Phillip David Haskett
P.O. Box 1941 – Mailing Address
142 Fifteenth Street
League City, TX 77574
832-245-0834

Andrew Miller Public Information Officer San Leon Municipal Utility District 443 24th Street San Leon, TX 77539

Texas Public Information Act Request

Mr. Miller,

This request to the San Leon Municipal Utilities District (hereinafter the "District") for public information is made pursuant to the Texas Government Code, Title 5, Subtitle A, Chapter 552, Subchapter A, Sect. 552.001, et sec. (hereinafter the "TPIA").

I request that the items listed below be provided in digital PDF format if so created or maintained in that format.

Pursuant to the Texas Public Information Act, as amended, please provide the following public records:

- 1. A copy of any board resolution conferring on Ken Keller authority to execute contracts or purchase orders on behalf of the District for any purpose.
- 2. A copy of the "binder with finding results" prepared by RS Smoke Test and Multi-Services pursuant to the contract dated October 24th, 2016.
- 3. A vendor ledger of all payments made to RS Smoke Test and Multi-Services since January 1st, 2016.
- 4. A vendor ledger of all payments made to WSR Water Sewer Repair and More since January 1st, 2016.
- 5. A copy of insurance certificates for both entities for the period between January 1, 2016 and present.
- 6. A copy of requests for bids, and any contract for installation of fire plugs currently being installed in the district.
- 7. A copy of the District's Annual Financial Report (certified audits) for the fiscal years ending June 30, 2015, 2016 and 2017.

In light of the upcoming election, I request that these documents be provided prior to the next regularly scheduled meeting of the Board of Directors scheduled for February 19th, 2020 so that I can ask questions regarding them.

I can be reached at the telephone number listed above. Please advise when these records will be available for pick up at your offices.

Sincerely,

Original Signature on File

Phillip David Haskett

SAN LEON MUNICIPAL UTILITY DISTRICT 443 24TH STREET SAN LEON, TEXAS 77539

281-339-1586 FAX: 281-339-1587

EMAIL ADDRESS: slmud1@slmud.org

WEB PAGE: www.slmud.org

March 6, 2020

Phillip David Haskett P.O. Box 1941 League City, TX 77574

Dear Mr. Haskett:

We have received your records request under the Texas Public Information Act, dated February 4, 2020. As previously communicated with you, we work to respond to all open records requests while still maintaining our day-to-day operations with our limited staff, so I appreciate the patience you've exhibited as we've worked towards fulfilling this request. Your request is outlined below, along with our responses and supporting documentation.

- 1. A copy of any board resolution conferring on Ken Keller authority to execute contracts or purchase orders on behalf of the District for any purpose
 - a. No formal board resolution exists similar to what you are requesting. Mr. Keller's position as field superintendent confers upon him the authority to pursue and engage in contracts for repairs deemed necessary to maintain operations that do not rise to the level of required bids for projects.
- 2. A copy of the "binder with finding results" prepared by RS Smoke Test and Mult-Services pursuant to the contract dated October 24th, 2016
 - a. Attached.
- 3. A vendor ledger of all payments made to RS Smoke Test and Multi-Services since January 1st, 2016
 - a. Attached.
- 4. A vendor ledger of all payments made to WSR Water Sewer Repair and More since Jaunary 1st, 2016
 - a. Attached.
- 5. A copy of insurance certificates for both entities for the period between January 1, 2016 and present.
 - a. Attached.
- 6. A copy of requests for bids, and any contract for installation of fire plugs currently being installed in the district.
 - a. No request for bids or contract exists for the installation of fire plugs currently being installed in the district. Hydrants are installed on an as-needed basis and are not subject to a formal bidding process or contract as the cost does not exceed the State mandated limits.

- 7. A copy of the District's Annual Financial Report (certified audits) for the fiscal years ending June 30, 2015, 2016, and 2017.
 - a. Attached.

If you have any additional questions regarding the matter, please let me know and I will do my best to work with you to come to a satisfying conclusion for your inquiry.

Sincerely,

Andrew Miller District Manager San Leon MUD

Anh Mill

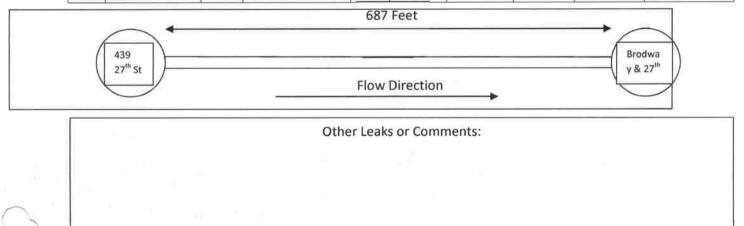
Line No: 1

Service Area: G

Owner/Contractor: R.S Smoke Test & Multi services	Crew Leader: Robert Saldierna
Area: 27th st.	Ground Condition: Dry
Project:	Predominant Surface Cover: G side of road
Job#:	Date: 10/31/16
Main Line Length: 687 FT	

Manholes Address	Sand Bag	Blower	Wall Size	MH Leak
439 27 th St		X		
Broadway & 27th St	X			

No.	Location	Туре	Description	Size	Surface Cover	Feet From UP 439 27 th St	Feet From Main Line	Side Left/Right	Service Line Address
1	Service Line		From Ground			107'	84'	Left	501 27 th St





10/31/16

Line No: 2

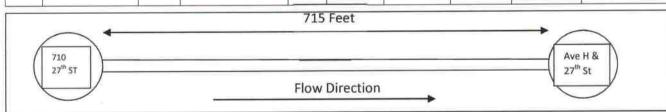
Service Area: G

Owner/Contractor: R.S Smoke Test & Multi services	Crew Leader: Robert Saldierna
Area: 27th st.	Ground Condition: Dry
Project:	Predominant Surface Cover: G side of road
Job #:	Date: 10/31/16

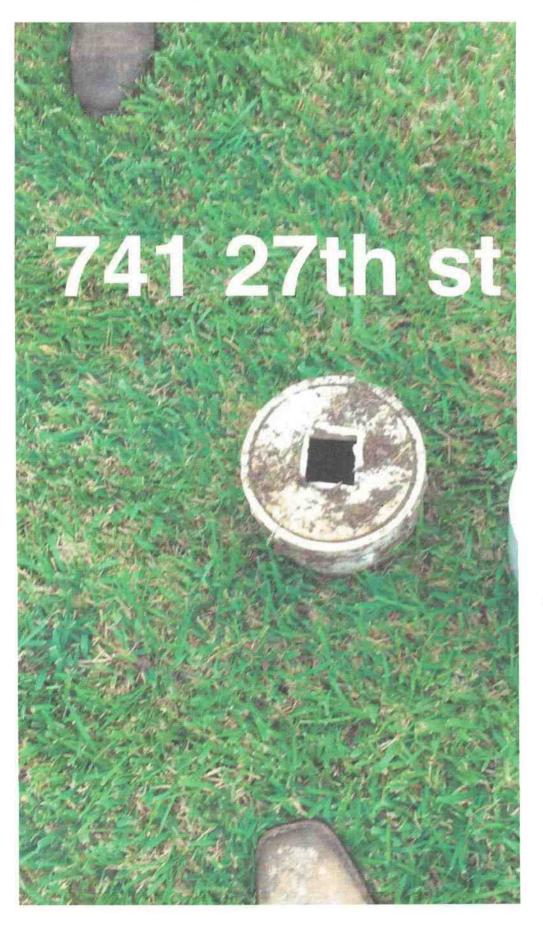
Main Line Length: 715 FT

Manholes Address	Sand Bag	Blower	Wall Size	MH Leak
710 27 th St		X		
Ave H & 27 th St	X			

No.	Location	Туре	Description	Size	Surface Cover	Feet From UP 710 27 th St	Feet From Main Line	Side Left/Right	Service Line Address
1	Service Line		Clean out Cap			525'	38'	Left	741 27 th St
	1								



Other Leaks or Comments:



10.31.16

Line No: 3

Service Area: G

Owner/Contractor: R.S Smoke Test & Multi services

Crew Leader: Robert Saldierna

Area: 27th st.

Ground Condition: Dry

Project:

Predominant Surface Cover: G side of road

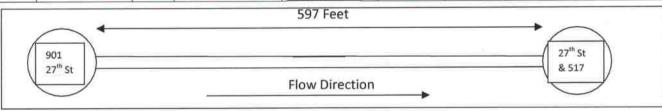
Job #:

Date: 10/31/16

Main Line Length: 597 FT

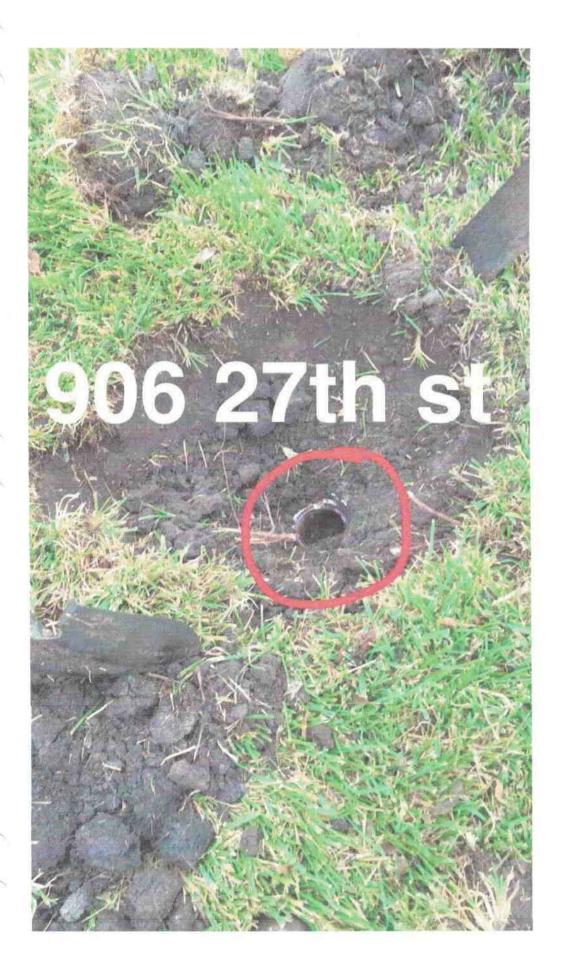
Manholes Address	Sand Bag	Blower	Wall Size	MH Leak
901 27 th St		X		
27th St & 517	X			

