

CROSBY MUNICIPAL UTILITY DISTRICT

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2021

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

CROSBY MUNICIPAL UTILITY DISTRICT

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Crosby Municipal Utility District
Harris County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Crosby Municipal Utility District (the "District") as of and for the year ended December 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.

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 December 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Correction of Error

As described in Note 16 to the financial statements, the District's General Fund and Net Position balances as of December 31, 2020, have been restated to correct certain misstatements. Our opinions are not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund, Schedule of Changes in Net Pension Liability and Related Ratios, Schedule of District Contributions – Pension, and Schedule of Changes in Total Other Postemployment Benefits Liability and Related Ratios be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 an 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

May 3, 2022

**CROSBY MUNICIPAL UTILITY DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Management’s discussion and analysis of the financial performance of Crosby Municipal Utility District (the “District”) provides an overview of the District’s financial activities for the fiscal year ended December 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, deferred inflows of resources and deferred outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

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

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has three governmental fund types. The General Fund accounts for customer service revenues, property tax revenues, operating costs, professional fees and administrative 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.

**CROSBY MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021**

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information ("RSI") and other supplementary information. The budgetary comparison schedule is included as RSI for the General Fund. Schedules related to the pension plan and the other postemployment benefits plan are also included as RSI.

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 and deferred inflows of resources by \$16,419,514 as of December 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:

**CROSBY MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2021	2020	Change Positive (Negative)
Current and Other Assets	\$ 8,819,892	\$ 11,458,793	\$ (2,638,901)
Capital Assets (Net of Accumulated Depreciation)	<u>18,401,692</u>	<u>17,223,533</u>	<u>1,178,159</u>
Total Assets	<u>\$ 27,221,584</u>	<u>\$ 28,682,326</u>	<u>\$ (1,460,742)</u>
Deferred Outflows of Resources	<u>\$ 343,074</u>	<u>\$ 183,950</u>	<u>\$ 159,124</u>
Bonds Payable	\$ 8,447,789	\$ 9,629,577	\$ 1,181,788
Other Liabilities	<u>960,306</u>	<u>1,617,476</u>	<u>657,170</u>
Total Liabilities	<u>\$ 9,408,095</u>	<u>\$ 11,247,053</u>	<u>\$ 1,838,958</u>
Deferred Inflows of Resources	<u>\$ 1,737,049</u>	<u>\$ 1,412,739</u>	<u>\$ (324,310)</u>
Net Position:			
Net Investment in Capital Assets	\$ 12,368,743	\$ 12,049,672	\$ 319,071
Restricted	1,297,693	1,397,403	(99,710)
Unrestricted	<u>2,753,078</u>	<u>2,759,409</u>	<u>(6,331)</u>
Total Net Position	<u>\$ 16,419,514</u>	<u>\$ 16,206,484</u>	<u>\$ 213,030</u>

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

	Summary of Changes in the Statement of Activities		
	2021	2020	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 1,355,070	\$ 1,475,040	\$ (119,970)
Charges for Services	2,214,464	2,222,142	(7,678)
Other Revenues	<u>102,992</u>	<u>882,415</u>	<u>(779,423)</u>
Total Revenues	<u>\$ 3,672,526</u>	<u>\$ 4,579,597</u>	<u>\$ (907,071)</u>
Expenses for Services	<u>3,459,496</u>	<u>3,451,701</u>	<u>(7,795)</u>
Change in Net Position	\$ 213,030	\$ 1,127,896	\$ (914,866)
Net Position, Beginning of Year	<u>16,206,484</u>	<u>15,078,588</u>	<u>1,127,896</u>
Net Position, End of Year	<u>\$ 16,419,514</u>	<u>\$ 16,206,484</u>	<u>\$ 213,030</u>

**CROSBY MUNICIPAL UTILITY DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021**

FINANCIAL ANALYSIS OF THE DISTRICT’S GOVERNMENTAL FUNDS

The District’s combined fund balances as of December 31, 2021, were \$6,528,832, a decrease of \$2,111,507 from the prior year.

The General Fund fund balance increased by \$18,648, primarily due to service revenues exceeding operating and administrative costs.

The Debt Service Fund fund balance decreased by \$103,717, primarily due to an early partial redemption of the Series 2011 bonds and the structure of the District’s outstanding debt.

The Capital Projects Fund fund balance decreased by \$2,026,438, primarily due to the use of bond proceeds received in a prior year to pay for current year projects.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors adopted an unappropriated budget for the current fiscal year. Actual revenues were \$71,962 less than budgeted revenues and actual expenditures were \$118,860 less than budgeted expenditures which resulted in a positive budget variance of \$46,898. See the budget to actual comparison for more information.

LONG-TERM DEBT ACTIVITY

As of December 31, 2021, the District had total bond debt payable of \$8,430,000. The changes in the debt position of the District during the fiscal year ended December 31, 2021, are summarized as follows:

Bond Debt Payable, January 1, 2021	\$ 9,600,000
Less: Bond Principal Paid	<u>1,170,000</u>
Bond Debt Payable, December 31, 2021	<u>\$ 8,430,000</u>

The District’s Series 2011 Bonds carry an underlying rating of “A” and an insured rating of “AA” by virtue of bond insurance issued by Assured Guaranty Municipal Corporation. The Series 2015 Refunding, Series 2017 and Series 2019 Bonds carry underlying ratings of “A” and insured ratings of “AA” by virtue of bond insurance issued by Build America Mutual Assurance Company. These ratings were in effect for the current and prior fiscal years.

**CROSBY MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021**

CAPITAL ASSETS

Capital assets as of December 31, 2021, total \$18,401,692 (net of accumulated depreciation) and include land, buildings, equipment, furniture, fixtures, and vehicles as well as the water and wastewater systems.

Capital Assets At Year-End			
	2021	2020	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 260,900	\$ 260,900	\$
Construction in Progress	1,296,620	3,272,833	(1,976,213)
Capital Assets Subject to Depreciation:			
Water System	12,100,742	8,411,004	3,689,738
Wastewater System	12,941,151	12,941,151	
Buildings, Furniture, Fixtures	575,912	575,912	
Vehicles, Machinery, Equipment	870,553	607,219	263,334
Less Accumulated Depreciation	(9,644,186)	(8,845,486)	(798,700)
Total Net Capital Assets	\$ 18,401,692	\$ 17,223,533	\$ 1,178,159

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 Crosby Municipal Utility District, P.O. Box 249, Crosby, TX 77532

**CROSBY MUNICIPAL UTILITY DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2021**

	General Fund	Debt Service Fund
ASSETS		
Cash	\$ 815,515	\$ 1,357,005
Investments	2,239,434	665,901
Receivables:		
Property Taxes	4,815	920,414
Penalty and Interest on Delinquent Taxes		
Service Accounts	177,367	
Other	22,731	
Due from Other Funds	107,979	
Prepaid Costs	23,492	
Net Pension Asset		
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	\$ 3,391,333	\$ 2,943,320
DEFERRED OUTFLOWS OF RESOURCES		
Pension Plan Charges	\$	\$
Deferred Charges on Refunding Bonds		
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ - 0 -	\$ - 0 -
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 3,391,333	\$ 2,943,320

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

<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 959,500	\$ 3,132,020	\$	\$ 3,132,020
1,510,464	4,415,799		4,415,799
	925,229		925,229
		86,447	86,447
	177,367		177,367
	22,731		22,731
	107,979	(107,979)	
	23,492		23,492
		36,807	36,807
		260,900	260,900
		1,296,620	1,296,620
		16,844,172	16,844,172
<u>\$ 2,469,964</u>	<u>\$ 8,804,617</u>	<u>\$ 18,416,967</u>	<u>\$ 27,221,584</u>
\$	\$	\$ 287,487	\$ 287,487
		55,587	55,587
<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 343,074</u>	<u>\$ 343,074</u>
<u>\$ 2,469,964</u>	<u>\$ 8,804,617</u>	<u>\$ 18,760,041</u>	<u>\$ 27,564,658</u>

