

**CINCO MUNICIPAL UTILITY DISTRICT NO. 7**

**FORT BEND COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**SEPTEMBER 30, 2020**



**CINCO MUNICIPAL UTILITY DISTRICT NO. 7**

**FORT BEND COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**SEPTEMBER 30, 2020**



## TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-7
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET	8-11
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	12
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES	13-14
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES	15
NOTES TO THE FINANCIAL STATEMENTS	16-28
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL-GENERAL FUND	30
SUPPLEMENTARY INFORMATION – REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE	
NOTES REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE (Included in the notes to the financial statements)	
SERVICES AND RATES	32-34
GENERAL FUND EXPENDITURES	35
INVESTMENTS	36
TAXES LEVIED AND RECEIVABLE	37-38
LONG-TERM DEBT SERVICE REQUIREMENTS	39-41
CHANGES IN LONG-TERM BOND DEBT	42-43
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES GENERAL FUND AND DEBT SERVICE FUND - FIVE YEARS	44-47
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS	48-49



# **McCALL GIBSON SWEDLUND BARFOOT PLLC**

*Certified Public Accountants*

13100 Wortham Center Drive  
Suite 235  
Houston, Texas 77065-5610  
(713) 462-0341  
Fax (713) 462-2708

PO Box 29584  
Austin, TX 78755-5126  
(512) 610-2209  
[www.mgsbpllc.com](http://www.mgsbpllc.com)  
E-Mail: [mgsb@mgsbpllc.com](mailto:mgsb@mgsbpllc.com)

## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Cinco Municipal Utility District No. 7  
Fort Bend County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Cinco Municipal Utility District No. 7 (the "District"), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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





## 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 September 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

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

### *Other Information*

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



McCall Gibson Swedlund Barfoot PLLC  
Certified Public Accountants  
Houston, Texas

December 17, 2020



**CINCO MUNICIPAL UTILITY DISTRICT NO. 7  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Management’s discussion and analysis of Cinco Municipal Utility District No. 7’s (the “District”) financial performance provides an overview of the District’s financial activities for the fiscal year ended September 30, 2020.

**USING THIS ANNUAL REPORT**

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

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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

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

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

**FUND FINANCIAL STATEMENTS**

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has two 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.

**CINCO MUNICIPAL UTILITY DISTRICT NO. 7  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**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 explains the differences between the two presentations and assists 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 \$5,265,264 as of September 30, 2020. A portion of the District's net position reflects its net investment in capital assets (water, wastewater and drainage facilities, less any debt used to acquire those assets that is still outstanding). The following is a comparative analysis of government-wide changes in net position:

**CINCO MUNICIPAL UTILITY DISTRICT NO. 7  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

	Summary of Changes in the Statement of Net Position		
	2020	2019	Change Positive (Negative)
Current and Other Assets	\$ 2,980,021	\$ 2,841,079	\$ 138,942
Capital Assets (Net of Accumulated Depreciation)	<u>3,594,241</u>	<u>3,761,109</u>	<u>(166,868)</u>
Total Assets	<u>\$ 6,574,262</u>	<u>\$ 6,602,188</u>	<u>\$ (27,926)</u>
Deferred Outflows of Resources	<u>\$ 32,862</u>	<u>\$ 46,831</u>	<u>\$ (13,969)</u>
Bonds Payable	\$ 1,080,238	\$ 1,745,841	\$ 665,603
Other Liabilities	<u>261,622</u>	<u>206,464</u>	<u>(55,158)</u>
Total Liabilities	<u>\$ 1,341,860</u>	<u>\$ 1,952,305</u>	<u>\$ 610,445</u>
Net Position:			
Net Investment in Capital Assets	\$ 2,546,865	\$ 2,062,099	\$ 484,766
Restricted	209,963	215,299	(5,336)
Unrestricted	<u>2,508,436</u>	<u>2,419,316</u>	<u>89,120</u>
Total Net Position	<u>\$ 5,265,264</u>	<u>\$ 4,696,714</u>	<u>\$ 568,550</u>

The following table provides a summary of the District's operations for the years ended September 30, 2020, and September 30, 2019. The District's net position increased by \$568,550.

	Summary of Changes in the Statement of Activities		
	2020	2019	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 1,938,401	\$ 1,656,441	\$ 281,960
Charges for Services	1,968,601	1,601,404	367,197
Other Revenues	<u>31,218</u>	<u>104,936</u>	<u>(73,718)</u>
Total Revenues	<u>\$ 3,938,220</u>	<u>\$ 3,362,781</u>	<u>\$ 575,439</u>
Expenses for Services	<u>3,369,670</u>	<u>2,805,838</u>	<u>(563,832)</u>
Change in Net Position	\$ 568,550	\$ 556,943	\$ 11,607
Net Position, Beginning of Year	<u>4,696,714</u>	<u>4,139,771</u>	<u>556,943</u>
Net Position, End of Year	<u>\$ 5,265,264</u>	<u>\$ 4,696,714</u>	<u>\$ 568,550</u>

**CINCO MUNICIPAL UTILITY DISTRICT NO. 7  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS**

The District's combined fund balances as of September 30, 2020, were \$2,710,746, an increase of \$78,623 from the prior year.

The General Fund fund balance increased by \$88,350, primarily due to property tax revenues and service revenues as well as FEMA reimbursements exceeding operating and administrative costs.

The Debt Service Fund fund balance decreased by \$9,727, primarily due to the structure of the District's debt service requirements.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Board of Directors adopted an unappropriated budget for the current fiscal year. Actual revenues were \$494,048 more than budgeted revenues primarily due to higher than anticipated service revenues, water authority fees and FEMA reimbursements. Actual expenditures were \$406,002 more than budgeted expenditures primarily due to higher than anticipated payments to the Master District, repairs and maintenance costs, professional fees and contracted services.