No.	Location	Туре	Description	Size	Surface Cover	Feet From UP C/O	Feet From Main Line	Side Left/Right	Service Line Address
1	Service Line		Clean out Cap			4'	43'	Left	901 27th St
2	Service Line		Clean out Cap		_	320'	120'	Right	906 27th St
3	Service Line		From Ground			320'	150'	Right	906 27 th St



	Other Leaks	s or Comments:		





Line No:4

Service Area: G

Owner/Contractor: R.S Smoke Test & Multi services

Crew Leader: Robert Saldierna

Area: 27th st.

Ground Condition: Dry

Project:

Predominant Surface Cover: G side of road

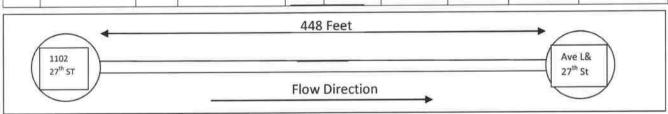
Job #:

Date: 10/31/16

Main Line Length: 715 FT

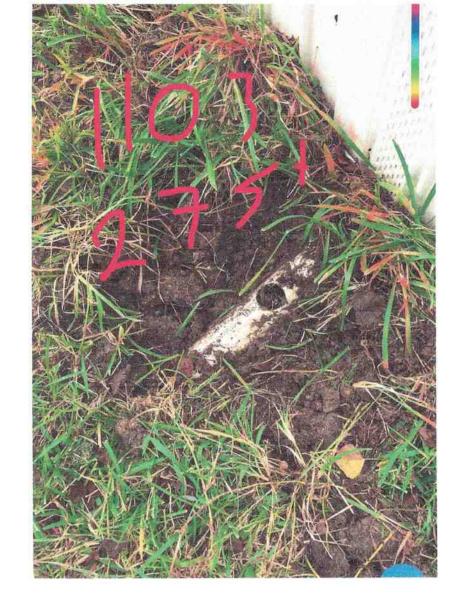
Manholes Address	Sand Bag	Blower	Wall Size	MH Leak
1102 27 th St		X		
Ave L & 27 th St	X			

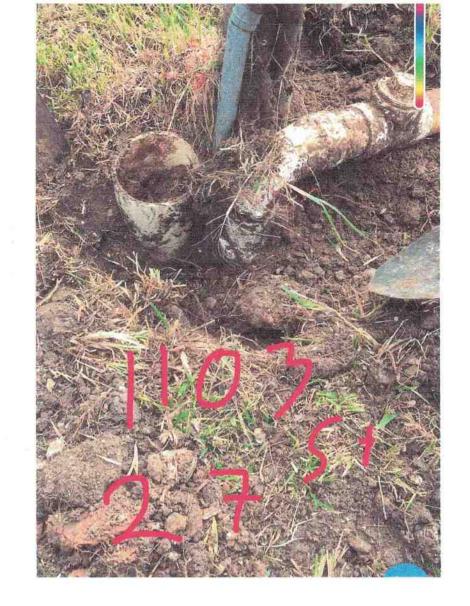
No.	Location	Туре	Description	Size	Surface Cover	Feet From UP 1102 27 th St	Feet From Main Line	Side Left/Right	Service Line Address
1	Service Line					20'	240'	Left	
2	Service Line					20'	252'	Left	
3	Service Line					20'	370'	Left	
4	Service Line					20°	412'	Left	
5	Service Line					20'	453'	Left	
6	Service Line					25'	220'	Left	
7	Service Line					54'	220'	Left	
8	Service Line					85'	220'	Left	