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

**CROSBY MUNICIPAL UTILITY DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2021**

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	\$ 79,967	\$
Accrued Interest Payable		
Compensated Absences Payable		
Due to Other Funds		107,979
Security Deposits	238,525	
Net Other Postemployment Benefits Liability		
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	\$ 318,492	\$ 107,979
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	\$ 114,986	\$ 1,623,617
Pension Plan Charges		
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 114,986	\$ 1,623,617
FUND BALANCES		
Nonspendable:		
Prepaid Costs	\$ 23,492	\$
Restricted for Authorized Construction		
Restricted for Debt Service		1,211,724
Assigned to 2022 Budget	50,000	
Unassigned	2,884,363	
TOTAL FUND BALANCES	\$ 2,957,855	\$ 1,211,724
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 3,391,333	\$ 2,943,320
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
\$ 110,711	\$ 190,678	\$	\$ 190,678
		95,572	95,572
		60,934	60,934
	107,979	(107,979)	
	238,525		238,525
		374,597	374,597
		780,000	780,000
		<u>7,667,789</u>	<u>7,667,789</u>
<u>\$ 110,711</u>	<u>\$ 537,182</u>	<u>\$ 8,870,913</u>	<u>\$ 9,408,095</u>
\$	\$ 1,738,603	\$ (95,094)	\$ 1,643,509
		<u>93,540</u>	<u>93,540</u>
<u>\$ - 0 -</u>	<u>\$ 1,738,603</u>	<u>\$ (1,554)</u>	<u>\$ 1,737,049</u>
\$	\$ 23,492	\$ (23,492)	\$
2,359,253	2,359,253	(2,359,253)	
	1,211,724	(1,211,724)	
	50,000	(50,000)	
	<u>2,884,363</u>	<u>(2,884,363)</u>	
<u>\$ 2,359,253</u>	<u>\$ 6,528,832</u>	<u>\$ (6,528,832)</u>	<u>\$ - 0 -</u>
<u>\$ 2,469,964</u>	<u>\$ 8,804,617</u>		
		\$ 12,368,743	\$ 12,368,743
		1,297,693	1,297,693
		<u>2,753,078</u>	<u>2,753,078</u>
		<u>\$ 16,419,514</u>	<u>\$ 16,419,514</u>

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

**CROSBY MUNICIPAL UTILITY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2021**

Total Fund Balances - Governmental Funds \$ 6,528,832

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. 18,401,692

Assets, liabilities, deferred inflows of resources and deferred outflows of resources related to pension and other postemployment benefits are recorded in the government-wide financial statements. (143,843)

The difference between the net carrying amount of refunded bonds and the reacquisition price is recorded as a deferred outflow in the governmental activities and systematically charged to interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter. 55,587

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. 181,541

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

Accrued Interest Payable	\$ (95,572)	
Compensated Absences Payable	(60,934)	
Bonds Payable	<u>(8,447,789)</u>	<u>(8,604,295)</u>

Total Net Position - Governmental Activities \$ 16,419,514

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

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

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	\$ 7,493	\$ 1,356,543
Water and Wastewater Service	1,912,164	
Penalty and Interest	44,445	33,240
Tap Connection and Inspection Fees	225,850	
Investment and Miscellaneous Revenues	66,236	34,926
TOTAL REVENUES	\$ 2,256,188	\$ 1,424,709
EXPENDITURES/EXPENSES		
Service Operations:		
Personnel	\$ 1,037,536	\$
Professional Fees	300,783	37,843
Purchased Water Service	180,675	
Utilities	135,195	
Repairs and Maintenance	167,474	
Depreciation		
Other	413,050	26,341
Capital Outlay	2,827	
Debt Service:		
Bond Principal		1,170,000
Bond Interest		294,242
TOTAL EXPENDITURES/EXPENSES	\$ 2,237,540	\$ 1,528,426
NET CHANGE IN FUND BALANCES	\$ 18,648	\$ (103,717)
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION -		
JANUARY 1, 2021, AS ADJUSTED	2,939,207	1,315,441
FUND BALANCES/NET POSITION - DECEMBER 31, 2021	\$ 2,957,855	\$ 1,211,724

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 1,364,036	\$ (8,966)	\$ 1,355,070
	1,912,164		1,912,164
	77,685	(1,235)	76,450
	225,850		225,850
1,830	102,992		102,992
<u>\$ 1,830</u>	<u>\$ 3,682,727</u>	<u>\$ (10,201)</u>	<u>\$ 3,672,526</u>
\$	\$ 1,037,536	\$ 24,979	\$ 1,062,515
4,500	343,126		343,126
	180,675		180,675
	135,195		135,195
10,605	178,079		178,079
		798,700	798,700
39,131	478,522		478,522
1,974,032	1,976,859	(1,976,859)	
	1,170,000	(1,170,000)	
	294,242	(11,558)	282,684
<u>\$ 2,028,268</u>	<u>\$ 5,794,234</u>	<u>\$ (2,334,738)</u>	<u>\$ 3,459,496</u>
\$ (2,026,438)	\$ (2,111,507)	\$ 2,111,507	\$
		213,030	213,030
4,385,691	8,640,339	7,566,145	16,206,484
<u>\$ 2,359,253</u>	<u>\$ 6,528,832</u>	<u>\$ 9,890,682</u>	<u>\$ 16,419,514</u>

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

**CROSBY 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 DECEMBER 31, 2021**

Net Change in Fund Balances - Governmental Funds	\$ (2,111,507)
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.	(8,966)
Governmental funds report penalty and interest revenue on property taxes when collected. However, in the Statement of Activities, revenue is recorded when penalties and interest are assessed.	(1,235)
The changes in assets, liabilities, deferred inflows of resources and deferred outflows of resources pertaining to pension and other postemployment benefits are reflected in the Statement of Activities.	(24,979)
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.	(798,700)
Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.	1,976,859
Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities.	1,170,000
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.	<u>11,558</u>
Change in Net Position - Governmental Activities	<u>\$ 213,030</u>

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

CROSBY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1. CREATION OF DISTRICT

The District was created by an Act of the 59th Legislature, Regular Session, 1965 (compiled as 8280-315, Vernon's Texas Civil Statutes) and codified as Chapter 9012 of the Texas Special District Local Laws Code, in order to provide water and sanitary sewer service to the unincorporated community of Crosby. The District currently operates under the provisions of Chapters 49 and 54 of the Texas Water Code, and other general statutes of the State of Texas applicable to municipal utility districts. The District is empowered, among other things, to finance, purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water; and the collection, transportation and treatment of wastewater; and the control and diversion of storm water. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities. The District may also provide solid waste disposal and collection services. The District is also empowered to establish, operate and maintain fire-fighting facilities, independently or with one or more conservation and reclamation districts, after approval by the Commission and the voters of the District. Additionally, the District may, subject to certain limitations, develop and finance parks and recreational facilities.

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 Texas Commission on Environmental Quality (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.

Financial Statement Presentation

These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting ("GASB Codification"). The GASB Codification sets forth standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Position and a Statement of Activities. It requires the classification of net position into three components: Net Investment in Capital Assets; Restricted; and Unrestricted.

CROSBY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

Net Position 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.

Fund Financial Statements

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.

CROSBY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

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, property tax revenues, operating costs, professional fees and administrative 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, committed or assigned for acquisition or construction of facilities and related costs.

Basis of Accounting

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

Property taxes considered available by the District and included in revenue include 2020 taxes collected during the period October 1, 2020, to December 31, 2021. In additions, taxes collected from January 1, 2021, to December 31, 2021 for the 2019 and prior tax levies are included in revenue. The 2021 tax levy has been fully deferred to pay for operating expenditures in the 2022 fiscal year.

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 December 31, 2021, the Debt Service Fund recorded a payable to the General Fund in the amount of \$107,979 for maintenance tax collections.

CROSBY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

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. Individual capital items, including infrastructure assets are capitalized, if they have an original cost greater than \$5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation over periods ranging from 5 to 40 years.

Budgeting

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

Pension and Other Postemployment Benefits

The Internal Revenue Service has determined that directors are considered to be “employees” for federal payroll tax purposes only. See Notes 8 and 9 for more information on the District's pension plan and other postemployment benefits plan which are for the benefit of the District's employees (Directors are excluded from participation).

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.

CROSBY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

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. As of December 31, 2021, the District has assigned \$50,000 of the General Fund fund balance for a projected budget deficit for the year ending December 31, 2022.

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.

CROSBY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 3. LONG-TERM DEBT

	Series 2011	Refunding Series 2015
Amount Outstanding – December 31, 2021	\$ 620,000	\$ 2,055,000
Interest Rates	3.80% - 4.375%	4.00%
Maturity Date	August 15, 2022/2027	August 15, 2022/2027
Interest Payment Dates	February 15/ August 15	February 15/ August 15
Callable Dates	August 15, 2019*	August 15, 2024*
	Series 2017	Series 2019
Amount Outstanding – December 31, 2021	\$ 2,895,000	\$ 2,860,000
Interest Rates	2.00% - 3.25%%	2.00% - 2.85%
Maturity Date	August 15, 2022/2037	August 15, 2022/2039
Interest Payment Dates	February 15/ August 15	February 15/ August 15
Callable Dates	August 15, 2026*	August 15, 2027*

* Or any date thereafter at a price of par plus unpaid accrued interest in whole or in part, at the option of the District. Series 2011 term bonds maturing on August 15, 2020, 2022, 2024, and 2027 are subject to mandatory redemption beginning August 15, 2019, 2021, 2023, and 2025, respectively. Series 2017 term bonds maturing on August 15, 2027, 2029, 2031, 2033, 2035 and 2037, are subject to mandatory redemption beginning August 15, 2026, 2028, 2030, 2032, 2034 and 2036, respectively. Series 2019 term bonds maturing on August 15, 2031, 2033, 2035, 2037 and 2039, are subject to mandatory redemption beginning August 15, 2030, 2032, 2034, 2036 and 2038, respectively.