**CAPITAL ASSETS**

Capital assets as of September 30, 2020, total \$3,594,241 (net of accumulated depreciation) and include the water, wastewater, and drainage facilities.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2020	2019	Change Positive (Negative)
Capital Assets, Net of Accumulated Depreciation:			
Water System	\$ 719,775	\$ 752,266	\$ (32,491)
Wastewater System	1,393,692	1,461,074	(67,382)
Drainage System	1,480,774	1,547,769	(66,995)
Total Net Capital Assets	\$ 3,594,241	\$ 3,761,109	\$ (166,868)

**CINCO MUNICIPAL UTILITY DISTRICT NO. 7  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**LONG-TERM DEBT ACTIVITY**

As of September 30, 2020, the District had total bond debt payable of \$1,080,000. The changes in the debt position of the District during the current fiscal year are summarized as follows:

Bond Debt Payable, October 1, 2019	\$ 1,745,000
Less: Bond Principal Paid	<u>665,000</u>
Bond Debt Payable, September 30, 2020	<u>\$ 1,080,000</u>

The District has an underlying rating of "A". The District's Series 2010 Refunding Bonds carry an insured rating of "AA" by virtue of bond insurance issued by Assured Guaranty Corp. The above ratings are as of September 30, 2020 and include any changes as of year-end.

**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 Cinco Municipal Utility District No. 7, c/o Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027.

**CINCO MUNICIPAL UTILITY DISTRICT NO. 7**  
**STATEMENT OF NET POSITION AND**  
**GOVERNMENTAL FUNDS BALANCE SHEET**  
**SEPTEMBER 30, 2020**

	General Fund	Debt Service Fund
<b>ASSETS</b>		
Cash	\$ 188,389	\$
Investments	2,044,699	212,616
Receivables:		
Property Taxes	1,927	7,454
Service Accounts	215,525	
Other	1,678	
Due from Other Funds	8,379	
Joint Wastewater Treatment Plant Operating Advance	307,733	
Capital Assets (Net of Accumulated Depreciation)		
<b>TOTAL ASSETS</b>	<b>\$ 2,768,330</b>	<b>\$ 220,070</b>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Charges on Refunding Bonds	\$ - 0 -	\$ - 0 -
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 2,768,330</b>	<b>\$ 220,070</b>

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



<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 188,389	\$	\$ 188,389
2,257,315		2,257,315
9,381		9,381
215,525		215,525
1,678		1,678
8,379	(8,379)	
307,733		307,733
	<u>3,594,241</u>	<u>3,594,241</u>
<u>\$ 2,988,400</u>	<u>\$ 3,585,862</u>	<u>\$ 6,574,262</u>
<u>\$ - 0 -</u>	<u>\$ 32,862</u>	<u>\$ 32,862</u>
<u>\$ 2,988,400</u>	<u>\$ 3,618,724</u>	<u>\$ 6,607,124</u>

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

**CINCO MUNICIPAL UTILITY DISTRICT NO. 7**  
**STATEMENT OF NET POSITION AND**  
**GOVERNMENTAL FUNDS BALANCE SHEET**  
**SEPTEMBER 30, 2020**

	General Fund	Debt Service Fund
<b>LIABILITIES</b>		
Accounts Payable	\$ 250,644	\$
Accrued Interest Payable		
Due to Other Funds		8,379
Security Deposits	9,250	
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
<b>TOTAL LIABILITIES</b>	<b>\$ 259,894</b>	<b>\$ 8,379</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property Taxes	\$ 1,927	\$ 7,454
<b>FUND BALANCES</b>		
Nonspendable:		
Operating Advance	\$ 307,733	\$
Restricted for Debt Service		188,139
Restricted for Contract Debt Service		16,098
Unassigned	2,198,776	
<b>TOTAL FUND BALANCES</b>	<b>\$ 2,506,509</b>	<b>\$ 204,237</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 2,768,330</b>	<b>\$ 220,070</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
<b>TOTAL NET POSITION</b>		

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

<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 250,644	\$	\$ 250,644
	1,728	1,728
8,379	(8,379)	
9,250		9,250
	550,000	550,000
	<u>530,238</u>	<u>530,238</u>
<u>\$ 268,273</u>	<u>\$ 1,073,587</u>	<u>\$ 1,341,860</u>
<u>\$ 9,381</u>	<u>\$ (9,381)</u>	<u>\$ - 0 -</u>
\$ 307,733	\$ (307,733)	\$
188,139	(188,139)	
16,098	(16,098)	
<u>2,198,776</u>	<u>(2,198,776)</u>	
<u>\$ 2,710,746</u>	<u>\$ (2,710,746)</u>	<u>\$ - 0 -</u>
<u>\$ 2,988,400</u>		
	\$ 2,546,865	\$ 2,546,865
	209,963	209,963
	<u>2,508,436</u>	<u>2,508,436</u>
	<u>\$ 5,265,264</u>	<u>\$ 5,265,264</u>

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

**CINCO MUNICIPAL UTILITY DISTRICT NO. 7  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2020**

Total Fund Balances - Governmental Funds		\$ 2,710,746
--	--	--------------

Amounts reported for governmental activities in the Statement of Net Position are different because:

Interest paid in advance as part of a refunding bond sale is recorded as a deferred outflow of resources in the governmental activities and systematically charged to interest expense over the remaining life of the new debt or the old debt, whichever is shorter.		32,862
---	--	--------

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		3,594,241
--	--	-----------

Deferred inflows of resources related to property tax revenues for the 2019 and prior tax levies became part of recognized revenue in the governmental activities of the District.		9,381
--	--	-------

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:

Accrued Interest Payable	\$ (1,728)	
Bonds Payable	<u>(1,080,238)</u>	<u>(1,081,966)</u>
Total Net Position - Governmental Activities		<u>\$ 5,265,264</u>

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

**THIS PAGE INTENTIONALLY LEFT BLANK**

**CINCO MUNICIPAL UTILITY DISTRICT NO. 7**  
**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	General Fund	Debt Service Fund
<b>REVENUES</b>		
Property Taxes	\$ 391,507	\$ 1,543,040
Water Service	541,616	
Wastewater Service	285,335	
Water Authority Fees	898,288	
FEMA Reimbursements	229,348	
Penalty and Interest	7,279	6,735
Investment and Miscellaneous Revenues	23,484	7,734
	<u>\$ 2,376,857</u>	<u>\$ 1,557,509</u>
<b>TOTAL REVENUES</b>		
<b>EXPENDITURES/EXPENSES</b>		
Service Operations:		
Professional Fees	\$ 108,898	\$ 859
Contracted Services	320,531	19,881
Water and Wastewater Capacity Reservations	1,453,740	
Repairs and Maintenance	327,760	
Depreciation		
Other	77,578	222
Debt Service:		
Bond Principal		665,000
Bond Interest		33,316
District's Share of Cinco Municipal Utility District No. 1's Bond Debt Requirement		847,958
	<u>\$ 2,288,507</u>	<u>\$ 1,567,236</u>
<b>TOTAL EXPENDITURES/EXPENSES</b>		
<b>NET CHANGE IN FUND BALANCES</b>	\$ 88,350	\$ (9,727)
<b>CHANGE IN NET POSITION</b>		
<b>FUND BALANCES/NET POSITION - OCTOBER 1, 2019</b>	<u>2,418,159</u>	<u>213,964</u>
<b>FUND BALANCES/NET POSITION - SEPTEMBER 30, 2020</b>	<u>\$ 2,506,509</u>	<u>\$ 204,237</u>