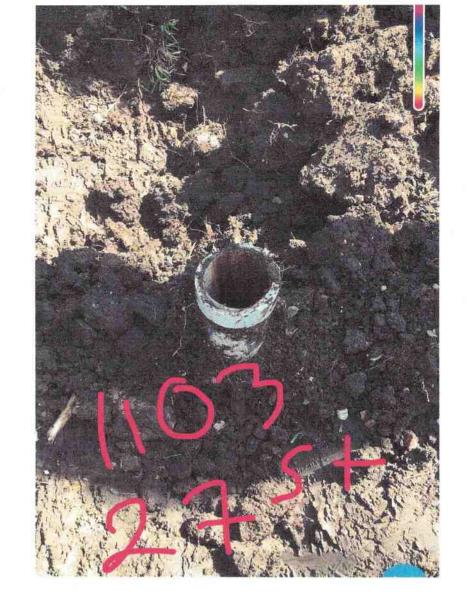


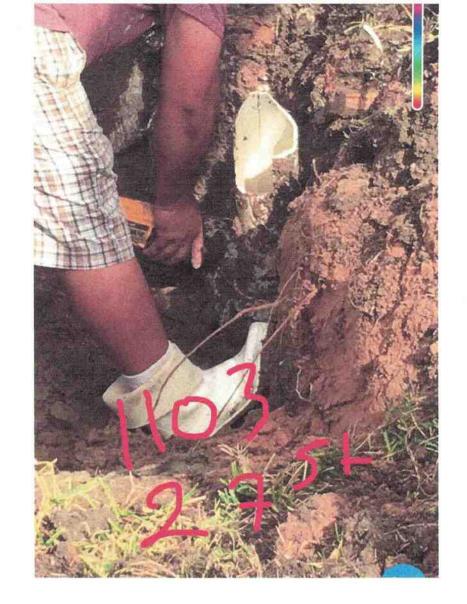
	Other Leaks or Comments:	
1		















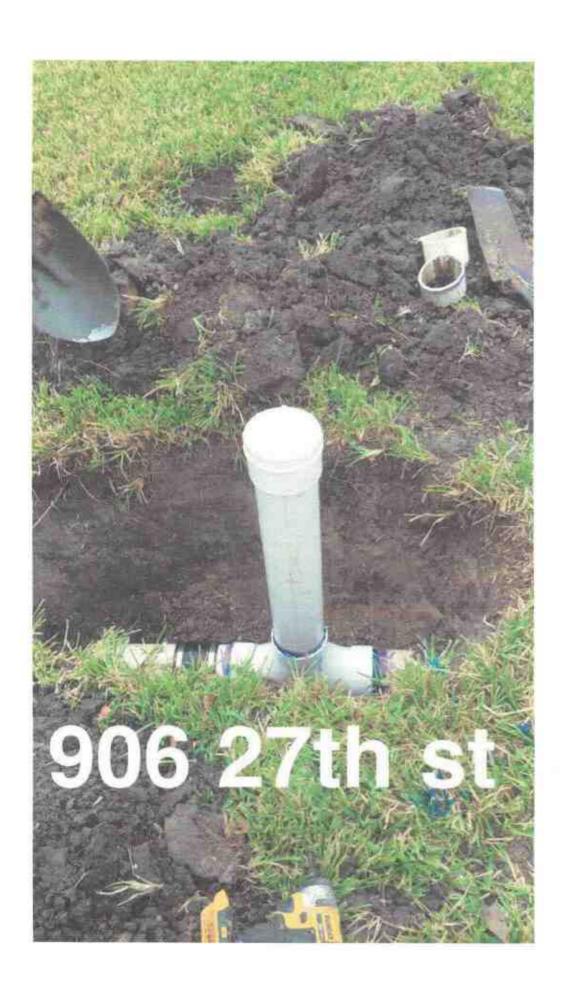
Nov 1,2016



boy John



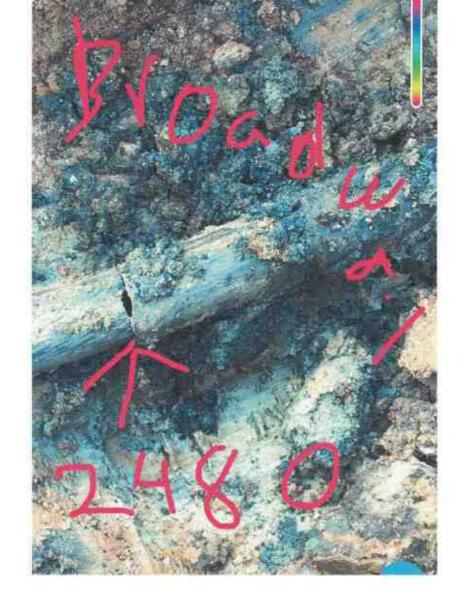
Nov 1,2010



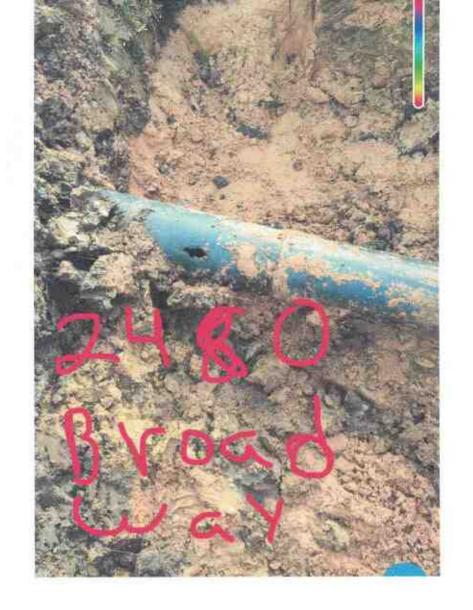
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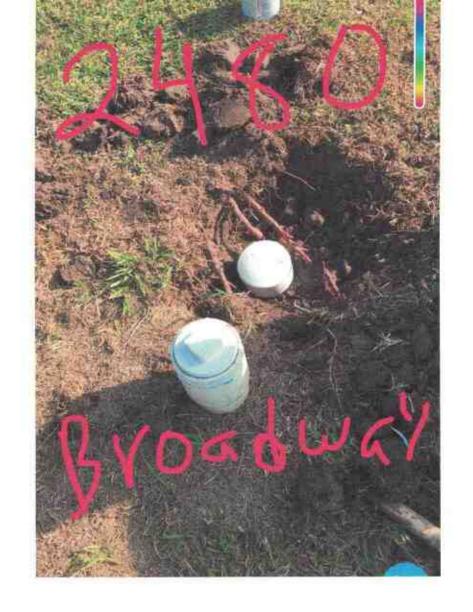
You is old



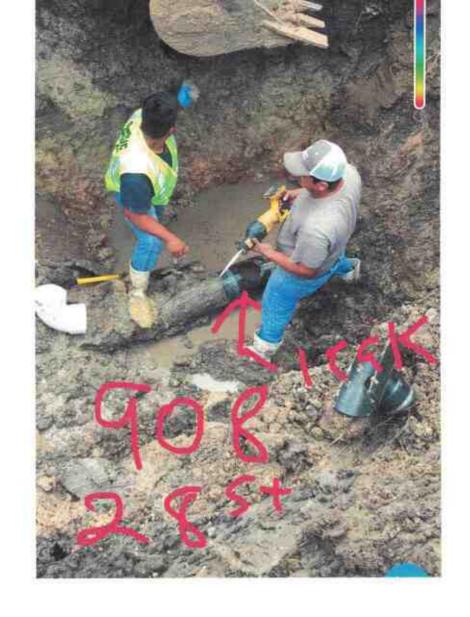
Non 3-34/0



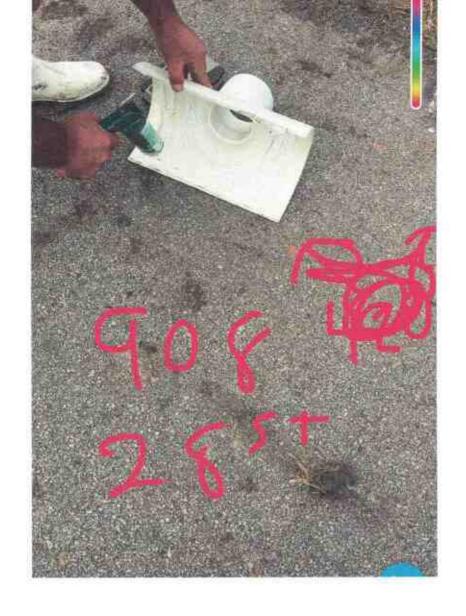
Nov 2, 2016



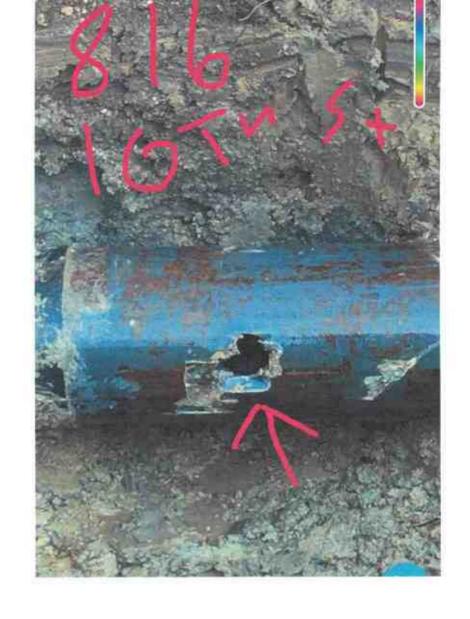
Noy 2, 2010



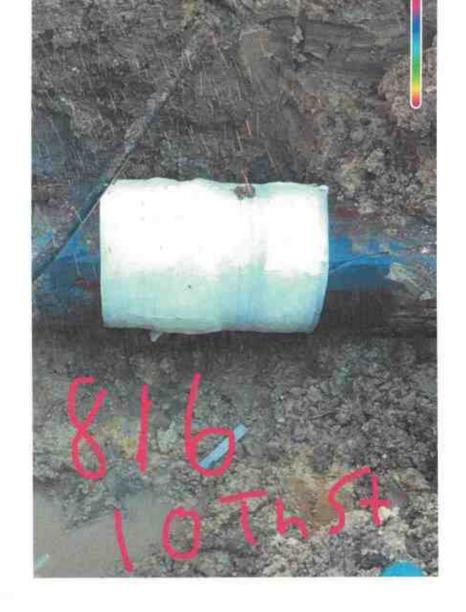
Nov 3,2016



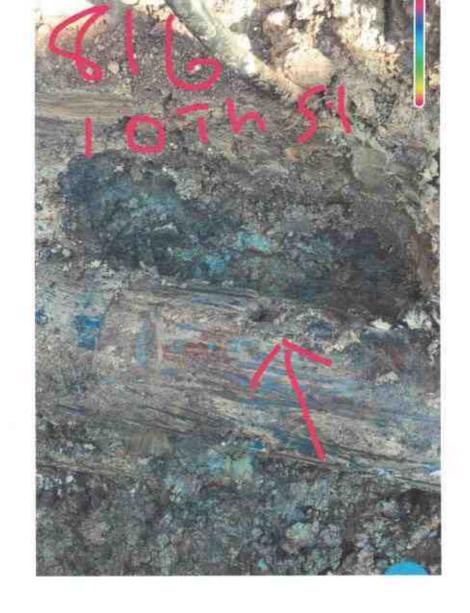
Nov 3,2016



N3V 2,2016



Nov 2 12460



Nov 2,2016

Line No: 1 Service Area: C

Area: C Ground Condition: DRY

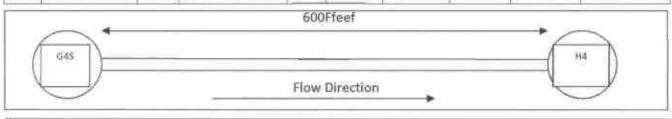
Project: I&I SMOKE TEST Predominant Surface Cover: GROUND

Job #: 1 Date: 5-5-2017

Main Line Length: 600

Manholes Address	Sand Bag	Blower	Wall Size	MH Leak
CONER OF AVE G & 4 TH ST		X		
CORNER OF AVE H & 4TH ST	X			

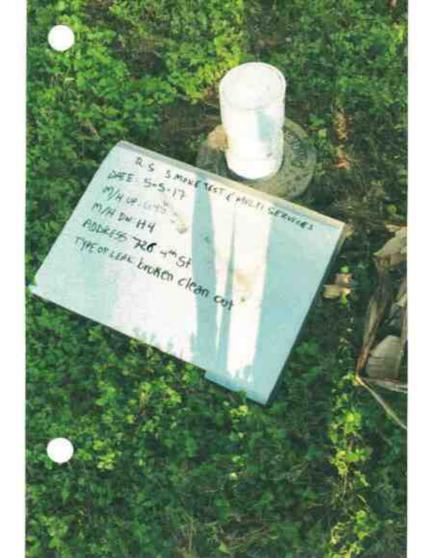
No.	Location	Type	Description	Size	Surface Cover	Feet From UP	Feet From Main Line	Side Left/Right	Service Line Address
1	GROUND	S.L	CLEAN OUT	4**		7"	36'	1	321 AVE G
2	GROUND	S.L.	CLEAN OUT	4**		39*	12"	R	411 AVE G
3	UNDER HOUSE	S.L	4" PIPE	4**		3071	20'	R	726 4 TH ST
4	GROUND	S.L	CLEAN OUT	4"		315"	12'	R	726 4TH ST
5	GROUND	S.L	CLEAN OUT	4**		384*	48'	R	738 4TH ST
6	GROUND	S.L	CLEAN OUT	4"		431"	12'	R	746 4 TH ST



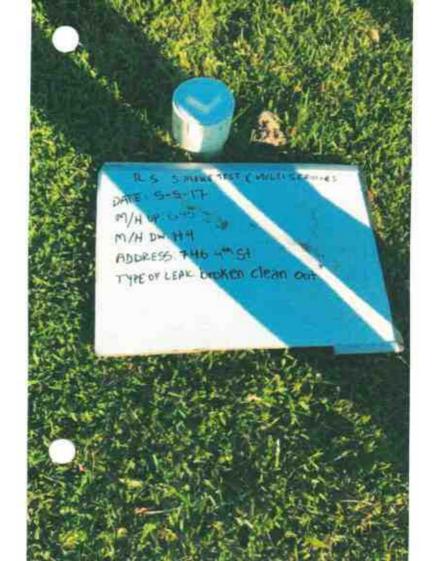
Other Leaks or Comments:
THIS ARE ALREDY FIX BY THE R.S. CREW