On November 15, 2021, the District redeemed \$120,000 of the Series 2011 Unlimited Tax Bonds prior to the scheduled maturity date of August 15, 2028.

CROSBY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 3. LONG-TERM DEBT (Continued)

As of December 31, 2021, the District had authorized but unissued tax bonds in the amount of \$3,050,000 for water and sanitary sewer purposes. Also, on November 6, 2018, voters of the District within the Defined Area authorized the issuance of \$15,000,000 of bonds to be used to pay for utility infrastructure paid by developers. None of these bonds have yet been issued.

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

	January 1, 2021	Additions	Retirements	December 31, 2021
Bonds Payable	\$ 9,600,000	\$	\$ 1,170,000	\$ 8,430,000
Unamortized Discounts	(117,298)		(9,194)	(108,104)
Unamortized Premiums	146,875		20,982	125,893
Bonds Payable, Net	<u>\$ 9,629,577</u>	<u>\$ -0-</u>	<u>\$ 1,181,788</u>	<u>\$ 8,447,789</u>
		Amount Due Within One Year		\$ 780,000
		Amount Due After One Year		<u>7,667,789</u>
		Bonds Payable, Net		<u>\$ 8,447,789</u>

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

Fiscal Year	Principal	Interest	Total
2022	\$ 780,000	\$ 254,858	\$ 1,034,858
2023	795,000	230,748	1,025,748
2024	820,000	205,848	1,025,848
2025	835,000	179,948	1,014,948
2026	860,000	152,954	1,012,954
2027-2031	2,000,000	479,181	2,479,181
2032-2036	1,695,000	240,275	1,935,275
2037-2039	645,000	32,200	677,200
	<u>\$ 8,430,000</u>	<u>\$ 1,776,012</u>	<u>\$ 10,206,012</u>

During the year ended December 31, 2021, the District levied ad valorem debt service tax rate of \$0.45247 per \$100 of assessed valuation, which resulted in a levy of \$1,528,523 on the adjusted taxable valuation of \$337,817,607 for the 2021 tax year. The bond orders require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the costs of assessing and collecting taxes. See Note 13 for the defined area maintenance tax levy.

CROSBY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 3. LONG-TERM DEBT (Continued)

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

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS

The bond order states that the District is required by the Securities and Exchange Commission to provide annual 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.

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 each 5th year anniversary of each issue.

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

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

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District's deposits was \$3,132,020 and the bank balance was \$3,142,490. The District was not exposed to custodial credit risk at year-end.

**CROSBY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

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

	Cash
GENERAL FUND	\$ 815,515
DEBT SERVICE FUND	1,357,005
CAPITAL PROJECTS FUND	959,500
TOTAL DEPOSITS	\$ 3,132,020

Investments

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

Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. The District has adopted a written investment policy to establish the guidelines by which it may invest. This policy is reviewed annually. The District’s investment policy may be more restrictive than the Public Funds Investment Act.

CROSBY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

As of December 31, 2021, 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	\$ 2,239,434	\$ 2,239,434
<u>DEBT SERVICE FUND</u>		
TexPool	665,901	665,901
<u>CAPITAL PROJECTS FUND</u>		
TexPool	1,510,464	1,510,464
TOTAL INVESTMENTS	\$ 4,415,799	\$ 4,415,799

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.

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At December 31, 2021, the District's investments in TexPool were rated AAAM by Standard & 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 to have a maturity of less than one year due to the fact the share positions can usually be redeemed at the discretion of the District, unless there has been a significant change in value.

Restrictions

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

CROSBY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 6. CAPITAL ASSETS

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

	January 1, 2021	Increases	Decreases	December 31, 2021
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 260,900	\$	\$	\$ 260,900
Construction in Progress	<u>3,272,833</u>	<u>1,976,859</u>	<u>3,953,072</u>	<u>1,296,620</u>
Total Capital Assets Not Being Depreciated	<u>\$ 3,533,733</u>	<u>\$ 1,976,859</u>	<u>\$ 3,953,072</u>	<u>\$ 1,557,520</u>
Capital Assets Subject to Depreciation				
Water System	\$ 8,411,004	\$ 3,689,738	\$	\$ 12,100,742
Wastewater System	12,941,151			12,941,151
Buildings, Furniture, Fixtures	575,912			575,912
Vehicles, Machinery, Equipment	<u>607,219</u>	<u>263,334</u>		<u>870,553</u>
Total Capital Assets Subject to Depreciation	<u>\$ 22,535,286</u>	<u>\$ 3,953,072</u>	<u>\$ -0-</u>	<u>\$ 26,488,358</u>
Accumulated Depreciation				
Water System	\$ 3,417,893	\$ 379,243	\$	\$ 3,797,136
Wastewater System	4,802,549	341,956		5,144,505
Buildings, Furniture, Fixtures	136,895	15,595		152,490
Vehicles, Machinery, Equipment	<u>488,149</u>	<u>61,906</u>		<u>550,055</u>
Total Accumulated Depreciation	<u>\$ 8,845,486</u>	<u>\$ 798,700</u>	<u>\$ -0-</u>	<u>\$ 9,644,186</u>
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 13,689,800</u>	<u>\$ 3,154,372</u>	<u>\$ -0-</u>	<u>\$ 16,844,172</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 17,223,533</u>	<u>\$ 5,131,231</u>	<u>\$ 3,953,072</u>	<u>\$ 18,401,692</u>

NOTE 7. MAINTENANCE TAX

The Board of Directors of the District has the statutory authority to levy and collect an annual ad valorem tax for planning, maintaining, repairing and operating of the District's improvement, if such maintenance tax is authorized by a vote of the District's electors. Such tax would be in addition to taxes, which the District is authorized to levy for paying principal of and interest on the outstanding bonds, and any tax bonds, which may be issued in the future. To date, voters in the District have not approved the levy of a maintenance tax.

CROSBY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 8. PENSION PLAN

Plan Description

The District provides retirement for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (“TCDRS”). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available on the TCDRS website (www.tcdrs.org).

Benefits Provided

The plan provisions are adopted by the governing body of the District, within the options available in the Texas state statutes governing the TCDRS (TCDRS Act). Members can retire at ages 60 and above with 10 or more years of service, with 30 years of service, regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 10 years of service but must leave their accumulated deposits in the plan to receive any employer-financed benefit. Members who withdraw their personal deposits in a lump sum are not entitled to any amounts contributed by the District.

Benefit amounts are determined by the sum of the employee’s deposits to the plan, with interest, and employer-financed monetary credit. The level of these monetary credits is adopted by the governing body of the District within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer’s commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee’s accumulated deposits and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

As of the most recent plan valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	<u>2</u>
Inactive employees entitled but not yet receiving benefits	<u>10</u>
Active employees	<u>11</u>

CROSBY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 8. PENSION PLAN (Continued)

Contributions

The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The employer contributed using the actuarially determined rate of 7.0% for the 2020 and 2021 calendar years. The deposit rate payable by the employee members for calendar years 2020 and 2021 was 7.0% as adopted by the governing body of the District. The employee deposit rate and the employer contribution rate may be changed by the governing body of the District within the options available in the TCDRS Act. For the year ending December 31, 2021, the District and its employees each contributed \$51,430.

Actuarial Assumptions

The total pension liability in the December 31, 2020, actuarial valuation was determined using the following actuarial assumptions:

Actuarial valuation date	12/31/20
Actuarial cost method	Entry Age Normal
Amortization method	Straight-line amortization over expected working life
Asset Valuation Method	5-years, non-asymptotic
Actuarial Assumptions:	
Investment return, net	7.50%
Projected salary increases	4.60%
Inflation	2.50%

All actuarial assumptions that determined the total pension liability as of December 31, 2020 were based on the results of an actuarial experience study for the period January 1, 2013 – December 31, 2016, except where required to be different by GASB 68.

CROSBY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 8. PENSION PLAN (Continued)

Actuarial Assumptions (Continued)

Mortality rates were based on the following:

Depositing members – 90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate Scale after 2014.