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

<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
\$ 1,934,547	\$ 3,854	\$ 1,938,401
541,616		541,616
285,335		285,335
898,288		898,288
229,348		229,348
14,014		14,014
31,218		31,218
<u>\$ 3,934,366</u>	<u>\$ 3,854</u>	<u>\$ 3,938,220</u>
\$ 109,757	\$	\$ 109,757
340,412		340,412
1,453,740		1,453,740
327,760		327,760
77,800	166,868	166,868
665,000	(665,000)	
33,316	12,059	45,375
<u>847,958</u>		<u>847,958</u>
<u>\$ 3,855,743</u>	<u>\$ (486,073)</u>	<u>\$ 3,369,670</u>
\$ 78,623	\$ (78,623)	\$
	568,550	568,550
<u>2,632,123</u>	<u>2,064,591</u>	<u>4,696,714</u>
<u>\$ 2,710,746</u>	<u>\$ 2,554,518</u>	<u>\$ 5,265,264</u>

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

**CINCO MUNICIPAL UTILITY DISTRICT NO. 7  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Net Change in Fund Balances - Governmental Funds	\$	78,623
--	----	--------

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.		3,854
--	--	-------

Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.		(166,868)
--	--	-----------

Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities.		665,000
---	--	---------

Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.		(12,059)
---	--	----------

Change in Net Position - Governmental Activities	\$	<u>568,550</u>
--	----	----------------

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



**CINCO MUNICIPAL UTILITY DISTRICT NO. 7**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**NOTE 1. CREATION OF DISTRICT**

Cinco Municipal Utility District No. 7 was created on May 24, 1985, under provision of Acts of the Texas Legislature, Regular Session, 1985, and Article XVI, Section 59, Texas Constitution. 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 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.

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES**

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

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

The District and other surrounding water districts have contracted with Cinco Municipal Utility District No. 1 (the “Master District”) for the financing, operation, and maintenance of regional water and wastewater facilities. These facilities are under the oversight of the Master District’s Board of Directors and financial activity of the Master District has been included in the financial statements of the District as a note disclosure (see Note 8). Copies of the financial statements for the Master District may be obtained from the attorney of Cinco Municipal Utility District No. 1.

Financial Statement Presentation

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

**CINCO MUNICIPAL UTILITY DISTRICT NO. 7**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Financial Statement Presentation (Continued)

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

- Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

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

Government-Wide Financial Statements

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

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

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

**CINCO MUNICIPAL UTILITY DISTRICT NO. 7**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Fund Financial Statements

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

Governmental Funds

The District has two governmental funds and considers these to be major funds.

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.

Basis of Accounting

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

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

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. As of September 30, 2020, the Debt Service Fund owed the General Fund \$8,379 for maintenance tax collections.

**CINCO MUNICIPAL UTILITY DISTRICT NO. 7**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**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.

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

	Years
Water System	10-45
Wastewater System	10-45
Drainage System	10-45

Budgeting

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

Pensions

The District has not established a pension plan as the District does not have employees. The Internal Revenue Service has determined that fees of office received by Directors are considered to be wages subject to federal income tax withholding for payroll purposes only.

**CINCO MUNICIPAL UTILITY DISTRICT NO. 7**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Measurement Focus

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

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

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

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

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

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

*Unassigned*: all other spendable amounts in the General Fund.

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

**CINCO MUNICIPAL UTILITY DISTRICT NO. 7**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**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**

	<u>Refunding Series 2010</u>	<u>Refunding Series 2015</u>
Amount Outstanding - September 30, 2020	\$ 30,000	\$ 1,050,000
Interest Rates	4.00%	1.86%
Maturity Dates – Serially Beginning/Ending	March 1, 2021	September 1, 2021/2022
Interest Payment Dates	March 1/ September 1	March 1/ September 1
Callable Dates	March 1, 2018*	Not applicable

\* Or any date thereafter, are subject to redemption prior to maturity at the option of the District, as a whole or from time to time in part, at the par value thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption.

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

	<u>October 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>September 30, 2020</u>
Bonds Payable	\$ 1,745,000	\$	\$ 665,000	\$ 1,080,000
Unamortized Discounts	(2,405)		(1,726)	(679)
Unamortized Premiums	3,246		2,329	917
Bonds Payable, Net	<u>\$ 1,745,841</u>	<u>\$ -0-</u>	<u>\$ 665,603</u>	<u>\$ 1,080,238</u>
			Amount Due Within One Year	\$ 550,000
			Amount Due After One Year	530,238
			Bonds Payable, Net	<u>\$ 1,080,238</u>

**CINCO MUNICIPAL UTILITY DISTRICT NO. 7**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**NOTE 3. LONG-TERM DEBT (Continued)**

The Series 2015 Bonds are private placement bonds.

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

Fiscal Year	Principal	Interest	Total
2021	\$ 550,000	\$ 20,130	\$ 570,130
2022	530,000	9,858	539,858
	<u>\$ 1,080,000</u>	<u>\$ 29,988</u>	<u>\$ 1,109,988</u>

As of September 30, 2020, the District had authorized but unissued bonds in the amount of \$29,925,000 for utility facilities and \$23,270,000 for refunding bonds. The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount.

During the year ended September 30, 2020, the District levied an ad valorem debt service tax rate of \$0.15 per \$100 of assessed valuation, which resulted in a tax levy of \$692,540 on the adjusted taxable valuation of \$461,666,562 for the 2019 tax year. The Bond Resolutions require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for maintenance tax provisions and Note 8 for contract tax provisions.

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

**NOTE 4. SIGNIFICANT BOND RESOLUTION AND LEGAL REQUIREMENTS**

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.

