPENDITURES	$ 2,636,995	$ 2,362,351	$ 1,836,164
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 194,674	$ (13,691)	$ 518,250
OTHER FINANCING SOURCES (USES)			
Proceeds from Issuance of Long-Term Debt	$ 8,615,000	$	$ 100,588
Bond Premium	597,174		
Transfer to Refunded Bond Escrow Agent	(8,823,350)		
TOTAL OTHER FINANCING SOURCES (USES)	$ 388,824	$ - 0 -	$ 100,588
NET CHANGE IN FUND BALANCE	$ 583,498	$ (13,691)	$ 618,838
BEGINNING FUND BALANCE	2,748,292	2,761,983	2,143,145
ENDING FUND BALANCE	$ 3,331,790	$ 2,748,292	$ 2,761,983
TOTAL ACTIVE RETAIL WATER CONNECTIONS	4,126	4,093	3,849
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	3,927	3,873	3,765

See accompanying independent auditor's report.

2018	2017	2021	2020	2019	2018	2017
		Percentage of Total Revenues				
$ 1,900,082	$ 1,685,830	95.5 %	97.0 %	96.6 %	96.9 %	94.6 %
58,859	93,942	3.3	2.8	3.2	3.0	5.3
2,679	1,472	1.2	0.2	0.2	0.1	0.1
$ 1,961,620	$ 1,781,244	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 36,144	$ 42,860	1.8 %	2.0 %	1.8 %	1.8 %	2.4 %
875,000	735,000	39.6	45.6	38.0	44.6	41.3
834,373	735,577	38.1	53.1	38.2	42.5	41.3
		13.8				
$ 1,745,517	$ 1,513,437	93.3 %	100.7 %	78.0 %	88.9 %	85.0 %
$ 216,103	$ 267,807	6.7 %	(0.7) %	22.0 %	11.1 %	15.0 %
$	$ 141,781					
$ - 0 -	$ 141,781					
$ 216,103	$ 409,588					
1,927,042	1,517,454					
$ 2,143,145	$ 1,927,042					
3,493	3,738					
3,685	3,556					

See accompanying independent auditor's report.

NEW CANEY MUNICIPAL UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
MAY 31, 2021

District Mailing Address	-	New Caney Municipal Utility District P. O. Box 1799 New Caney, TX 77357
District Telephone Number	-	(281) 689-2327

Board Members	Term of Office (Elected or Appointed)	Fees of office for the year ended May 31, 2021	Expense reimbursements for the year ended May 31, 2021	Title
William B. Smith	05/20 05/24 (Elected)	$ 2,700	$ -0-	President
Jerry R. Vernon	05/20 05/24 (Elected)	$ 2,550	$ -0-	Vice President
Dorothy Rawlinson	05/18 05/22 (Elected)	$ 3,150	$ -0-	Secretary
Matthew J. Peterson	05/20 05/24 (Elected)	$ 1,800	$ -0-	Director
Tony A. Martinez Jr.	05/18 05/22 (Elected)	$ 2,700	$ -0-	Treasurer

Note: 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 Developer or with any of the District's consultants.

Submission Date of most recent District Registration Form: June 15, 2020

The limit on Fees of Office that a Director may receive during a fiscal year is $7,200 as set by Board Resolution on August 23, 2006. Fees of Office are the amounts actually paid to a Director during the District's fiscal year.

See accompanying independent auditor's report.

NEW CANEY MUNICIPAL UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
MAY 31, 2021

Employees:	Date Hired	Fees/Compensation for the fiscal year ended May 31, 2021	Title
Richard McDonald	2009	$ 103,220	General Manager
Consultants:			
Johnson Petrov LLP	11/16/17	$ 55,143	General Counsel
		$ 182,415	Bond Counsel
McCall Gibson Swedlund Barfoot PLLC	1/20/05	$ 20,000	Auditor
		$ 1,500	Bond Related
LJA Engineering	01/18/07	$ 502,532	Engineer
Blitch Associates, Inc.	01/24/07	$ 64,685	Financial Advisor
Montgomery County Tax Office	01/19/84	$ 1,787	Tax Collector

See accompanying independent auditor's report.

ASSURED GUARANTY MUNICIPAL

MUNICIPAL BOND INSURANCE POLICY

ISSUER:

BONDS: $ in aggregate principal amount of

Policy No: -N

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