Service retirees, beneficiaries and non-depositing members – 130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

Disabled retirees - 130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

Depletion of Plan Assets/ GASB Discount Rate

The discount rate is the single rate of return that, when applied to all projected benefit payments results in an actuarial present value of projected benefit payments equal to the total of the following:

- 1) The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension plan's fiduciary net position is projected to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term rate of return, calculated using the long-term expected rate of return on pension plan investments.
- 2) The actuarial present value of projected benefit payments not included in (1), calculated using the municipal bond rate.

Therefore, if plan investments in a given future year are greater than projected benefit payments in that year and are invested such that they are expected to earn the long-term rate of return, the discount rate applied to projected benefit payments in that year should be the long-term expected rate of return on plan investments. If future years exist where this is not the case, then an index rate reflecting the yield on a 20-year, tax-exempt municipal bond should be used to discount the projected benefit payments for those years.

CROSBY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 8. PENSION PLAN (Continued)

Depletion of Plan Assets/ GASB Discount Rate (Continued)

The determination of a future date when plan investments are not sufficient to pay projected benefit payments is often referred to as a depletion date projection. A depletion date projection compares projections of the pension plan's fiduciary net position to projected benefit payments and aims to determine a future date, if one exists, when the fiduciary net position is projected to be less than projected benefit payments. If an evaluation of the sufficiency of the projected fiduciary net position compared to projected benefit payments can be made with sufficient reliability without performing a depletion date projection, alternative methods to determine sufficiency may be applied.

In order to determine the discount rate to be used by the employer we have used an alternative method to determine the sufficiency of the fiduciary net position in all future years. Our alternative method reflects the funding requirements under the employer's funding policy and the legal requirements under the TCDRS Act.

- 1) TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods.
- 2) Under the TCDRS Act, the employer is legally required to make the contribution specified in the funding policy.
- 3) The employer's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost.
- 4) An increased cost due to the adoption of a COLA is required to be funded over a period of 15 years, if applicable.

Based on the above, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments. Based on the expected level of cash flows and investment returns to the system, the fiduciary net position as a percentage of total pension liability is projected to increase from its current level in future years.

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the employer is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses for GASB 68 purposes.

CROSBY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 8. PENSION PLAN (Continued)

Depletion of Plan Assets/ GASB Discount Rate (Continued)

Therefore, we have used a discount rate of 7.60%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.50%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

Long-Term Expected Rate of Return

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2021 information for a 10-year time horizon.

Note that the valuation assumption for long-term expected return is reviewed annually is re-assessed in detail at a minimum of every four years and is set based on a 30-year time horizon. The most recent analysis was performed in 2021.

Asset Class	Target Allocation	Geometric Real Rate of Return (Expected minus Inflation)
US Equities	11.50%	4.25%
Private Equity	25.00%	7.25%
Global Equities	2.50%	4.55%
International Equities-Development	5.00%	4.25%
International Equities-Emerging	6.00%	4.75%
Investment-Grade Bonds	3.00%	-0.85%
Strategic Credit	9.00%	2.11%
Direct Lending	16.00%	6.70%
Distressed Debt	4.00%	5.70%
REIT Equities	2.00%	3.45%
Master Limited Partnerships (MLPs)	2.00%	5.10%
Private Real Estate Partnerships	6.00%	4.90%
Hedge Funds	6.00%	1.85%
Cash Equivalents	2.00%	-0.70%

CROSBY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 8. PENSION PLAN (Continued)

Changes in Net Pension Liability/(Asset):

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a)-(b)
Balances of December 31, 2019	\$ 2,541,729	\$ 2,710,397	\$ (168,668)
Changes for the year:			
Service Costs	73,133		73,133
Interest on the Total Pension Liability	208,209		208,209
Effect of Economic/Demographic Gains or Losses	44,898		44,898
Effect of Assumptions Changes or Inputs	186,167		186,167
Refund of Contributions	(5,919)	(5,919)	
Benefit Payments	(84,606)	(84,606)	
Administrative Expenses		(2,195)	2,195
Member Contributions		51,052	(51,052)
Net investment income		280,026	(280,026)
Employer Contributions		51,052	(51,052)
Other		611	(611)
Balances of December 31, 2020	<u>\$ 2,963,611</u>	<u>\$ 3,000,418</u>	<u>\$ (36,807)</u>

Sensitivity Analysis - The following presents the net pension liability of the District, calculated using the discount rate of 7.60%, as well as what the District net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.60%) or 1 percentage point higher (8.60%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
	6.60%	7.60%	8.60%
Total pension liability	\$ 3,392,701	\$ 2,963,617	\$ 2,604,110
Fiduciary net position	<u>3,000,424</u>	<u>3,000,424</u>	<u>3,000,424</u>
Net pension liability	<u>\$ 392,277</u>	<u>\$ (36,807)</u>	<u>\$ (\$396,314)</u>

CROSBY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 8. PENSION PLAN (Continued)

As of December 31, 2021, the deferred inflows and outflows of resources are as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 617	\$ 78,562
Changes in assumptions		157,495
Net difference between projected and actual earnings	92,923	
Contributions paid to TCDRS subsequent to the measurement date		51,430
Total	\$ 93,540	\$ 287,487

The District made plan contributions subsequent to the measurement date and prior to the District fiscal year-end of \$51,430, which are recorded as deferred outflows of resources. Other amounts reported as deferred outflows of resources will be recognized in pension expense as follows:

Year ended December 31:	
2021	\$ 23,257
2022	44,798
2023	(440)
2024	36,392
2025	38,510
Thereafter	0

NOTE 9. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The District provides other postemployment benefits (OPEB) for all of its retirees meeting the following conditions: (1) retire from employment with the District and are 65 years of age or older and receiving Medicare; and (2) at the time of retirement, have been employed by the District on a full-time basis for no less than 20 consecutive years and are currently employed full time with the District. The District will pay or reimburse the retired Qualified Employee for the cost of Medicare Parts B, D (Express Scripts), and F (Supplemental Policy). In addition, the District will pay the cost of basic vision and dental coverage for the retired Qualified Employee.

Funding Policy

Currently, the District's other postemployment benefits are unfunded. That is, the District has not determined if a separate Trust Fund or equivalent arrangement will be established into which the District would make contributions to advance-fund the obligation. As of December 31, 2021, there was one retiree receiving other postemployment benefits.

CROSBY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Discount Rate

For plans that do not have formal assets, the discount rate should equal the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. For the purpose of this AMM calculation, the municipal bond rate is 1.84% (based on the daily rate of Fidelity’s “20-Year Municipal GO AA Index” closest to but not later than the measurement date). The discount rate was 2.00% as of the beginning of the measurement year.

Plan Assets

There are no plan assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Summary of Membership Information

The following table provides a summary of the number of participants in the plan as of the measurement date:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	1
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	-0-
Active Plan Members	11
Total Plan Members	12

Sensitivity of Total OPEB Liability

Regarding the sensitivity of the total OPEB liability to changes in the discount rate, the following presents the plan’s total OPEB liability, calculated using a discount rate of 1.84%, as well as what the plan’s total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

1% Decrease 0.84%	Current Discount Rate Assumption 1.84%	1% Increase 2.84%
\$425,162	\$374,597	\$325,294

Regarding the sensitivity of the total OPEB liability to changes in the healthcare cost trend rates, the following presents the plan’s total OPEB liability, calculated using the assumed trend rates as well as what the plan’s total OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

**CROSBY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Sensitivity of Total OPEB Liability (Continued)

1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
\$305,664	\$374,597	\$464,705

Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each AMM calculation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As authorized by GASB Statement No. 75, the Alternative Measurement Method allows the employer to use simplifications of certain assumptions in measuring the costs and liabilities. The following simplifying assumptions were made:

Retirement age for active employees – Retirement age for active employees was assumed to be age 65, or after 20 years of service, if later.

Active Member Marital Status – Assumption of marital status for active employees has been incorporated in the acceptance probability for spousal coverage. Using this approach, the percentage of future retired plan members taking spousal coverage was assumed at 0%. For active employees, spouses’ genders were assumed to be opposite to the members’ genders and females were assumed 3 years younger than their spouses. Covered spouse data were collected for current retired plan members as of the valuation date and were assumed to remain unchanged until the assumed death of the spouses.

Mortality – Life expectancies were based on the RP-2000 Generational Combined Healthy Participant mortality tables, projected from the year 2000 using Projection Scale AA.

Turnover – Non-group-specific age-based turnover rates derived from the withdrawal assumptions used in the December 31, 2018 actuarial valuation of the Texas County & District Retirement System were used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

CROSBY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Methods and Assumptions (Continued)

Health insurance premiums – Health insurance premiums for retirees in effect at January 1, 2021 were used as the basis for calculation of the present value of total benefits to be paid.

Roll Forward Disclosure – The total OPEB liability was rolled forward from the December 31, 2020 valuation date to the December 31, 2021 measurement date.