**CINCO MUNICIPAL UTILITY DISTRICT NO. 7**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**NOTE 4. SIGNIFICANT BOND RESOLUTION AND LEGAL REQUIREMENTS**  
(Continued)

The District has covenanted that it will take all necessary steps to comply with the requirements 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 the issue.

**NOTE 5. DEPOSITS AND INVESTMENTS**

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes.

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year-end, the carrying amount of the District's deposits was \$188,389 and the bank balance was \$332,182. The District was not exposed to custodial credit risk at year-end.

Investments

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



**CINCO MUNICIPAL UTILITY DISTRICT NO. 7**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**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 is more restrictive than the Public Funds Investment Act. In accordance with the District's adopted investment policy, the District may invest in any of the investments permitted under the Act except bonds issued, assumed or guaranteed by the State of Israel, certain guaranteed investment contracts, and a qualified securities lending program.

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

As of September 30, 2020, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
TexPool	\$ 2,044,699	\$ 2,044,699
<u>DEBT SERVICE FUND</u>		
TexPool	212,616	212,616
TOTAL INVESTMENTS	\$ 2,257,315	\$ 2,257,315

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At September 30, 2020, the District's investment in TexPool was rated AAAM by Standard and Poor's.

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

**CINCO MUNICIPAL UTILITY DISTRICT NO. 7**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**NOTE 5. DEPOSITS AND INVESTMENTS (Continued)**

Restrictions

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

**NOTE 6. CAPITAL ASSETS**

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

	October 1, 2019	Increases	Decreases	September 30, 2020
<b>Capital Assets Subject to Depreciation</b>				
Water System	\$ 1,458,099	\$	\$	\$ 1,458,099
Wastewater System	2,855,089			2,855,089
Drainage System	3,006,557			3,006,557
<b>Total Capital Assets Subject to Depreciation</b>	<u>\$ 7,319,745</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 7,319,745</u>
<b>Less Accumulated Depreciation</b>				
Water System	\$ 705,833	\$ 32,491	\$	\$ 738,324
Wastewater System	1,394,015	67,382		1,461,397
Drainage System	1,458,788	66,995		1,525,783
<b>Total Accumulated Depreciation</b>	<u>\$ 3,558,636</u>	<u>\$ 166,868</u>	<u>\$ -0-</u>	<u>\$ 3,725,504</u>
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 3,761,109</u>	<u>\$ (166,868)</u>	<u>\$ -0-</u>	<u>\$ 3,594,241</u>

**NOTE 7. MAINTENANCE TAX**

On August 14, 1993, the voters of the District approved the levy and collection of a maintenance tax not to exceed \$1.00 per \$100 of assessed valuation of taxable property within the District. This maintenance tax is to be used by the General Fund to pay expenditures of operating the District's water and wastewater systems. During the fiscal year ended September 30, 2020, the District levied a maintenance tax rate of \$0.085 per \$100 of assessed valuation, which resulted in a tax levy of \$392,439 on the adjusted taxable valuation of \$461,666,562 for the 2019 tax year.

**CINCO MUNICIPAL UTILITY DISTRICT NO. 7**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**NOTE 8. REGIONAL FACILITIES**

The District and other surrounding water districts have contracted with Cinco Municipal Utility District No. 1 for the financing and operation of Regional Waste Collection, Treatment, and Disposal Facilities and Regional Water Supply and Delivery Facilities. The contract was executed June 24, 1993, effective as of August 18, 1993, and has a term of 40 years. Under the terms of the contract, the Master District provides water supply and distribution of same and sewage collection and treatment services. The Master District is the owner of all facilities constructed and acquired under this contract.

The Master District issued contract revenue bonds sufficient to complete acquisition and construction of the regional facilities. During the year ended September 30, 2020, the District paid its pro rata share of the contract revenue bond debt in the amount of \$847,958. The debt service requirements on all outstanding Contract Revenue Bonds as of September 30, 2019 (the most recently audited financial data), are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 5,110,000	\$ 1,958,466	\$ 7,068,466
2021	5,095,000	1,803,681	6,898,681
2022	4,710,000	1,660,763	6,370,763
2023	4,625,000	1,521,299	6,146,299
2024	4,480,000	1,377,401	5,857,401
2025-2029	5,390,000	6,042,380	11,432,380
2030-2034	7,315,000	4,993,505	12,308,505
2035-2039	15,075,000	2,728,847	17,803,847
2040-2041	6,010,000	245,100	6,255,100
	<u>\$ 57,810,000</u>	<u>\$ 22,331,442</u>	<u>\$ 80,141,442</u>

On August 14, 1993, voters within the District approved the levy and collection of a contract tax on all taxable property within the District in an amount sufficient to make all payments due and payable under this contract. During the fiscal year ended September 30, 2020, the District levied an ad valorem contract tax rate of \$0.185 per \$100 of assessed valuation. This resulted in a tax levy of \$854,131 on the adjusted taxable valuation of \$461,666,562 for the 2019 tax year.

The Master District is responsible for operating and maintaining the facilities and charges each participant a monthly operations fee based on the number of residential equivalent single-family connections reserved for the District. Currently, the District is billed \$28.50 per month per connection plus a surface water fee of \$4.15 per 1,000 gallons. For the current fiscal year, the District recorded a total of \$1,453,740 as its share of operating costs. In accordance with the terms of the agreement, the Master District maintains a reserve for operations and maintenance equal to three months of budgeted costs. The District pays a pro rata share of the reserve based on equivalent connections reserved for the District. The District's operating reserve with the Master District totaled \$307,733.

**CINCO MUNICIPAL UTILITY DISTRICT NO. 7**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**NOTE 8. REGIONAL FACILITIES (Continued)**

The following summary financial data of the Master District is presented for the fiscal year ending September 30, 2019 (the most recently audited financial data):

	<u>Enterprise Fund</u>
Total Assets	\$ 85,021,250
Deferred Outflows of Resources	531,672
Total Liabilities	<u>(64,666,119)</u>
Total Net Assets	<u>\$ 20,886,803</u>
Total Operating Revenues	\$ 17,911,642
Total Operating Expenses	<u>14,941,397</u>
Operating Income	\$ 2,970,245
Non-Operating Revenues (Expenses)	<u>(1,467,787)</u>
Change in Net Position	\$ 1,502,458
Net Position – October 1, 2018	<u>19,384,345</u>
Net Position – September 30, 2019	<u>\$ 20,886,803</u>

The Master District is located within the boundaries of the North Fort Bend Water Authority (the “Authority”). The Authority’s purposes include the acquisition and provision of surface water and groundwater for residential, commercial, industrial, agricultural, and other uses, the reduction of groundwater withdrawals, the conservation, preservation, protection, recharge, and prevention of waste of groundwater, and of groundwater reservoirs or their subdivisions, and the control of subsidence caused by withdrawal of water from those groundwater reservoirs or their subdivisions. The Authority is responsible for overseeing that its participants comply with subsidence district pumpage requirements. The Authority charges a fee, based on the amount of water pumped from a well, to the owners of wells located within the boundaries of the Authority, unless exempted. The participants in the regional facilities pay the Authority pumpage fees on a monthly basis through Master District billings to each participant.