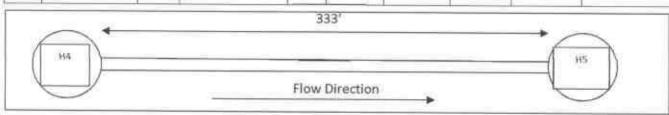


Line No: 2

Owner/Contractor: R.S Smoke Test & Multi services	Crew Leader: Robert Saldierna
Area: C	Ground Condition: DRY
Project: SMOKE TEST	Predominant Surface Cover:
Job #:2	Date: 5-5-2017
Main Line Length: 333'	

Manholes Address	Sand Bag	Blower	Wall Size	MH Leak
CORNER OF AVE H & 4 TH ST		X		
CORNER OF AVE H & 5TH ST	X			

No.	Location	Type	Description	Size	Surface Cover	Feet From UP 439 27 th St	Feet From Main Line	Side Left/Right	Service Line Address
		-					_		
		-							
_									
		+ +							



Other	r Leaks or Comments;	

Line No: 3

Service Area: C

Owner/Contractor: R.S Smoke Test & Multi services

Crew Leader: Robert Saldierna

Area: C

Ground Condition: DRY

Project: SMOKE TEST

Predominant Surface Cover:

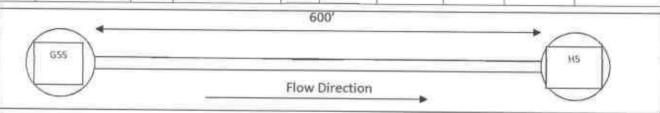
Job #:3

Date: 5-5-2017

Main Line Length: 600'

Manholes Address	Sand Bag	Blower	Wall Size	MH Leak
CORNER OF AVE G & 5th ST		X		
CORNER OF AVE H &5th ST	X			

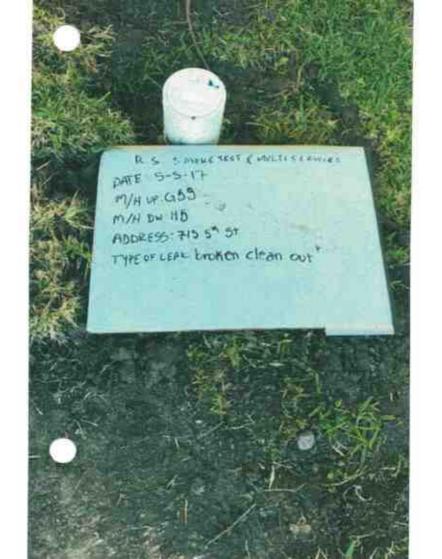
No.	Location	Туре	Description	Size	Surface Cover	Feet From UP	Feet From Main Line	Side Left/Right	Service Line Address
1	GROUND	S.L.	CLEAN OUT	4**		21'	110*	Lo	715 5TH ST
2	GROUND	S.L	CLEAN OUT	4''		21	103	L	715 5TH ST
3	GROUND	S.L	CLEAN OUT	4"		21'	100	L	715 5TH ST
4	GROUND	S.L	CLEAN OUT	4**		1591	92"	R	718 5TH ST
5	GROUND	S.L	CLEAN OUT	4'*		182*	90"	R	718 5TH ST
6	GROUND	S.L '	CLEAN OUT	4"		185"	90"	L	717 5TH ST
7	GROUND	S.L	CLEAN OUT	4"		185"	96"	L	717 5TH ST
8	GROUND	S.L.	CLEAN OUT	4"		207"	16"	R	718 5TH ST
9	GROUND	S.L	CLEAN OUT	4**		3247	103*	L	731 5TH ST
10	GROUND	S.L	CLEAN OUT	4"		367	98*	L	731 5 TH ST

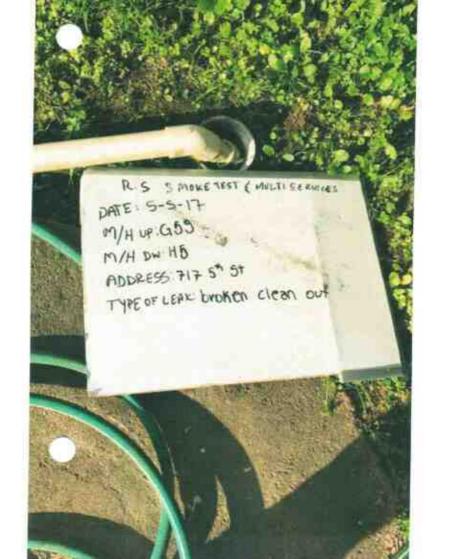


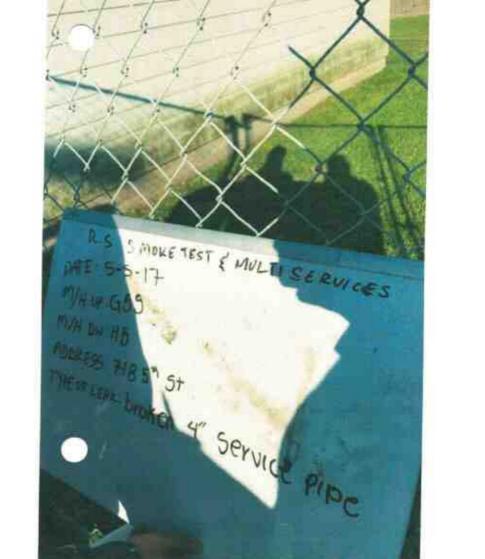
Other Leaks or Comments:

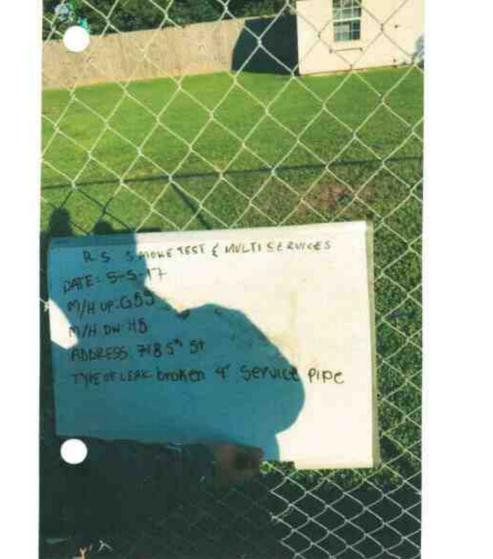
RS CREW FIXED THIS SECTION ALREADY

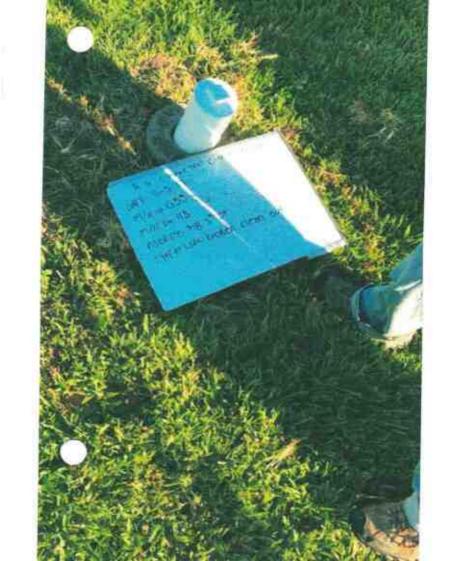
3 may ge















Line No: 4

Main Line Length: 664'

Service Area: C

Owner/Contractor: R.S Smoke Test & Multi services

Area: C

Project: SMOKE TEST

Job #:4

Crew Leader: Robert Saldierna

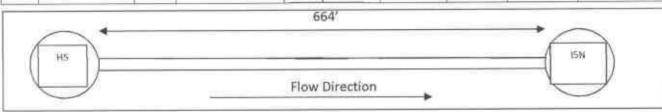
Ground Condition: DRY

Predominant Surface Cover:

Date: 5-5-2017

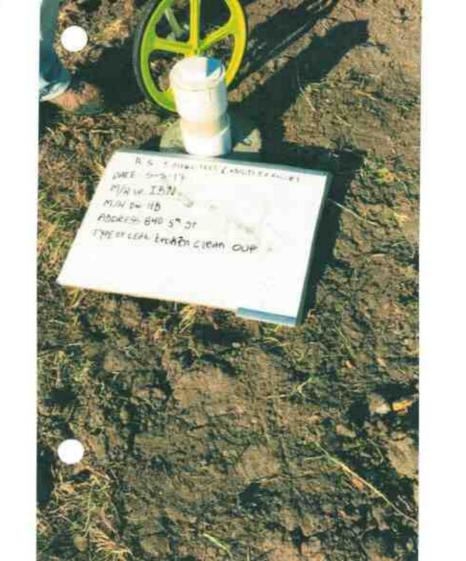
Manholes Address	Sand Bag	Blower	Wall Size	MH Leak
CORNER OF AVE H & 5TH ST	X			
CORNER OF AVE 1 & 5TH ST		X		