Assumption change – The discount rate was changed from 2.00% as of the beginning of the measurement period to 1.84% as of December 31, 2021 (based on the long-term municipal bond rate). This change increased the total OPEB liability.

GASB Statement No. 75 requires state and local government employers to recognize the net OPEB liability and the OPEB expense on their financial statements, along with the related deferred outflows and inflows of resources. The District did not have any deferred inflows and outflows of resources as of the measurement date and report date. The net OPEB liability is the difference between the total OPEB liability and the plan’s fiduciary net position. In traditional actuarial terms, this is analogous to the accrued liability less the market value of assets. Since the plan is currently unfunded, the net OPEB liability is equal to the total OPEB liability.

The OPEB expense recognized each fiscal year is equal to the change in the total OPEB liability from the beginning of the year to the end of the year, not including the impact of employer contributions, adjusted for deferred recognition of the liability.

A valuation or a calculation using the Alternative Measurement Method (AMM) to determine the total OPEB liability is required to be performed at least every two years. For the employer’s financial reporting purposes, the total OPEB liability and OPEB expense should be measured as of the employer’s “measurement date” which may not be earlier than the employer’s prior fiscal year end-date. If the valuation or AMM calculation used to determine the total pension liability is not calculated as of the measurement date, the total OPEB liability is required to be rolled forward from the valuation date to the measurement date.

CROSBY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Changes in Total OPEB Liability:

Balances of December 31, 2020		\$ 340,670
Changes for the year:		
Service cost		24,520
Interest on total OPEB liability		7,244
Effect of assumption changes or inputs		8,145
Benefit payments		<u>(5,982)</u>
Balances of December 31, 2021		<u>\$ 374,597</u>

NOTE 10. COMPENSATED ABSENCES

Compensated absences payable recorded in the accompanying financial statements relates to accumulated earned and vested sick time. Accumulated compensated absences related to sick time amounting to approximately \$60,934 as of December 31, 2021, are recorded in the financial statement, since such compensation is fully vested. This is a decrease of \$1,607 over the prior year balance of \$62,541.

NOTE 11. WATER SUPPLY CONTRACT

Effective August 1, 2020, the District entered into a Water Supply Contract (“Contract”) with the San Jacinto River Authority (the “Authority”). This replaced an agreement in effect since 1990. The Contract states the Authority will provide up to 1,000,000 gallons of untreated surface water per day (“demand quantity”) to the District. The District may request quantities up to, but not in excess of 110% of the demand quantity. The rate as of December 31, 2021, was \$0.495 per 1,000 gallons. During the current fiscal year, the district paid \$180,675 for water purchased in accordance with the Contract. The Contract is in effect for a term of 30 years from the effective date.

NOTE 12. 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 participates in the Texas Municipal League Intergovernmental Risk Pool (TML) to provide various types of property and liability insurance coverage. The District, along with other participating entities, contributes annual amounts determined by TML’s management. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

CROSBY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 13. DEFINED AREA

The District annexed an approximately 193-acre tract (the "Murff Tract"), which has been designated by the District as a defined area known as Defined Area No. 1. The designation was approved in an election held in November 6, 2018, by the voters in the Murff Tract. The District has adopted a tax plan which allows it to assess higher taxes in the defined area than the rest of the District to pay the debt service on bonds issued to provide water and sewer improvements to the defined area. Voters in the Murff Tract authorized the issuance of bonds up to \$15,000,000, the levy of a tax on the Murff tract to pay such bonds and the levy of a maintenance tax on the Murff tract.

The District is authorized to levy a maintenance tax in an unlimited amount per \$100 of assessed valuation for property within the Defined Area, in addition to the District's debt service tax rate applicable to the remainder of the District. During the fiscal year ended December 31, 2021, the District levied an ad valorem maintenance tax rate on the defined area of \$0.86 per \$100 of assessed valuation, which resulted in a levy of \$114,986 on the adjusted taxable valuation of \$13,370,459 for the Defined Area for the 2021 tax year.

NOTE 14. 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.

NOTE 15. SUBSEQUENT EVENT – BOND SALE

On February 17, 2022, subsequent to year end, the District issued \$3,050,000 of Unlimited Tax Bonds, Series 2022. Proceeds from the bonds will be used to fund construction and engineering costs for Water Well No. 2 and Krenok at US 90 Area Wastewater Force Main. Additional proceeds were used to pay for issuance costs of the bonds.

NOTE 16. PRIOR PERIOD ADJUSTMENT

The District's beginning General Fund fund balance was adjusted in order to reflect compensated absences as a noncurrent liability only. As a result, the General Fund fund balance increased from \$2,876,666 to \$2,939,207, a change of \$62,541.

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CROSBY MUNICIPAL UTILITY DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2021

**CROSBY MUNICIPAL UTILITY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	\$	\$ 7,493	\$ 7,493
Water and Wastewater Service	1,930,000	1,912,164	(17,836)
Penalty and Interest	45,000	44,445	(555)
Tap Connection and Inspection Fees	336,000	225,850	(110,150)
Investment and Miscellaneous Revenues	17,150	66,236	49,086
TOTAL REVENUES	\$ 2,328,150	\$ 2,256,188	\$ (71,962)
EXPENDITURES			
Service Operations:			
Personnel	\$ 1,100,000	\$ 1,037,536	\$ 62,464
Professional Fees	225,000	300,783	(75,783)
Purchased Water Service	181,000	180,675	325
Utilities	138,000	135,195	2,805
Repairs and Maintenance	152,000	167,474	(15,474)
Other	535,400	413,050	122,350
Capital Outlay	25,000	2,827	22,173
TOTAL EXPENDITURES	\$ 2,356,400	\$ 2,237,540	\$ 118,860
NET CHANGE IN FUND BALANCE	\$ (28,250)	\$ 18,648	\$ 46,898
FUND BALANCE - JANUARY 1, 2021	2,939,207	2,939,207	
FUND BALANCE - DECEMBER 31, 2021	\$ 2,910,957	\$ 2,957,855	\$ 46,898

CROSBY MUNICIPAL UTILITY DISTRICT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
DECEMBER 31, 2021

	Actuarial Valuation as of 12/31/2020	Actuarial Valuation as of 12/31/2019
	<u> </u>	<u> </u>
Total Pension Liability		
Service Cost	\$ 73,133	\$ 81,206
Interest on total pension liability	208,209	186,685
Effect of plan changes		
Effect of economic/demographic gains or losses	44,898	59,395
Effect of changes of assumptions	186,167	
Benefit payments, including refunds of employee contributions	<u>(90,525)</u>	<u>(17,859)</u>
Net change in total pension liability	\$ 421,882	\$ 309,427
Total pension liability, beginning	<u>2,541,729</u>	<u>2,232,302</u>
Total pension liability, ending (a)	<u>\$ 2,963,611</u>	<u>\$ 2,541,729</u>
Plan Fiduciary Net Position		
Contributions - employer	\$ 51,052	\$ 47,081
Contributions - employee	51,052	47,081
Net investment income	280,026	371,358
Benefit payments, including refunds of employee contributions	(90,525)	(17,859)
Administrative Expense	(2,195)	(2,065)
Other	<u>611</u>	<u>2,990</u>
Net Change in plan fiduciary net position	\$ 290,021	\$ 448,586
Plan Fiduciary net position, beginning	<u>2,710,397</u>	<u>2,261,811</u>
Plan Fiduciary net position, ending (b)	<u>\$ 3,000,418</u>	<u>\$ 2,710,397</u>
Net Pension Liability/(Asset), Ending = (a) - (b)	<u><u>\$ (36,807)</u></u>	<u><u>\$ (168,668)</u></u>
Plan fiduciary net position as a percentage of the total pension liability	101.24%	106.64%
Covered-employee payroll	\$ 729,319	\$ 672,588
Net pension liability as a percentage of covered employee payroll	-5.05%	-25.08%

Note: Data for years 2011 though 2013 not available at time of audit.