**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 Municipal League Intergovernmental Risk Pool (TML) to provide property, general liability, automobile, boiler and machinery, errors and omissions and workers compensation coverage. The District, along with other participating entities, contributes annual amounts determined by TML’s management. As claims arise they are submitted and paid by TML. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

**CINCO MUNICIPAL UTILITY DISTRICT NO. 7**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**NOTE 10. STRATEGIC PARTNERSHIP AGREEMENT**

Effective June 5, 2014, the District entered into a Strategic Partnership Agreement (“Agreement”) with the City of Houston, Texas. The Agreement provides that in accordance with Texas Local Government Code, §43.0751 (the “Act”), the City will as soon as practical, annex a tract of land (“Tract”) for limited purposes. The District will continue to develop, to own, and to operate and maintain a water, wastewater and drainage system in the District.

The City imposes a Sales and Use Tax within the boundaries of the Tract on the receipts from the sale and use at retail of taxable items at the rate of one percent or the rate specified under the future amendments to Chapter 321 of the Tax Code. The City pays the District one-half of all Sales and Use Tax revenues generated within 30 days of the City receiving the funds from the State Comptroller’s office.

The City agrees that it will not annex the District for full purposes or commence any action to annex the District for full purposes during the term of this Agreement. The term of this Agreement is 22 years from the effective date of the agreement. During the current fiscal year, the District received \$5,013 from the City in accordance with this agreement.

**NOTE 11. ECONOMIC UNCERTAINTIES**

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

**THIS PAGE INTENTIONALLY LEFT BLANK**

**CINCO MUNICIPAL UTILITY DISTRICT NO. 7**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SEPTEMBER 30, 2020**





**CINCO MUNICIPAL UTILITY DISTRICT NO. 7**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 392,650	\$ 391,507	\$ (1,143)
Water Service	500,000	541,616	41,616
Wastewater Service	265,000	285,335	20,335
Water Authority Fees	667,659	898,288	230,629
Penalty and Interest	15,000	7,279	(7,721)
Investment and Miscellaneous Revenues	42,500	252,832	210,332
<b>TOTAL REVENUES</b>	<u>\$ 1,882,809</u>	<u>\$ 2,376,857</u>	<u>\$ 494,048</u>
<b>EXPENDITURES</b>			
Service Operations:			
Professional Fees	\$ 73,000	\$ 108,898	\$ (35,898)
Contracted Services	312,400	320,531	(8,131)
Water and Wastewater Capacity Reservations	1,230,933	1,453,740	(222,807)
Repairs and Maintenance	185,000	327,760	(142,760)
Other	81,172	77,578	3,594
<b>TOTAL EXPENDITURES</b>	<u>\$ 1,882,505</u>	<u>\$ 2,288,507</u>	<u>\$ (406,002)</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ 304	\$ 88,350	88,046
<b>FUND BALANCE - OCTOBER 1, 2019</b>	<u>2,418,159</u>	<u>2,418,159</u>	<u>_____</u>
<b>FUND BALANCE - SEPTEMBER 30, 2020</b>	<u>\$ 2,418,463</u>	<u>\$ 2,506,509</u>	<u>\$ 88,046</u>

See accompanying independent auditor's report.

**THIS PAGE INTENTIONALLY LEFT BLANK**

**CINCO MUNICIPAL UTILITY DISTRICT NO. 7**

**SUPPLEMENTARY INFORMATION – REQUIRED BY THE  
WATER DISTRICT FINANCIAL MANAGEMENT GUIDE**

**SEPTEMBER 30, 2020**



**CINCO MUNICIPAL UTILITY DISTRICT NO. 7  
SERVICES AND RATES  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

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

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

**2. RETAIL SERVICE PROVIDERS**

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

Based on the rate order approved December 8, 2017, but effective as of January 8, 2018.

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1,000 Gallons over Minimum Use</u>	<u>Usage Levels</u>
WATER:	\$ 14.80	1,000	N	\$ 1.10 \$ 1.50 \$ 3.00 \$ 4.00	1,001 to 20,000 20,001 to 30,000 30,001 to 40,000 40,001 and up
WASTEWATER:	\$ 14.75	20,000	N	\$ 1.75	20,001 and up
SURCHARGE:					
Water Authority Fee				\$4.15	0,001 and Up
District employs winter averaging for wastewater usage?					<u>      </u> <u>  X  </u> Yes      No

Total monthly charges per 10,000 gallons usage: Water: \$24.70 Wastewater: \$14.75 Surcharge: \$41.50 Total: \$80.95

See accompanying independent auditor's report.

**CINCO MUNICIPAL UTILITY DISTRICT NO. 7  
SERVICES AND RATES  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**2. RETAIL SERVICE PROVIDERS (Continued)**

**b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)**

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered			x 1.0	
≤¾"	746	744	x 1.0	744
1"	526	525	x 2.5	1,313
1½"	20	20	x 5.0	100
2"	33	33	x 8.0	264
3"	1	1	x 15.0	15
4"	2	2	x 25.0	50
6"			x 50.0	
8"	1	1	x 80.0	80
10"			x 115.0	
Total Water Connections	<u>1,329</u>	<u>1,326</u>		<u>2,566</u>
Total Wastewater Connections	<u>1,235</u>	<u>1,232</u>	x 1.0	<u>1,232</u>

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

Gallons billed to customers:	221,980,000	Water Accountability Ratio: 100% (Gallons billed /Gallons purchased)
Gallons purchased:	221,980,000	From: Cinco Municipal Utility District No. 1

See accompanying independent auditor's report.