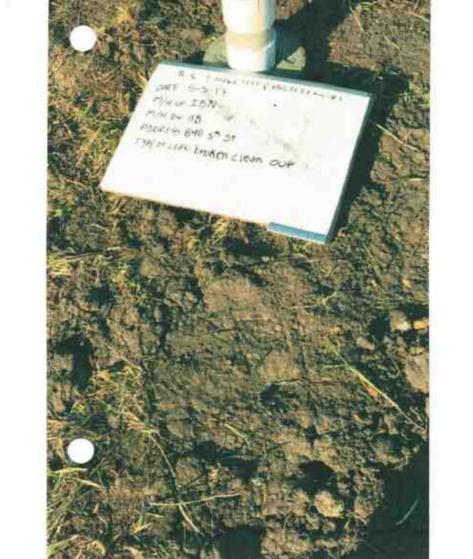
No.	Location	Туре	Description	Size	Surface Cover	Feet From UP	Feet From Main Line	Side Left/Right	Service Line Address
1	GROUND	S.L.	CLEAN OUT	4::		196'	85	L	809 5TH ST
2	GROUND	S.L.	CLEAN OUT	427		480"	10'	R	840 5 ^{7H} ST
3	GROUND	S.L	CLEAN OUT	4**		480"	40"	R	840 5 TH ST
4	GROUND	S.L	CLEAN OUT	4**		481*	90*	R	840 5 TH ST

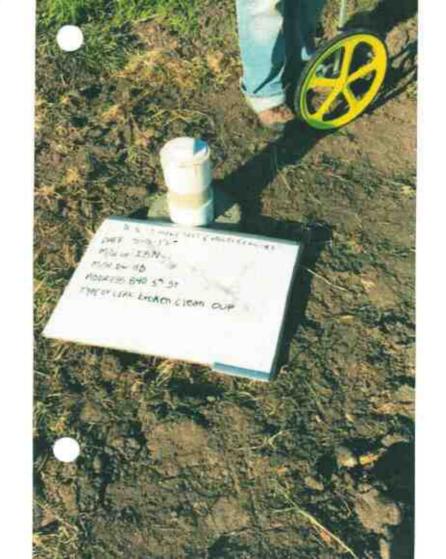


	Other Leaks or Com	ments:	









Line No: 5 Service Area:C

Area: C

Ground Condition: DRY

Project: SMOKE TEST

Predominant Surface Cover:

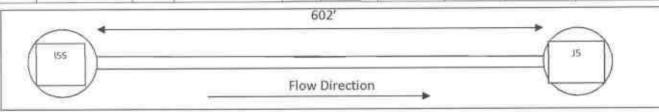
Job #:5

Date: 5-5-2017

Main Line Length: 602'

Manholes Address	Sand Bag	Blower	Wall Size	MH Leak
CORNER OF AVE 1 & 5 TH ST		X		
CORNER OF AVE J & 5 TH ST	X			

No.	Location	Туре	Description	Size	Surface Cover	Feet From UP	Feet From Main Line	Side Left/Right	Service Line Address
-		-							
-				-					
-				+					
-									



	Other Leal	s or Comments:	

Line No: 6

Service Area:C

Owner/Contractor: R.S Smoke Test & Multi services

Area: C

Project: SMOKE TEST

Job #:6

Main Line Length: 335'

Crew Leader: Robert Saldierna

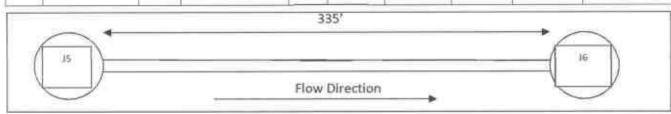
Ground Condition: DRY

Predominant Surface Cover:

Date: 5-5-2017

Manholes Address	Sand Bag	Blower	Wall Size	MH Leak
CORNER OF AVE J & 5 TH ST		X		
CORNER OF AVE J & 6 TH ST	X			

GROUND	S.L	CLEAN OUT			Line		
		AGRICAL AND CO.	6**	192'	60*	R	943 AVE J



Other Leaks or Comments:
OWNER SAID HE WAS GOING TO FIX IT



Line No: 7

Service Area:C

Owner/Contractor: R.S Smoke Test & Multi services

Area: C

Project: SMOKE TEST

Job #:7

Main Line Length: 598'

Crew Leader: Robert Saldierna

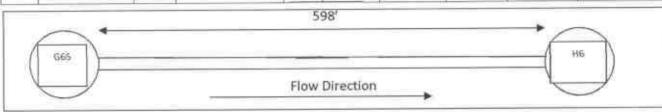
Ground Condition: DRY

Predominant Surface Cover:

Date: 5-8-2017

Manholes Address	Sand Bag	Blower	Wall Size	MH Leak
AVE G & 6 TH ST	X			
AVE H & 6 TH ST		X		

No.	Location	Type	Description	Size	Surface Cover	Feet From UP	Feet From Main Line	Side Left/Right	Service Line Address
1	GROUND	S.L.	CLEAN OUT	4"		364'	12"	R	710 6 TH ST
		-							
				-					



Other Leaks or Comments:	



Line No. 8

Service Aren:C

Owner/Contractor: R.S Smoke Test	&	Multi services
The street lest	Ġ.	Multi services

Area: C

Project: SMOKE TEST

Job #:8

Main Line Length: 325'

Crew Leader: Robert Saldierna

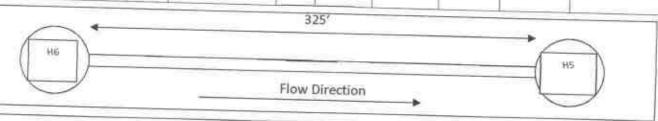
Ground Condition: DRY

Predominant Surface Cover:

Date: 5-8-2017

Manholes Address	Sand Bag	Blower	Wall Size	MH Leak
AVE H & 6 TH ST		Y		
AVE H & 5TH ST	v	Α.		
	Α.		10	

No.	Location	Туре	Description	Size	Surface Cover	Feet From UP	Feet From Main Line	Side Left/Right	Service Line Address
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		-							
		-							
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				-					
				-					
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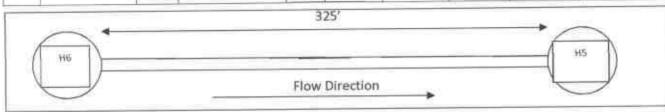
	Other Leaks or Comments:	

Line No: 8

Owner/Contractor: R.S Smoke Test & Multi services	Crew Leader: Robert Saldierna
Area: C	Ground Condition: DRY
Project: SMOKE TEST	Predominant Surface Cover:
Job #:8	Date: 5-8-2017
Main Line Length: 325'	

Manholes Address	Sand Bag	Blower	Wall Size	MH Leak
AVE H & 6TH ST		X	i ili	
AVE H & 5 TH ST	X			

No.	Location	Туре	Description	Size	Surface Cover	Feet From UP	Feet From Main Line	Side Left/Right	Service Line Address
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-					-				
-		_		1					
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						1			
- "							1		



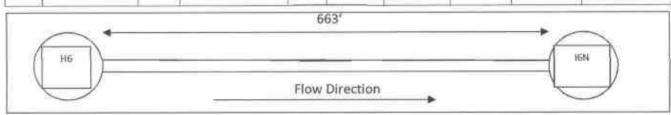
Secretary to a file and Parameters	
Other Leaks or Comments:	

Line No. 9

Owner/Contractor: R.S Smoke Test & Multi services	Crew Leader: Robert Saldierna
Area: C	Ground Condition: DRY
Project: SMOKE TEST	Predominant Surface Cover:
Job #:9	Date: 5-8-2017
Main Line Length: 663'	

Manholes Address	Sand Bag	Blower	Wall Size	MH Leak
AVE H & 6 TH ST	X			
AVE I & 6 TH ST		X		

No.	Location	Type	Description	Size	Surface Cover	Feet From UP	Feet From Main Line	Side Left/Right	Service Line Address
		-							
		+							
					-				
				1					
-		1							



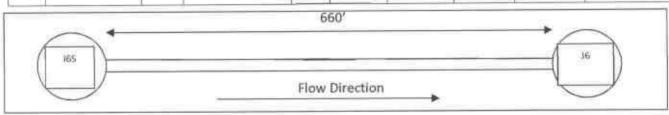
Other Leaks or Comments:	

Line No: 10

Owner/Contractor: R.S Smoke Test & Multi services	Crew Leader: Robert Saldierna	
Area: C	Ground Condition: DRY	
Project: SMOKE TEST	Predominant Surface Cover:	
Job #:10	Date: 5-8-2017	
Main Line Length: 600'		

Manholes Address	Sand Bag	Blower	Wall Size	MH Leak
AVE I & 6TH ST		X		
AVE J & 6 TH ST	X			

No.	Location	Туре	Description	Size	Surface Cover	Feet From UP	Feet From Main Line	Side Left/Right	Service Line Address
						(
-									



	Other Leaks or Com	nments:	
		minerovens.	