Actuarial Valuation as of 12/31/2018	Actuarial Valuation as of 12/31/2017	Actuarial Valuation as of 12/31/2016	Actuarial Valuation as of 12/31/2015	Actuarial Valuation as of 12/31/2014
\$ 72,958	\$ 72,658	\$ 79,491	\$ 72,313	\$ 74,586
169,104	151,827	132,860	116,470	101,939
			(20,684)	17,329
1,098	5,005	(3,711)	21,587	9,321
	11,784		13,987	
<u>(50,231)</u>	<u>(7,152)</u>	<u>(9,141)</u>	<u>(7,152)</u>	<u>(14,496)</u>
\$ 192,929	\$ 234,122	\$ 199,499	\$ 196,521	\$ 188,679
<u>2,039,373</u>	<u>1,805,251</u>	<u>1,605,752</u>	<u>1,409,231</u>	<u>1,220,552</u>
\$ <u>2,232,302</u>	\$ <u>2,039,373</u>	\$ <u>1,805,251</u>	\$ <u>1,605,752</u>	\$ <u>1,409,231</u>
\$ 48,326	\$ 44,142	\$ 44,492	\$ 42,289	\$ 43,811
48,326	44,142	44,492	42,289	43,811
(41,531)	278,357	125,283	(41,526)	98,584
(50,231)	(7,152)	(9,141)	(7,152)	(14,496)
(1,817)	(1,501)	(1,362)	(1,206)	(1,211)
<u>1,610</u>	<u>1,073</u>	<u>5,601</u>	<u>358</u>	<u>242</u>
\$ 4,683	\$ 359,061	\$ 209,365	\$ 35,052	\$ 170,741
<u>2,257,128</u>	<u>1,898,067</u>	<u>1,688,702</u>	<u>1,653,650</u>	<u>1,482,909</u>
\$ <u>2,261,811</u>	\$ <u>2,257,128</u>	\$ <u>1,898,067</u>	\$ <u>1,688,702</u>	\$ <u>1,653,650</u>
\$ <u>(29,509)</u>	\$ <u>(217,755)</u>	\$ <u>(92,816)</u>	\$ <u>(82,950)</u>	\$ <u>(244,419)</u>
101.32%	110.68%	105.14%	105.17%	117.34%
\$ 690,375	\$ 630,607	\$ 635,605	\$ 604,133	\$ 625,878
-4.27%	-34.53%	-14.60%	-13.73%	-39.05%

CROSBY MUNICIPAL UTILITY DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS – PENSION
DECEMBER 31, 2021

Ending December 31	Determined Contribution	Employer Contribution	Deficiency (Excess)	Covered Payroll	as a Percentage of Covered Payroll
2012	\$ 7,625	\$ 35,823	\$ (28,198)	\$ 511,759	7.00%
2013	\$ 14,860	\$ 41,775	\$ (26,915)	\$ 596,789	7.00%
2014	\$ 19,965	\$ 43,811	\$ (23,846)	\$ 625,878	7.00%
2015	\$ 24,528	\$ 42,289	\$ (17,761)	\$ 604,103	7.00%
2016	\$ 20,022	\$ 44,492	\$ (24,470)	\$ 635,605	7.00%
2017	\$ 23,017	\$ 44,142	\$ (21,125)	\$ 630,607	7.00%
2018	\$ 26,579	\$ 48,326	\$ (21,747)	\$ 690,375	7.00%
2019	\$ 25,222	\$ 47,081	\$ (21,859)	\$ 672,588	7.00%
2020	\$ 30,486	\$ 51,052	\$ (20,566)	\$ 729,319	7.00%
2021	\$ 35,487	\$ 51,430	\$ (15,943)	\$ 734,714	7.00%

Valuation Date Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	20.0 years (based on contribution rate calculated in 12/31/2020 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.6% average over career including inflation.
Investment Rate of Return	7.50%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale of 2014.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2015, 2017, 2019: New inflation, mortality and other assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	2015: Employer contributions reflect the current service matching rate was increased to 175% for future benefits. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2016, 2018, 2019 and 2020: No changes in plan provisions were reflected in the schedule.

*Only changes that affect the benefit amount and that are effective 2015 and later are shown in the Notes to Schedule.

CROSBY MUNICIPAL UTILITY DISTRICT
SCHEDULE OF CHANGES IN TOTAL OTHER POSTEMPLOYMENT BENEFITS
LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Year Ended December 31, 2021	Year Ended December 31, 2020
Total OPEB Liability		
Service cost	\$ 24,520	\$ 18,505
Interest on total OPEB liability	7,244	8,271
Changes in assumptions and other inputs	8,145	34,486
Benefit payments	<u>(5,982)</u>	<u>(5,695)</u>
Net change in total OPEB liability	\$ 33,927	\$ 55,567
Total OPEB liability, beginning	<u>340,670</u>	<u>285,103</u>
Total OPEB liability, ending	<u>\$ 374,597</u>	<u>\$ 340,670</u>
Covered employee payroll	\$ 653,528	\$ 644,807
Total OPEB liability as a % of covered-employee payroll	57.32%	52.83%

Methods and Assumptions Used to Determine Total OPEB Liability:

Actuarial Cost Method	Entry Age Normal
Discount Rate	1.84%
Salary Increases	4.00%
Retirement Age	Employees were assumed to retire at age 65, or after 20 years of service, if later.
Mortality	RP-2000 Generational Combined Healthy Participant mortality tables, projected from the year 2000 using Projection Scale AA.
Healthcare Cost Trend Rates	4.00% for each year.
Notes	Changes in assumptions and other inputs include the change in the discount rate from 2.00% as of the beginning of the measurement period to 1.84% as of December 31, 2021. This change is reflected in the Schedule of Changes in Total OPEB Liability. There were no benefit changes during the year.

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CROSBY MUNICIPAL UTILITY DISTRICT
SUPPLEMENTARY INFORMATION – REQUIRED BY THE
WATER DISTRICT FINANCIAL MANAGEMENT GUIDE
DECEMBER 31, 2021

**CROSBY MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED DECEMBER 31, 2021**

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

<u> X </u>	Retail Water	_____	Wholesale Water	_____	Drainage
<u> X </u>	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 August 18, 2021

	<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:	\$ 17.50	2,000	N	\$ 4.50	2,001 and over
WASTEWATER:	\$ 24.05	2,000	N	\$ 5.25	2,001 and over

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

Total monthly charges per 10,000 gallons usage: Water: \$53.50 Wastewater: \$66.05 Surcharge: \$0.60*

* Includes TCEQ regulatory fee of 0.5% of water and wastewater charges

See accompanying independent auditor's report.

**CROSBY MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED DECEMBER 31, 2021**

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"	<u>1,180</u>	<u>1,153</u>	x 1.0	<u>1,153</u>
1"	<u>26</u>	<u>25</u>	x 2.5	<u>63</u>
1½"	<u>13</u>	<u>13</u>	x 5.0	<u>65</u>
2"	<u>79</u>	<u>78</u>	x 8.0	<u>624</u>
3"	<u>7</u>	<u>7</u>	x 15.0	<u>105</u>
4"	<u>10</u>	<u>10</u>	x 25.0	<u>250</u>
6"	<u>15</u>	<u>15</u>	x 50.0	<u>750</u>
8"	<u>3</u>	<u>3</u>	x 80.0	<u>240</u>
10"	_____	_____	x 115.0	_____
Total Water Connections	<u><u>1,333</u></u>	<u><u>1,304</u></u>		<u><u>3,250</u></u>
Total Wastewater Connections	<u><u>1,302</u></u>	<u><u>1,249</u></u>	x 1.0	<u><u>1,249</u></u>

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

Gallons billed to customers:	129,650,000	Water Accountability Ratio: 70.0% (Gallons billed/Gallons purchased)
Gallons purchased:	185,193,000	<u>From:</u> San Jacinto River Authority

See accompanying independent auditor's report.

**CROSBY MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED DECEMBER 31, 2021**

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:

Harris 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.

**CROSBY MUNICIPAL UTILITY DISTRICT
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2021**

PERSONNEL EXPENDITURES (Including Benefits)	\$ 1,037,536
PROFESSIONAL FEES:	
Auditing	\$ 40,875
Engineering	102,004
Legal	<u>157,904</u>
TOTAL PROFESSIONAL FEES	\$ <u>300,783</u>
PURCHASED WATER SERVICE	\$ <u>180,675</u>
UTILITIES	\$ <u>135,195</u>
REPAIRS AND MAINTENANCE	\$ <u>167,474</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 27,000
Insurance	60,906
Rents and Lease Payments	4,778
Office Supplies and Postage	16,780
Travel and Meetings	4,298
Other	<u>23,197</u>
TOTAL ADMINISTRATIVE EXPENDITURES	\$ <u>136,959</u>
CAPITAL OUTLAY	\$ <u>2,827</u>
OTHER EXPENDITURES:	
Chemicals	\$ 115,488
Fuel, Materials and Supplies	102,524
Permit Fees	12,773
Regulatory Assessment	9,494
Sludge Hauling	<u>35,812</u>
TOTAL OTHER EXPENDITURES	\$ <u>276,091</u>
TOTAL EXPENDITURES	\$ <u><u>2,237,540</u></u>

Number of persons employed by the District 11 Full-Time -0- Part-Time

See accompanying independent auditor's report.