**CINCO MUNICIPAL UTILITY DISTRICT NO. 7  
SERVICES AND RATES  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

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

Does the District have Debt Service standby fees? Yes  No

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

**5. LOCATION OF DISTRICT:**

Is the District located entirely within one county?

Yes  No

County in which District is located:

Fort Bend County, Texas

Is the District located within a city?

Entirely  Partly  Not at all

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

Entirely  Partly  Not at all

ETJ in which District is located:

City of Houston, Texas

Are Board Members appointed by an office outside the District?

Yes  No

See accompanying independent auditor's report.

**CINCO MUNICIPAL UTILITY DISTRICT NO. 7  
GENERAL FUND EXPENDITURES  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

PROFESSIONAL FEES:	
Auditing	\$ 14,500
Engineering	29,919
Legal	64,479
TOTAL PROFESSIONAL FEES	<u>\$ 108,898</u>
PURCHASED SERVICES FOR RESALE:	
Water and Wastewater Capacity Reservations	<u>\$ 1,453,740</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 10,285
Operations and Billing	55,865
Solid Waste Disposal	254,381
TOTAL CONTRACTED SERVICES	<u>\$ 320,531</u>
REPAIRS AND MAINTENANCE	<u>\$ 327,760</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees, Including Payroll Taxes	\$ 10,173
Arbitrage Reporting	10,000
Insurance	5,457
Office Supplies and Postage	33,722
Website	3,243
Other	3,365
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 65,960</u>
OTHER EXPENDITURES:	
Laboratory Fees	\$ 3,820
Permit Fees	3,792
Regulatory Assessment	4,006
TOTAL OTHER EXPENDITURES	<u>\$ 11,618</u>
TOTAL EXPENDITURES	<u>\$ 2,288,507</u>

See accompanying independent auditor's report.



**CINCO MUNICIPAL UTILITY DISTRICT NO. 7  
INVESTMENTS  
SEPTEMBER 30, 2020**

<u>Funds</u>	<u>Identification or Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Accrued Interest Receivable at End of Year</u>
<u>GENERAL FUND</u>					
TexPool	XXXX0004	Varies	Daily	<u>\$ 2,044,699</u>	<u>\$ - 0 -</u>
<u>DEBT SERVICE FUND</u>					
TexPool	XXXX0002	Varies	Daily	\$ 143,158	\$
TexPool	XXXX0007	Varies	Daily	16,098	
TexPool	XXXX0009	Varies	Daily	<u>53,360</u>	
TOTAL DEBT SERVICE FUND				<u>\$ 212,616</u>	<u>\$ - 0 -</u>
TOTAL - ALL FUNDS				<u><u>\$ 2,257,315</u></u>	<u><u>\$ - 0 -</u></u>

See accompanying independent auditor's report.

**CINCO MUNICIPAL UTILITY DISTRICT NO. 7**  
**TAXES LEVIED AND RECEIVABLE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	Maintenance Taxes		Contract Taxes		Debt Service Taxes	
TAXES RECEIVABLE -						
OCTOBER 1, 2019	\$ 1,157		\$ 2,117		\$ 2,253	
Adjustments to Beginning						
Balance	<u>(162)</u>	\$ 995	<u>(257)</u>	\$ 1,860	<u>(290)</u>	\$ 1,963
Original 2019 Tax Levy	\$ 400,201		\$ 871,026		\$ 706,238	
Adjustment to 2019 Tax Levy	<u>(7,762)</u>	<u>392,439</u>	<u>(16,895)</u>	<u>854,131</u>	<u>(13,698)</u>	<u>692,540</u>
TOTAL TO BE						
ACCOUNTED FOR		\$ 393,434		\$ 855,991		\$ 694,503
TAX COLLECTIONS:						
Prior Years	\$ 193		\$ 382		\$ 422	
Current Year	<u>391,314</u>	<u>391,507</u>	<u>851,682</u>	<u>852,064</u>	<u>690,554</u>	<u>690,976</u>
TAXES RECEIVABLE -						
SEPTEMBER 30, 2020		<u>\$ 1,927</u>		<u>\$ 3,927</u>		<u>\$ 3,527</u>
TAXES RECEIVABLE BY						
YEAR:						
2019		\$ 1,125		\$ 2,449		\$ 1,986
2018		652		1,174		1,304
2017		36		58		50
2016		23		44		33
2015 and prior		<u>91</u>		<u>202</u>		<u>154</u>
TOTAL		<u>\$ 1,927</u>		<u>\$ 3,927</u>		<u>\$ 3,527</u>

See accompanying independent auditor's report.

**CINCO MUNICIPAL UTILITY DISTRICT NO. 7  
TAXES LEVIED AND RECEIVABLE  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	2019	2018	2017	2016
<b>PROPERTY VALUATIONS:</b>				
Land	\$ 119,081,590	\$ 118,927,910	\$ 114,697,140	\$ 108,839,190
Improvements	420,915,379	303,170,323	428,921,336	433,073,000
Personal Property	4,570,170	4,264,770	4,654,758	4,178,840
Exemptions	<u>(82,900,577)</u>	<u>(77,387,191)</u>	<u>(123,995,351)</u>	<u>(71,315,291)</u>
<b>TOTAL PROPERTY VALUATIONS</b>	<u><b>\$ 461,666,562</b></u>	<u><b>\$ 348,975,812</b></u>	<u><b>\$ 424,277,883</b></u>	<u><b>\$ 474,775,739</b></u>
<b>TAX RATES PER \$100 VALUATION:</b>				
Contract	\$ 0.185	\$ 0.18	\$ 0.170	\$ 0.195
Debt Service	0.150	0.20	0.145	0.145
Maintenance	<u>0.085</u>	<u>0.10</u>	<u>0.105</u>	<u>0.100</u>
<b>TOTAL TAX RATES PER \$100 VALUATION</b>	<u><b>\$ 0.420</b></u>	<u><b>\$ 0.48</b></u>	<u><b>\$ 0.420</b></u>	<u><b>\$ 0.440</b></u>
<b>ADJUSTED TAX LEVY*</b>	<u><b>\$ 1,939,110</b></u>	<u><b>\$ 1,675,148</b></u>	<u><b>\$ 1,799,454</b></u>	<u><b>\$ 2,089,116</b></u>
<b>PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED</b>	<u><b>99.71 %</b></u>	<u><b>99.80 %</b></u>	<u><b>99.98 %</b></u>	<u><b>99.98 %</b></u>

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

Maintenance Tax – Maximum tax rate of \$1.00 per \$100 of assessed valuation approved by voters on August 14, 1993.