Line No: 11 Service Area:C

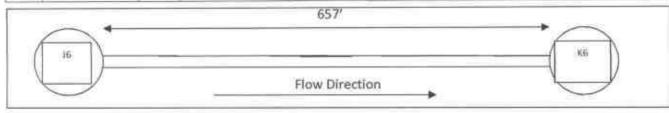
Owner/Contractor: R.S Smoke Test & Multi services	Crew Leader: Robert Saldierna
Area: C	Ground Condition: DRY
Project: SMOKE TEST	Predominant Surface Cover:
1-b #-11	Date: 5.9.7017

Job #:11 Date: 5-8-201/

Main Line Length: 657'

Manholes Address	Sand Bag	Blower	Wall Size	MH Leak
AVE J & 6 TH ST	X			
AVE K & 6 TH ST		X		

No.	Location	Туре	Description	Size	Surface Cover	Feet From UP	Feet From Main Line	Side Left/Right	Service Line Address
						0			



Other Leaks or Comments:	

Line No: 12 Service Area:C

Owner/Contractor: R.S Smoke Test & Multi services Crew Lea

Crew Leader: Robert Saldierna

Area: C

Ground Condition: DRY

Project: SMOKE TEST

Predominant Surface Cover:

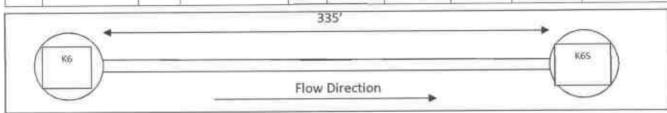
Job #:12

Date: 5-8-2017

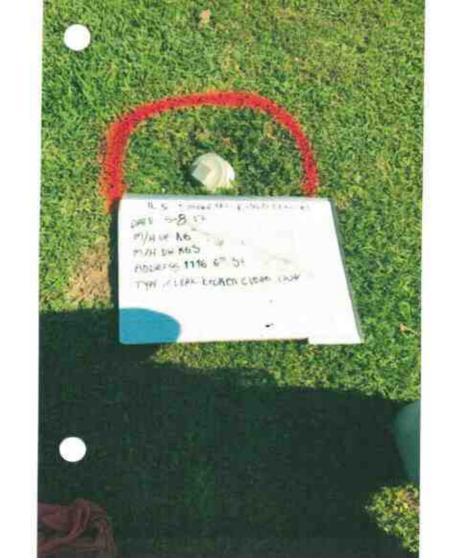
Main Line Length: 335'

Manholes Address	Sand Bag	Blower	Wall Size	MH Leak
AVE K & 6 TH ST		X		
1122 6TH ST	v			

No.	Location	Type	Description	Size	Surface Cover	Feet From UP	Feet From Main Line	Side Left/Right	Service Line Address
1	GROUND	S.L	CLEAN OUT	4"		219'	11'	R	1116 6TH ST
		-							
					-				



Other Leaks or Comments:	
	1

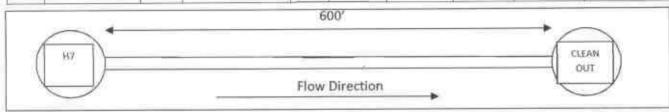


Line No: 13

Owner/Contractor: R.S Smoke Test & Multi services	Crew Leader: Robert Saldierna
Area: C	Ground Condition: DRY
Project: SMOKE TEST	Predominant Surface Cover:
Job #:13	Date: 5-8-2017
Main Line Length: 600'	

Manholes Address	Sand Bag	Blower	Wall Size	MH Leak
AVE H & 7TH ST		X		
788 7 TH ST	X			

No.	Location	Туре	Description	Size	Surface Cover	Feet From UP	Feet From Main Line	Side Left/Right	Service Line Address
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-		-		+					
_									



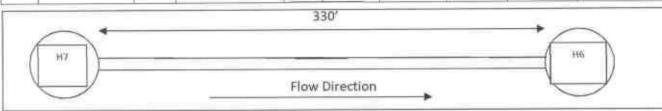
Other Leaks or Comments:	

Line No: 14

Owner/Contractor: R.S Smoke Test & Multi services	Crew Leader: Robert Saldierna
Area: C	Ground Condition: DRY
Project: SMOKE TEST	Predominant Surface Cover:
Job #:14	Date: 5-8-2017
Main Line Length: 330'	

Manholes Address	Sand Bag	Blower	Wall Size	MH Leak
AVE H & 7TH ST		X		
AVE H & 6 TH ST	X			

No.	Location	Туре	Description	Size	Surface Cover	Feet From UP	Feet From Main Line	Side Left/Right	Service Line Address
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-				-					
-								-	
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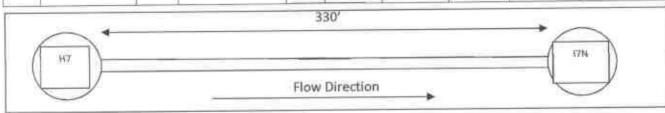
Other Leak	ts or Comments:	

Line No: 15

Owner/Contractor: R.S Smoke Test & Multi services	Crew Leader: Robert Saldierna
Area: C	Ground Condition: DRY
Project: SMOKE TEST	Predominant Surface Cover:
Job #:15	Date: 5-8-2017
Main Line Length: 661'	

Manholes Address	Sand Bag	Blower	Wall Size	MH Leak
AVE H & 7TH ST	X			
AVE I & 7 TH ST		X		

No.	Location	Type	Description	Size	Surface Cover	Feet From UP	Feet From Main Line	Side Left/Right	Service Line Address
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-									
					THE STATE OF THE S		1		



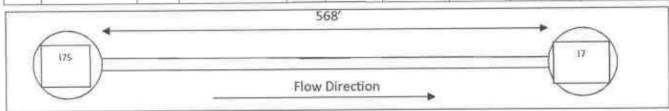
	Other Leaks or Con	nments:	

Line No: 16

Owner/Contractor: R.S Smoke Test & Multi services	Crew Leader: Robert Saldierna
Area: C	Ground Condition: DRY
Project: SMOKE TEST	Predominant Surface Cover:
Job #:16	Date: 5-8-2017
Main Line Length: 568'	

Manholes Address	Sand Bag	Blower	Wall Size	MH Leak
AVE I & 7 TH ST		X		
AVE J & 7 TH ST	X			

No.	Location	Туре	Description	Size	Surface Cover	Feet From UP	Feet From Main Line	Side Left/Right	Service Line Address
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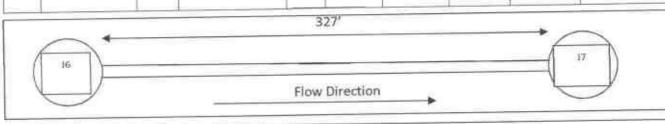
Other Leaks or Comments:	

Line No: 17

Owner/Contractor: R.S Smoke Test & Multi services	Crew Leader: Robert Saldierna
	Ground Condition: DRY
Area: C	1.00 (1000 to 0.00 to
Project: SMOKE TEST	Predominant Surface Cover:
Job #:17	Date: 5-8-2017
Main Line Length: 327'	

Manholes Address	Sand Bag	Blower	Wall Size	MH Leak
AVE J & 7 TH ST		X		
AVE J & 6 TH ST	X			

No.	Location	Туре	Description	Size	Surface Cover	Feet From UP	Feet From Main Line	Side Left/Right	Service Line Address
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				_	5550		-		



Other	Leaks or Comments:	

Line No: 18 Service Area: C

Owner/Contractor: R.S Smoke Test & Multi services	Crew Leader: Robert Saldierna
---	-------------------------------

Area: C Ground Condition: DRY

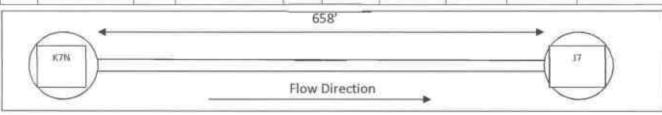
Project: SMOKE TEST Predominant Surface Cover:

Job #:18 Date: 5-8-2017

Main Line Length: 658'

Manholes Address	Sand Bag	Blower	Wall Size	MH Leak
AVE J & 7 TH ST	X			
AVE K & 7 TH ST		X		

No.	Location	Туре	Description	Size	Surface Cover	Feet From UP	Feet From Main Line	Side Left/Right	Service Line Address
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-				+	-				
-		1		+					



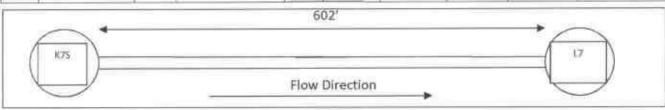
	Other L	eaks or Comm	ents:		

Line No: 19

Owner/Contractor: R.S Smoke Test & Multi services	Crew Leader: Robert Saldierna	
Area: C	Ground Condition: DRY	
Project: SMOKE TEST	Predominant Surface Cover:	
Job #:19	Date: 5-8-2017	
Main Line Length: 602'		

Manholes Address	Sand Bag	Blower	Wall Size	MH Leak
AVE K & 7 TH ST		X		
AVE L & 7 TH ST	X			

No.	Location	Туре	Description	Size	Surface Cover	Feet From UP	Feet From Main Line	Side Left/Right	Service Line Address
1	GROUND	S.L	CLEAN OUT	433		101	33'	L	1111A 7 TH ST



Other Leaks or Comments:	



Line No: 20 Service Area:C

Area: C Ground Condition: DRY

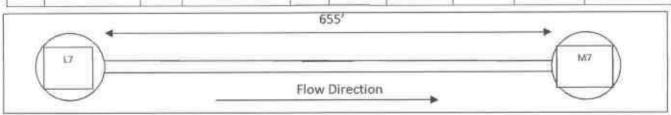
Project: SMOKE TEST Predominant Surface Cover:

Job #:20 Date: 5-8-2017

Main Line Length: 655'

Manholes Address	Sand Bag	Blower	Wall Size	MH Leak
AVE L & 7 TH ST	X			
AVE M & 7 TH ST		X		

No.	Location	Туре	Description	Size	Surface Cover	Feet From UP	Feet From Main Line	Side Left/Right	Service Line Address
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		-							
				+==					
-		-		-					



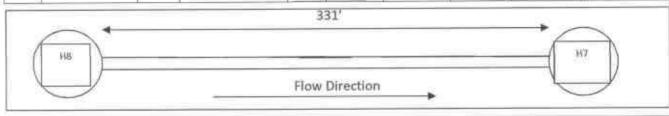
Other Leaks or Comments:					