**CROSBY MUNICIPAL UTILITY DISTRICT
INVESTMENTS
DECEMBER 31, 2021**

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
<u>GENERAL FUND</u>					
TexPool	XXXX0002	Varies	Daily	\$ 2,181,031	\$
TexPool	XXXX0008	Varies	Daily	58,403	\$
TOTAL GENERAL FUND				<u>\$ 2,239,434</u>	<u>\$ -0-</u>
<u>DEBT SERVICE FUND</u>					
TexPool	XXXX0007	Varies	Daily	\$ 665,901	\$ -0-
<u>CAPITAL PROJECTS FUND</u>					
TexPool	XXXX0001	Varies	Daily	\$ 8,436	\$
TexPool	XXXX0017	Varies	Daily	1,502,028	\$
TOTAL CAPITAL PROJECTS FUND				<u>\$ 1,510,464</u>	<u>\$ -0-</u>
TOTAL - ALL FUNDS				<u>\$ 4,415,799</u>	<u>\$ -0-</u>

See accompanying independent auditor's report.

**CROSBY MUNICIPAL UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Defined Area Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
JANUARY 1, 2021	\$ 7,017		\$ 792,858	
Adjustments to Beginning Balance	\$ 7,017	\$ 7,017	1,511	\$ 794,369
Original 2021 Tax Levy	\$ 111,921		\$ 1,229,070	
Adjustment to 2021 Tax Levy	3,065	114,986	299,453	1,528,523
TOTAL TO BE ACCOUNTED FOR		\$ 122,003		\$ 2,322,892
TAX COLLECTIONS:				
Prior Years	\$ 7,017		\$ 699,275	
Current Year	110,171	117,188	703,203	1,402,478
TAXES RECEIVABLE - DECEMBER 31, 2021		\$ 4,815		\$ 920,414
TAXES RECEIVABLE BY YEAR:				
2021		\$ 4,815		\$ 825,320
2020				13,969
2019				8,800
2018				6,806
2017				7,799
2016				6,181
2001 - 2015		\$ 4,815		51,539
TOTAL		\$ 4,815		\$ 920,414

See accompanying independent auditor's report.

**CROSBY MUNICIPAL UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
PROPERTY VALUATIONS - DISTRICT:				
Land	\$ 111,385,097	\$ 99,791,412	\$ 89,770,327	\$ 74,987,906
Improvements	222,101,695	203,592,758	206,593,840	195,287,564
Personal Property Exemptions	57,713,361 (53,382,546)	43,505,497 (54,266,587)	78,840,358 (70,648,645)	73,673,163 (63,078,148)
TOTAL DISTRICT	<u>\$ 337,817,607</u>	<u>\$ 292,623,080</u>	<u>\$ 304,555,880</u>	<u>\$ 280,870,485</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	<u>\$ 0.45247</u>	<u>\$ 0.46</u>	<u>\$ 0.49</u>	<u>\$ 0.51</u>
ADJUSTED TAX LEVY*	<u>\$ 1,528,523</u>	<u>\$ 1,346,066</u>	<u>\$ 1,492,324</u>	<u>\$ 1,432,439</u>
PROPERTY VALUATIONS - DEFINED AREA:				
	<u>\$ 13,370,459</u>	<u>\$ 871,257</u>	<u>\$ 474,553</u>	<u>N/A</u>
TAX RATES PER \$100 VALUATION:				
Maintenance	<u>\$ 0.86</u>	<u>\$ 0.86</u>	<u>\$ 0.86</u>	<u>N/A</u>
ADJUSTED TAX LEVY*	<u>\$ 114,986</u>	<u>\$ 7,493</u>	<u>\$ 4,081</u>	<u>N/A</u>
PERCENTAGE OF TOTAL TAXES COLLECTED TO TAXES LEVIED				
	<u>45.69 %</u>	<u>98.96 %</u>	<u>99.41 %</u>	<u>99.52 %</u>

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

See accompanying independent auditor's report.

**CROSBY MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2021**

S E R I E S - 2 0 1 1			
Due During Fiscal Years Ending December 31	Principal Due August 15	Interest Due February 15/ August 15	Total
2022	\$ 95,000	\$ 25,848	\$ 120,848
2023	95,000	22,238	117,238
2024	100,000	18,438	118,438
2025	105,000	14,438	119,438
2026	110,000	9,844	119,844
2027	115,000	5,031	120,031
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
	\$ 620,000	\$ 95,837	\$ 715,837

See accompanying independent auditor's report.

**CROSBY MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2021**

REFUNDING SERIES - 2015

Due During Fiscal Years Ending December 31	Principal Due August 15	Interest Due February 15/ August 15	Total
2022	\$ 340,000	\$ 82,200	\$ 422,200
2023	355,000	68,600	423,600
2024	375,000	54,400	429,400
2025	390,000	39,400	429,400
2026	410,000	23,800	433,800
2027	185,000	7,400	192,400
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
	<u>\$ 2,055,000</u>	<u>\$ 275,800</u>	<u>\$ 2,330,800</u>

See accompanying independent auditor's report.

**CROSBY MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2021**

S E R I E S - 2 0 1 7				
Due During Fiscal Years Ending December 31	Principal Due August 15	Interest Due February 15/ August 15	Total	
2022	\$ 185,000	\$ 80,850	\$	265,850
2023	185,000	77,150		262,150
2024	185,000	73,450		258,450
2025	180,000	69,750		249,750
2026	180,000	66,150		246,150
2027	180,000	60,750		240,750
2028	180,000	55,350		235,350
2029	180,000	49,950		229,950
2030	180,000	44,550		224,550
2031	180,000	39,150		219,150
2032	180,000	33,750		213,750
2033	180,000	28,350		208,350
2034	180,000	22,950		202,950
2035	180,000	17,325		197,325
2036	180,000	11,700		191,700
2037	180,000	5,850		185,850
2038				
2039				
	\$ 2,895,000	\$ 737,025	\$	3,632,025

See accompanying independent auditor's report.

**CROSBY MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2021**

S E R I E S - 2 0 1 9				
Due During Fiscal Years Ending December 31	Principal Due August 15	Interest Due February 15/ August 15	Total	
2022	\$ 160,000	\$ 65,960	\$	225,960
2023	160,000	62,760		222,760
2024	160,000	59,560		219,560
2025	160,000	56,360		216,360
2026	160,000	53,160		213,160
2027	160,000	49,960		209,960
2028	160,000	46,760		206,760
2029	160,000	43,560		203,560
2030	160,000	40,160		200,160
2031	160,000	36,560		196,560
2032	160,000	32,960		192,960
2033	160,000	29,160		189,160
2034	160,000	25,360		185,360
2035	160,000	21,360		181,360
2036	155,000	17,360		172,360
2037	155,000	13,098		168,098
2038	155,000	8,835		163,835
2039	155,000	4,417		159,417
	\$ 2,860,000	\$ 667,350	\$	3,527,350

See accompanying independent auditor's report.

**CROSBY MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2021**

ANNUAL REQUIREMENTS
FOR ALL SERIES

Due During Fiscal Years Ending December 31	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2022	\$ 780,000	\$ 254,858	\$ 1,034,858
2023	795,000	230,748	1,025,748
2024	820,000	205,848	1,025,848
2025	835,000	179,948	1,014,948
2026	860,000	152,954	1,012,954
2027	640,000	123,141	763,141
2028	340,000	102,110	442,110
2029	340,000	93,510	433,510
2030	340,000	84,710	424,710
2031	340,000	75,710	415,710
2032	340,000	66,710	406,710
2033	340,000	57,510	397,510
2034	340,000	48,310	388,310
2035	340,000	38,685	378,685
2036	335,000	29,060	364,060
2037	335,000	18,948	353,948
2038	155,000	8,835	163,835
2039	155,000	4,417	159,417
	<u>\$ 8,430,000</u>	<u>\$ 1,776,012</u>	<u>\$ 10,206,012</u>

See accompanying independent auditor's report.