See accompanying independent auditor's report.

**CINCO MUNICIPAL UTILITY DISTRICT NO. 7**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**SEPTEMBER 30, 2020**

SERIES - 2010 REFUNDING

Due During Fiscal Years Ending September 30	Principal Due March 1	Interest Due March 1/ September 1	Total
2021	\$ 30,000	\$ 600	\$ 30,600
2022	\$ 30,000	\$ 600	\$ 30,600

See accompanying independent auditor's report.

**CINCO MUNICIPAL UTILITY DISTRICT NO. 7**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**SEPTEMBER 30, 2020**

SERIES - 2015 REFUNDING

Due During Fiscal Years Ending September 30	Principal Due September 1	Interest Due March 1/ September 1	Total
2021	\$ 520,000	\$ 19,530	\$ 539,530
2022	<u>530,000</u>	<u>9,858</u>	<u>539,858</u>
	<u>\$ 1,050,000</u>	<u>\$ 29,388</u>	<u>\$ 1,079,388</u>

See accompanying independent auditor's report.

**CINCO MUNICIPAL UTILITY DISTRICT NO. 7**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**SEPTEMBER 30, 2020**

ANNUAL REQUIREMENTS  
FOR ALL SERIES

Due During Fiscal Years Ending September 30	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2021	\$ 550,000	\$ 20,130	\$ 570,130
2022	<u>530,000</u>	<u>9,858</u>	<u>539,858</u>
	<u>\$ 1,080,000</u>	<u>\$ 29,988</u>	<u>\$ 1,109,988</u>

See accompanying independent auditor's report.

**THIS PAGE INTENTIONALLY LEFT BLANK**

**CINCO MUNICIPAL UTILITY DISTRICT NO. 7  
CHANGES IN LONG-TERM BOND DEBT  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Description	Original Bonds Issued	Bonds Outstanding October 1, 2019
Cinco Municipal Utility District No. 7 Unlimited Tax Refunding Bonds - Series 2010	\$ 1,815,000	\$ 185,000
Cinco Municipal Utility District No. 7 Unlimited Tax Refunding Bonds - Series 2015	<u>3,590,000</u>	<u>1,560,000</u>
TOTAL	<u>\$ 5,405,000</u>	<u>\$ 1,745,000</u>
Bond Authority:	Tax Bonds	Refunding Bonds
Amount Authorized by Voters	\$ 39,800,000	\$ 23,880,000
Amount Issued	<u>9,875,000</u>	<u>610,000</u>
Remaining to be Issued	<u>\$ 29,925,000</u>	<u>\$ 23,270,000</u>
Debt Service Fund cash and investment balances as of September 30, 2020:		<u>\$ 212,616</u>
Average annual debt service payment (principal and interest) for remaining term of all debt:		<u>\$ 554,994</u>

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

See accompanying independent auditor's report.



<u>Current Year Transactions</u>				
<u>Bonds Sold</u>	<u>Retirements</u>		<u>Bonds Outstanding September 30, 2020</u>	<u>Paying Agent</u>
	<u>Principal</u>	<u>Interest</u>		
\$	\$ 155,000	\$ 4,300	\$ 30,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	510,000	29,016	1,050,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
<u>\$ - 0 -</u>	<u>\$ 665,000</u>	<u>\$ 33,316</u>	<u>\$ 1,080,000</u>	

See accompanying independent auditor's report.

**CINCO MUNICIPAL UTILITY DISTRICT NO. 7**  
**COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES**  
**GENERAL FUND - FIVE YEARS**

	Amounts		
	2020	2019	2018
<b>REVENUES</b>			
Property Taxes	\$ 391,507	\$ 344,073	\$ 449,444
Water Service	541,616	526,119	533,184
Wastewater Service	285,335	287,015	287,883
Water Authority Fees	898,288	771,023	714,504
Penalty and Interest	7,279	11,815	13,611
Investment and Miscellaneous Revenues	<u>252,832</u>	<u>85,845</u>	<u>48,807</u>
<b>TOTAL REVENUES</b>	<u>\$ 2,376,857</u>	<u>\$ 2,025,890</u>	<u>\$ 2,047,433</u>
<b>EXPENDITURES</b>			
Service Operations:			
Professional Fees	\$ 108,898	\$ 67,879	\$ 91,367
Contracted Services	320,531	308,080	273,929
Water and Wastewater Capacity Reservations	1,453,740	1,333,157	1,242,622
Repairs and Maintenance	327,760	177,841	442,874
Other	<u>77,578</u>	<u>64,941</u>	<u>74,650</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 2,288,507</u>	<u>\$ 1,951,898</u>	<u>\$ 2,125,442</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ 88,350</u>	<u>\$ 73,992</u>	<u>\$ (78,009)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In(Out)	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ (17,000)</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ 88,350	\$ 73,992	\$ (95,009)
<b>BEGINNING FUND BALANCE</b>	<u>2,418,159</u>	<u>2,344,167</u>	<u>2,439,176</u>
<b>ENDING FUND BALANCE</b>	<u>\$ 2,506,509</u>	<u>\$ 2,418,159</u>	<u>\$ 2,344,167</u>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2017	2016	2020	2019	2018	2017	2016
\$ 474,807	\$ 553,502	16.5 %	16.9 %	21.9 %	22.7 %	26.5 %
579,520	561,825	22.8	26.0	26.0	27.7	27.1
263,492	266,827	12.0	14.2	14.1	12.6	12.9
738,909	663,590	37.8	38.1	34.9	35.4	32.0
15,946	18,392	0.3	0.6	0.7	0.8	0.9
17,359	12,291	10.6	4.2	2.4	0.8	0.6
<u>\$ 2,090,033</u>	<u>\$ 2,076,427</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 74,093	\$ 84,236	4.6 %	3.4 %	4.5 %	3.5 %	4.1 %
270,520	268,889	13.5	15.2	13.4	12.9	12.9
1,176,296	1,169,837	61.2	65.8	60.7	56.4	56.3
142,964	312,067	13.8	8.8	21.6	6.8	15.0
79,179	80,942	3.3	3.2	3.6	3.8	3.9
<u>\$ 1,743,052</u>	<u>\$ 1,915,971</u>	<u>96.4 %</u>	<u>96.4 %</u>	<u>103.8 %</u>	<u>83.4 %</u>	<u>92.2 %</u>
\$ 346,981	\$ 160,456	<u>3.6 %</u>	<u>3.6 %</u>	<u>(3.8) %</u>	<u>16.6 %</u>	<u>7.8 %</u>
<u>\$ - 0 -</u>	<u>\$ - 0 -</u>					
\$ 346,981	\$ 160,456					
<u>2,092,195</u>	<u>1,931,739</u>					
<u>\$ 2,439,176</u>	<u>\$ 2,092,195</u>					

See accompanying independent auditor's report.