Line No: 21

Owner/Contractor: R.S Smoke Test & Multi services	Crew Leader: Robert Saldierna
Area: C	Ground Condition: DRY
Project: SMOKE TEST	Predominant Surface Cover:
Job #:21	Date: 5-8-2017
Main Line Length: 331'	

Manholes Address	Sand Bag	Blower	Wall Size	MH Leak
AVE H & 8TH ST		X		
AVE H & 7 TH ST	X			

No.	Location	Туре	Description	Size	Surface Cover	Feet From UP	Feet From Main Line	Side Left/Right	Service Line Address
				-					
-		1							



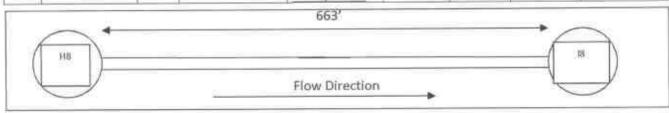
	Other Leaks	or Comments:	

Line No: 22

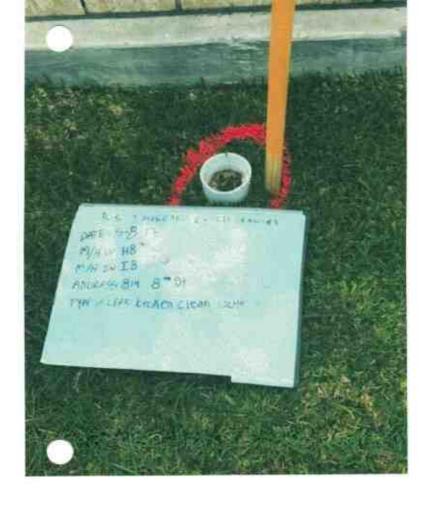
Owner/Contractor: R.S Smoke Test & Multi services	Crew Leader: Robert Saldierna
Area: C	Ground Condition: DRY
Project: SMOKE TEST	Predominant Surface Cover:
Job #:22	Date: 5-8-2017
Main Line Length: 663'	

Manholes Address	Sand Bag	Blower	Wall Size	MH Leak
AVE H & 8 TH ST		X		
AVE I & 8 TH ST	X			

No.	Location	Type	Description	Size	Surface Cover	Feet From UP	Feet From Main Line	Side Left/Right	Service Line Address
I	GROUND	S.L	CLEAN OUT	4*		228'	12'	R	814 8 TH ST
-									



miles technique promovers.	
Other Leaks or Comments:	

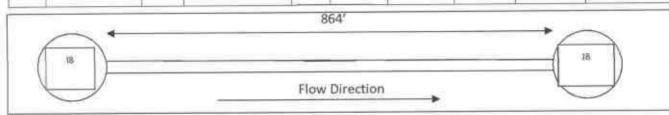


Line No: 23

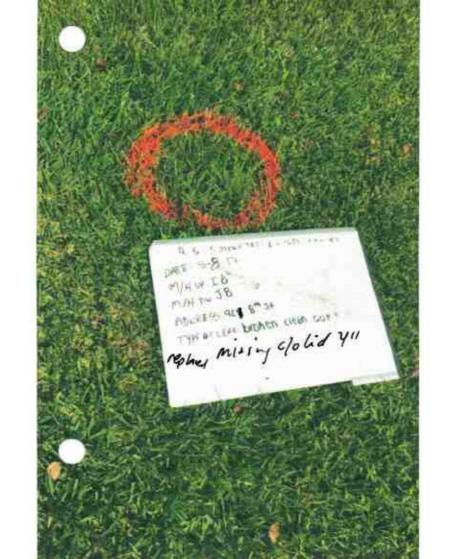
Owner/Contractor: R.S Smoke Test & Multi services	Crew Leader: Robert Saldierna
Area: C	Ground Condition: DRY
Project: SMOKE TEST	Predominant Surface Cover:
Job #:23	Date: 5-8-2017
Main Line Length: 864'	

Manholes Address	Sand Bag	Blower	Wall Size	MH Leak
AVE I & 8 TH ST		X		
AVE J & 8 TH ST	- X			

No.	Location	Type	Description	Size	Surface Cover	Feet From UP	Feet From Main Line	Side Left/Right	Service Line Address
1	GROUND	S.L.	CLEAN OUT	4"		382'	321	L	921 8 TH ST



	Other Leaks or Comments:	

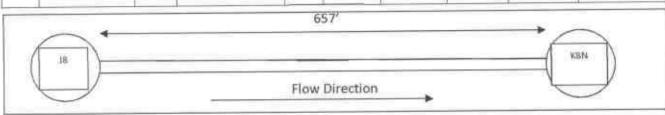


Line No: 24

Owner/Contractor: R.S Smoke Test & Multi services	Crew Leader: Robert Saldierna
Area: C	Ground Condition: DRY
Project: SMOKE TEST	Predominant Surface Cover:
Job #:24	Date: 5-8-2017
Main Line Length: 657'	

Manholes Address	Sand Bag	Blower	Wall Size	MH Leak
AVE J & 8 TH ST	X			
AVE K & 8 TH ST		X		

No.	Location	Type	Description	Size	Surface Cover	Feet From UP	Feet From Main Line	Side Left/Right	Service Line Address
1	GROUND	S.L	CLEAN OUT	4**		413'	34"	L	1031 8 TH ST
				-					



Other Leaks or Comments:	

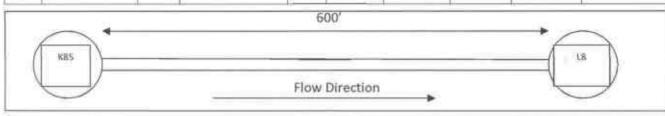


Line No: 25

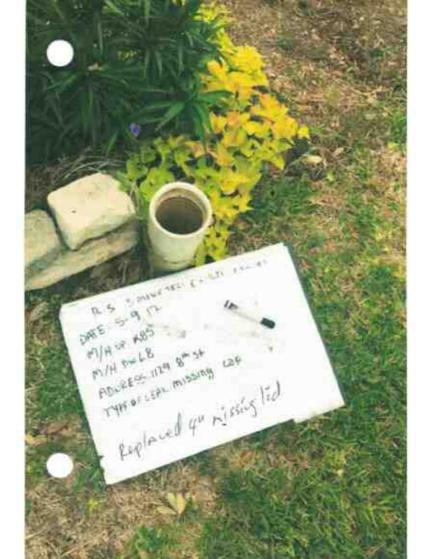
Owner/Contractor: R.5 Smoke Test & Multi services	Crew Leader: Robert Saldierna
Area: C	Ground Condition: DRY
Project: SMOKE TEST	Predominant Surface Cover:
Job #:25	Date: 5-9-2017
Main Line Length: 600'	6

Manholes Address	Sand Bag	Blower	Wall Size	MH Leak
AVE K & 8 TH ST		X		
AVE L & 8 TH ST	X			

No.	Location	Type	Description	Size	Surface Cover	Feet From UP	Feet From Main Line	Side Left/Right	Service Line Address
1	GROUND	S.L	CLEAN OUT	4**		347'	40*	L	1129 8 TH ST
_									
				-					
-		-		-					



	Other Leaks or Com		

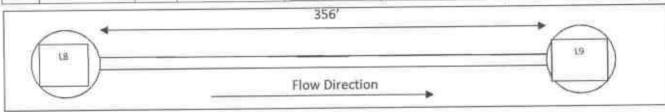


Line No: 26

Owner/Contractor: R.S Smoke Test & Multi services	Crew Leader: Robert Saldierna
Area: C	Ground Condition: DRY
Project: SMOKE TEST	Predominant Surface Cover:
Job #:26	Date: 5-9-2017
Main Line Length: 356'	

Manholes Address	Sand Bag	Blower	Wall Size	MH Leak
AVE L & 8 ^{XII} ST		X		
AVE L & 9 TH ST	X			

No.	Location	Туре	Description	Size	Surface Cover	Feet From UP	Feet From Main Line	Side Left/Right	Service Line Address
				-					
				4				-	
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\rightarrow				1					
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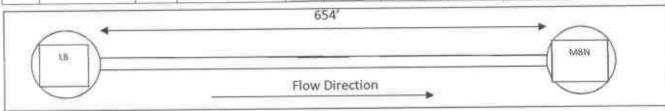
Other Leaks or Comments:	
	Other Leaks or Comments:

Line No: 27

Owner/Contractor: R.S Smoke Test & Multi services	Crew Leader: Robert Saldierna
Area: C	Ground Condition: DRY
Project: SMOKE TEST	Predominant Surface Cover:
Job #:27	Date: 5-9-2017
Main Line Length: 654'	

Manholes Address	Sand Bag	Blower	Wall Size	MH Leak
AVE L & 8 ⁷¹¹ ST	X			
AVE M & 8 TH ST		X		

No.	Location	Туре	Description	Size	Surface Cover	Feet From UP	Feet From Main Line	Side Left/Right	Service Line Address
								-	



Other Leaks or Comments:	

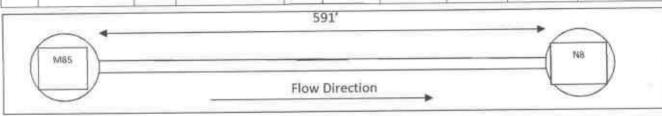
Line No: 28

Main Line Length: 591'

Owner/Contractor: R.S Smoke Test & Multi services	Crew Leader: Robert Saldierna
Area: C	Ground Condition: DRY
Project: SMOKE TEST	Predominant Surface Cover:
Job #:28	Date: 5-9-2017

Manholes Add		Sand Bag	Blower	Wall Size	MH Leak
AVE M & 8 TH	ST		X		
AVE N & 8 TH	ST	X			