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**CROSBY MUNICIPAL UTILITY DISTRICT
ANALYSIS OF CHANGES IN LONG-TERM DEBT
FOR THE YEAR ENDED DECEMBER 31, 2021**

Description	Original Bonds Issued	Bonds Outstanding January 1, 2021
Crosby Municipal Utility District Unlimited Tax Bonds - Series 2011	\$ 1,920,000	\$ 830,000
Crosby Municipal Utility District Unlimited Tax Refunding Bonds - Series 2011	2,250,000	295,000
Crosby Municipal Utility District Unlimited Tax Refunding Bonds - Series 2015	3,315,000	2,375,000
Crosby Municipal Utility District Unlimited Tax Bonds - Series 2017	3,700,000	3,080,000
Crosby Municipal Utility District Unlimited Tax Bonds - Series 2019	<u>3,250,000</u>	<u>3,020,000</u>
TOTAL	<u>\$ 14,435,000</u>	<u>\$ 9,600,000</u>

Bond Authority:	Tax Bonds	Defined Area Tax Bonds	Revenue Bonds
Amount Authorized by Voters	\$ 10,000,000	\$ 15,000,000	\$ 2,885,000
Amount Issued	<u>6,950,000</u>	<u> </u>	<u>2,885,000</u>
Remaining to be Issued	<u>\$ 3,050,000</u>	<u>\$ 15,000,000</u>	<u>\$ - 0 -</u>

Debt Service Fund cash and investment balances as of
December 31, 2021: \$ 2,022,906

Average annual debt service payment (principal and interest) for remaining term
of all debt: \$ 567,001

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 December 31, 2021</u>	<u>Paying Agent</u>
	<u>Principal</u>	<u>Interest</u>		
\$	\$ 210,000	\$ 36,313	\$ 620,000	Wells Fargo Bank Austin, TX
	295,000	9,219	-0-	Wells Fargo Bank Austin, TX
	320,000	95,000	2,055,000	US Bank Minneapolis, MN
	185,000	84,550	2,895,000	Wells Fargo Bank Austin, TX
	<u>160,000</u>	<u>69,160</u>	<u>2,860,000</u>	Wells Fargo Bank Austin, TX
<u>\$ - 0 -</u>	<u>\$ 1,170,000</u>	<u>\$ 294,242</u>	<u>\$ 8,430,000</u>	

See accompanying independent auditor's report.

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

	Amounts		
	2021	2020	2019
REVENUES			
Water and Wastewater Service	\$ 1,912,164	\$ 1,869,850	\$ 1,971,383
Penalty and Interest	44,445	29,119	80,682
Tap Connection and Inspection Fees	225,850	264,097	148,825
Property Taxes - Defined Area	7,493	4,081	
Investment and Miscellaneous Revenues	66,236	60,978	106,564
TOTAL REVENUES	\$ 2,256,188	\$ 2,228,125	\$ 2,307,454
EXPENDITURES			
Personnel	\$ 1,037,536	\$ 1,003,901	\$ 1,012,937
Professional Fees	300,783	243,873	266,449
Purchased Water Service	180,675	175,680	161,975
Utilities	135,195	99,830	131,585
Repairs and Maintenance	167,474	245,308	261,085
Other	413,050	420,854	284,108
Capital Outlay	2,827	16,387	153,497
TOTAL EXPENDITURES	\$ 2,237,540	\$ 2,205,833	\$ 2,271,636
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 18,648	\$ 22,292	\$ 35,818
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	\$ - 0 -	\$ (176,602)	\$ (107)
NET CHANGE IN FUND BALANCE	\$ 18,648	\$ (154,310)	\$ 35,711
BEGINNING FUND BALANCE	2,939,207	3,093,517	3,057,806
ENDING FUND BALANCE	\$ 2,957,855	\$ 2,939,207	\$ 3,093,517

See accompanying independent auditor's report.

		Percentage of Total Revenues				
<u>2018</u>	<u>2017</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
\$ 2,193,047	\$ 1,989,959	84.8 %	83.9 %	85.5 %	82.6 %	88.5 %
70,797	46,613	2.0	1.3	3.5	2.7	2.1
48,959	106,666	10.0	11.9	6.4	1.8	4.7
338,577	106,604	0.3	0.2	4.6	12.8	4.7
<u>2,651,380</u>	<u>2,249,842</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 891,880	\$ 875,444	46.0 %	45.1 %	43.9 %	33.6 %	38.9 %
288,615	195,797	13.3	10.9	11.5	10.9	8.7
159,490	160,810	8.0	7.9	7.0	6.0	7.1
135,513	112,696	6.0	4.5	5.7	5.1	5.0
203,433	214,592	7.4	11.0	11.3	7.7	9.5
276,218	309,197	18.3	18.9	12.3	10.4	13.7
247,109	42,500	0.1	0.7	6.7	9.3	1.9
<u>2,202,258</u>	<u>1,911,036</u>	<u>99.1 %</u>	<u>99.0 %</u>	<u>98.4 %</u>	<u>83.0 %</u>	<u>84.8 %</u>
\$ 449,122	\$ 338,806	0.9 %	1.0 %	1.6 %	17.0 %	15.2 %
\$ - 0 -	\$ - 0 -					
\$ 449,122	\$ 338,806					
<u>2,608,684</u>	<u>2,269,878</u>					
<u>\$ 3,057,806</u>	<u>\$ 2,608,684</u>					

See accompanying independent auditor's report.

**CROSBY MUNICIPAL UTILITY DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS**

	Amounts		
	2021	2020	2019
REVENUES			
Property Taxes	\$ 1,356,543	\$ 1,467,926	\$ 1,492,333
Penalty and Interest	33,240	50,294	57,773
Investment and Miscellaneous Revenues	34,926	43,337	12,947
TOTAL REVENUES	\$ 1,424,709	\$ 1,561,557	\$ 1,563,053
EXPENDITURES			
Tax Collection Expenditures	\$ 60,684	\$ 48,314	\$ 44,335
Debt Service Principal	1,170,000	1,095,000	955,000
Debt Service Interest and Fees	297,742	298,290	281,431
TOTAL EXPENDITURES	\$ 1,528,426	\$ 1,441,604	\$ 1,280,766
NET CHANGE IN FUND BALANCE	\$ (103,717)	\$ 119,953	\$ 282,287
BEGINNING FUND BALANCE	1,315,441	1,195,488	913,201
ENDING FUND BALANCE	\$ 1,211,724	\$ 1,315,441	\$ 1,195,488
TOTAL ACTIVE RETAIL WATER CONNECTIONS	1,304	1,258	1,170
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	1,249	1,244	1,130

See accompanying independent auditor's report.

		Percentage of Total Revenues				
<u>2018</u>	<u>2017</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
\$ 1,372,445	\$ 1,558,105	95.2 %	94.0 %	95.5 %	94.9 %	97.2 %
71,917	38,095	2.3	3.2	3.7	5.0	2.4
908	6,454	2.5	2.8	0.8	0.1	0.4
<u>\$ 1,445,270</u>	<u>\$ 1,602,654</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 60,966	\$ 49,236	4.3 %	3.1 %	2.8 %	4.2 %	3.1 %
990,000	2,625,000	82.1	70.1	61.1	68.5	163.8
277,528	494,063	20.9	19.1	18.0	19.2	30.8
<u>\$ 1,328,494</u>	<u>\$ 3,168,299</u>	<u>107.3 %</u>	<u>92.3 %</u>	<u>81.9 %</u>	<u>91.9 %</u>	<u>197.7 %</u>
\$ 116,776	\$ (1,565,645)	<u>(7.3) %</u>	<u>7.7 %</u>	<u>18.1 %</u>	<u>8.1 %</u>	<u>(97.7) %</u>
796,425	2,362,070					
<u>\$ 913,201</u>	<u>\$ 796,425</u>					
<u>1,153</u>	<u>1,130</u>					
<u>1,113</u>	<u>1,090</u>					

See accompanying independent auditor's report.

**CROSBY MUNICIPAL UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
DECEMBER 31, 2021**

District Mailing Address - Crosby Municipal Utility District
P.O. Box 249
Crosby, Texas 77532

District Telephone Number - (281) 328-4242

Board Members	Term of Office (Elected or Appointed)	Fees of office for the year ended December 31, 2021	Expense reimbursements for the year ended December 31, 2021	Title
Steve Schreiber	05/2021 05/2025 (Elected)	\$ 7,200	\$ 2,117	President
Eddie Foster	05/2019 05/2023 (Elected)	\$ 5,250	\$ 1,205	Vice President
Donna Davenport	01/2020 05/2023 (Appointed)	\$ 5,250	\$ 86	Treasurer/ Investment Officer
Wesley Zarsky	05/2021 05/2025 (Elected)	\$ 4,350	\$ -0-	Secretary
Diane Feland	11/2020 05/2023 (Appointed)	\$ 4,950	\$ -0-	Assistant Secretary

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

Submission date of most recent District Registration Form: November 18, 2021

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

See accompanying independent auditor's report.

**CROSBY MUNICIPAL UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
DECEMBER 31, 2021**

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended December 31, 2021</u>	<u>Title</u>
Baker, Williams, Matthieson LLP	2017	\$ 157,618	General Counsel
McCall Gibson Swedlund Barfoot PLLC	12/15/20	\$ 38,000	Auditor
San Jacinto Tax Service	04/17/01	\$ 13,149	Tax Assessor
IDS Engineering Group	05/04/04	\$ 274,591	Engineer
Perdue Brandon Fielder Collins & Mott LLP	2018	\$ 10,407	Delinquent Tax Attorney
Hilltop Securities, Inc.		\$ -0-	Financial Advisor

See accompanying independent auditor's report.