**CINCO MUNICIPAL UTILITY DISTRICT NO. 7**  
**COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES**  
**DEBT SERVICE FUND - FIVE YEARS**

	Amounts		
	2020	2019	2018
<b>REVENUES</b>			
Property Taxes	\$ 1,543,040	\$ 1,310,577	\$ 1,347,646
Penalty and Interest	6,735	5,432	7,907
Investment and Miscellaneous Revenues	<u>7,734</u>	<u>19,091</u>	<u>15,258</u>
<b>TOTAL REVENUES</b>	<u>\$ 1,557,509</u>	<u>\$ 1,335,100</u>	<u>\$ 1,370,811</u>
<b>EXPENDITURES</b>			
Tax Collection Expenditures	\$ 19,162	\$ 14,434	\$ 21,224
Debt Service Principal	665,000	645,000	630,000
Debt Service Interest and Fees	35,116	50,409	64,947
Contractual Obligation	<u>847,958</u>	<u>610,604</u>	<u>806,177</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 1,567,236</u>	<u>\$ 1,320,447</u>	<u>\$ 1,522,348</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ (9,727)</u>	<u>\$ 14,653</u>	<u>\$ (151,537)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In (Out)	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 17,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ (9,727)	\$ 14,653	\$ (134,537)
<b>BEGINNING FUND BALANCE</b>	<u>213,964</u>	<u>199,311</u>	<u>333,848</u>
<b>ENDING FUND BALANCE</b>	<u>\$ 204,237</u>	<u>\$ 213,964</u>	<u>\$ 199,311</u>
<b>TOTAL ACTIVE RETAIL WATER CONNECTIONS</b>	<u>1,326</u>	<u>1,325</u>	<u>1,323</u>
<b>TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS</b>	<u>1,232</u>	<u>1,231</u>	<u>1,228</u>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2017	2016	2020	2019	2018	2017	2016
\$ 1,614,193	\$ 1,592,242	99.1 %	98.2 %	98.3 %	99.2 %	99.5 %
4,174	4,800	0.4	0.4	0.6	0.3	0.3
7,615	3,218	0.5	1.4	1.1	0.5	0.2
<u>\$ 1,625,982</u>	<u>\$ 1,600,260</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 18,513	\$ 20,657	1.2 %	1.1 %	1.5 %	1.1 %	1.3 %
610,000	605,000	42.7	48.3	46.0	37.5	37.8
78,681	91,904	2.3	3.8	4.7	4.8	5.7
<u>920,876</u>	<u>896,510</u>	<u>54.4</u>	<u>45.7</u>	<u>58.8</u>	<u>56.7</u>	<u>56.0</u>
<u>\$ 1,628,070</u>	<u>\$ 1,614,071</u>	<u>100.6 %</u>	<u>98.9 %</u>	<u>111.0 %</u>	<u>100.1 %</u>	<u>100.8 %</u>
<u>\$ (2,088)</u>	<u>\$ (13,811)</u>	<u>(0.6) %</u>	<u>1.1 %</u>	<u>(11.0) %</u>	<u>(0.1) %</u>	<u>(0.8) %</u>
<u>\$ - 0 -</u>	<u>\$ - 0 -</u>					
\$ (2,088)	\$ (13,811)					
<u>335,936</u>	<u>349,747</u>					
<u>\$ 333,848</u>	<u>\$ 335,936</u>					
<u>1,318</u>	<u>1,328</u>					
<u>1,223</u>	<u>1,233</u>					

See accompanying independent auditor's report.

**CINCO MUNICIPAL UTILITY DISTRICT NO. 7  
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS  
SEPTEMBER 30, 2020**

District Mailing Address - Cinco Municipal Utility District No. 7  
c/o Allen Boone Humphries Robinson LLP  
3200 Southwest Freeway, Suite 2600  
Houston, Texas 77027

District Telephone Number - (713) 860-6400

<b>Board Members</b>	Term of Office (Elected or <u>Appointed</u> )	Fees of office for the year ended <u>September 30, 2020</u>	Expense reimbursements for the year ended <u>September 30, 2020</u>	<u>Title</u>
David Drake	05/2020 05/2024 (Elected)	\$ 3,600	\$ 111	President
Christopher Telschow	09/2020 05/2024 (Appointed)	\$ -0-	\$ -0-	Vice President
Greg Nunn	05/2020 05/2024 (Elected)	\$ 1,800	\$ 87	Secretary
Megan Perkins	05/2018 05/2022 (Elected)	\$ 1,500	\$ 42	Assistant Secretary
Scott Drawdy	05/2018 05/2022 (Elected)	\$ 1,500	\$ 51	Assistant Vice President/ Investment Officer
Timothy J. Doré	05/2020 09/2020 (Elected)	\$ 1,500	\$ 35	Former Vice President

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

Submission date of most recent District Registration Form: September 17, 2020

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

See accompanying independent auditor's report.

**CINCO MUNICIPAL UTILITY DISTRICT NO. 7  
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS  
SEPTEMBER 30, 2020**

<b>Consultants:</b>	<u>Date Hired</u>	Fees for the year ended <u>September 30, 2020</u>	<u>Title</u>
Allen Boone Humphries Robinson LLP	07/27/03	\$ 64,537	General Counsel
McCall Gibson Swedlund Barfoot PLLC	10/21/10	\$ 14,500	Auditor
F. Matuska, Inc.	07/20/06	\$ 14,641	Bookkeeper
Pape-Dawson Engineers, Inc.	07/19/18	\$ 29,919	Engineer
Masterson Advisors LLC	05/17/18	\$ -0-	Financial Advisor
Fran Matuska	07/20/06	\$ -0-	Co-Investment Officer
Inframark, LLC	12/13/94	\$ 402,826	Operator

See accompanying independent auditor's report.