No.	Location	Туре	Description	Size	Surface Cover	Feet From UP	Feet From Main Line	Side Left/Right	Service Line Address
1	GROUND	S.L	CLEAN OUT	4"		381*	421	L	1333 8 TH ST



	Other Leaks or Comments:	
	Other cours of Services	



Line No: 29

Service Area:C

Owner/Contractor: R.S Smoke Test & Multi services

Area: C

Project: SMOKE TEST

Job #:29

Main Line Length: 508'

Crew Leader: Robert Saldierna

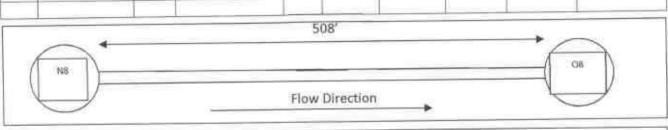
Ground Condition: DRY

Predominant Surface Cover:

Date: 5-9-2017

Manholes Address	Sand Bag	Blower	Wall Size	MH Leak
AVE N & 8 TH ST	X			
AVE O & 8TH ST		X		

No.	Location	Туре	Description	Size	Surface Cover	Feet From UP	Feet From Main Line	Side Left/Right	Service Line Address
	GROUND	S.L.	CLEAN OUT	4"		207*	20"	R	1418 8 TH ST
2	GROUND	S.L	CLEAN OUT	4''		372*	44'	L	1423 8 TH ST
3	GROUND	S.L	CLEAN OUT	4**		387	77*	R	1422 8 TH ST
					500'				



Other Leaks or Comments:	
Other Leaks of Comments.	

M/H DW 08 17 THAF OF LEAK bromen dean out ADURESS 1418 8th St





Line No: 30

Service Area:C

Area: C Ground Condition: DRY

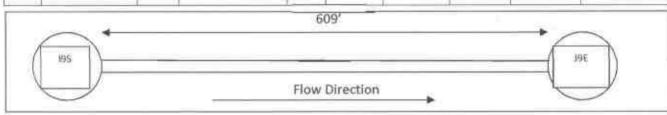
Project: SMOKE TEST Predominant Surface Cover:

Job #:30 Date: 5-9-2017

Main Line Length: 609'

Manholes Address	Sand Bag	Blower	Wall Size	MH Leak
AVE 1 & 9 TH ST		X		
AVE J & 9 TH ST	X		*	

No.	Location	Туре	Description	Size	Surface Cover	Feet From UP	Feet From Main Line	Side Left/Right	Service Line Address
1	GROUND	S.L	CLEAN OUT	4**		457	19'	R	938 9 TH ST



	Other Leaks or Commer	nts:	

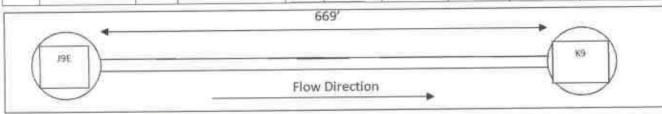


Line No: 31

Owner/Contractor: R.S Smoke Test & Multi services	Crew Leader: Robert Saldierna
Area: C	Ground Condition: DRY
Project: SMOKE TEST	Predominant Surface Cover:
Job #:31	Date: 5-9-2017
Main Line Length: 669'	

Manholes Address	Sand Bag	Blower	Wall Size	MH Leak
AVE J & 9 TH ST	X			
AVE K & 9 TH ST		X		

No.	Location	Туре	Description	Size	Surface Cover	Feet From UP	Feet From Main Line	Side Left/Right	Service Line Address
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-				-					
-		-			-				
		-		_					



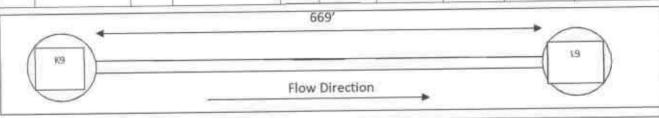
	Other Leaks or Comments:	
1		

Line No: 32

Owner/Contractor: R.S Smoke Test & Multi services	Crew Leader: Robert Saldierna
Area: C	Ground Condition: DRY
Project: SMOKE TEST	Predominant Surface Cover:
Job #:32	Date: 5-9-2017
Main Line Length: 669'	

Manholes Address	Sand Bag	Blower	Wall Size	MH Leak
AVE K & 9 TH ST	X			
AVE L & 9TH ST		X		

Location	Type	Description	Size	Surface Cover	Feet From UP	Feet From Main Line	Side Left/Right	Service Line Address
	-		_					
	-		-					
	_		+					
					0			
	-		+	1				
			-		-			
					-		1	
	Location	Location Type			Cover	Cover From UP	Cover From UP From Main Line	Cover From UP From Left/Right Main Line



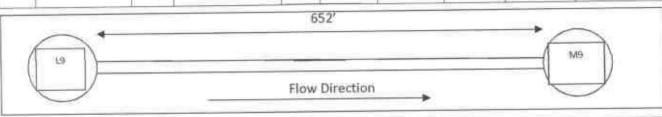
Other Leaks or Comments:	

Line No: 33

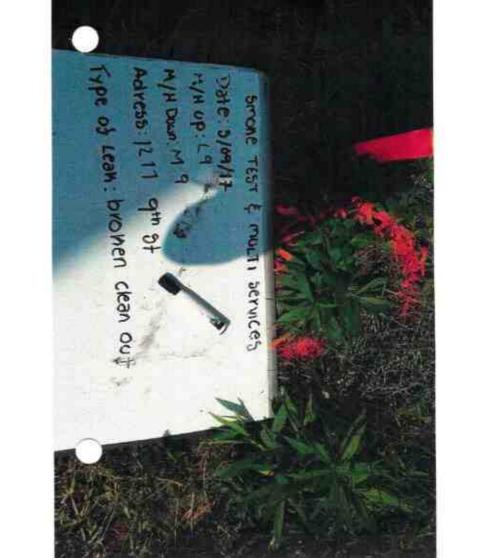
Owner/Contractor: R.S Smoke Test & Multi services	Crew Leader: Robert Saldierna
Area: C	Ground Condition: DRY
Project: SMOKE TEST	Predominant Surface Cover:
Job #:33	Date: 5-9-2017
Main Line Length: 652'	

Manholes Address	Sand Bag	Blower	Wall Size	MH Leak
AVE L & 9 TH ST		X		
AVE M & 9TH ST	X			

No.	Location	Type	Description	Size	Surface Cover	Feet From UP	Feet From Main Line	Side Left/Right	Service Line Address
1	GROUND	S.L	CLEAN OUT	4"		145	631	R	1211 9TH ST
2	GROUND	S.L	CLEAN OUT	4**		478	100	R	1234 9TH ST



	Other Leaks or Comments:	





Line No: 34

Service Area:C

Owner/Contractor	R.S Smoke T	est &	Multi	services
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Crew Leader: Robert Saldierna

Area: C

Ground Condition: DRY

Project: SMOKE TEST

Predominant Surface Cover:

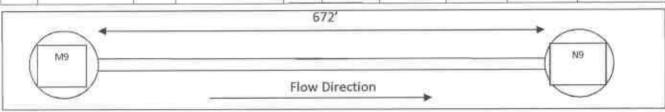
Job #:34

Date: 5-9-2017

Main Line Length: 672'

Manholes Address	Sand Bag	Blower	Wall Size	MH Leak
AVE M & 9 TH ST		X		
AVEN & 9TH ST	X			

No.	Location	Туре	Description	Size	Surface Cover	Feet From UP	Feet From Main Line	Side Left/Right	Service Line Address
1.	GROUND	S.L.	MAIN	4**		153'- 175	M	R	1310 9 TH ST
2	GROUND	S.L	CLEAN OUT	4"		221	185	L	1309 9TH ST
3	GROUND	S.L.	CLEAN OUT	4**		1331	67	L	1309 9 TH ST



	Other Leak	s or Comments:		



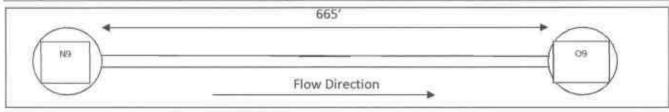
M/H Dawn N9 - 6W do H/2-Type of Lean bromen clean ou Adress 1209 9th St BACK OF Smore TEST & MOLTI DETVICES cap line for

Line No: 35

Owner/Contractor: R.S Smoke Test & Multi services	Crew Leader: Robert Saldierna
Area: C	Ground Condition; DRY
Project: SMOKE TEST	Predominant Surface Cover:
Job #:35	Date: 5-9-2017
Main Line Length: 665'	

Manholes Address	Sand Bag	Blower	Wall Size	MH Leak
AVE N & 9 TH ST		X		
AVE O & 9 TH ST	X			

No.	Location	Type	Description	Size	Surface Cover	Feet From UP	Feet From Main Line	Side Left/Right	Service Line Address
1	GROUND	S.L.	CLEAN OUT	4**		156	48'	R	1408 9 TH ST
-					-				
								-	



Other Leaks or Comments:	

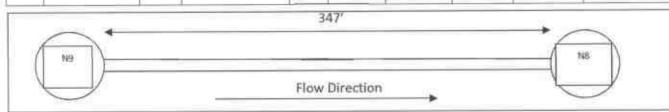
Smoke TEST & MULTI SETVICES Date: 3/09/17 77H UP:09 Type of Lean broken clean out MIH DOWN MICH Advess:1408 9m 5t

Line No: 36

Owner/Contractor: R.S Smoke Test & Multi services	Crew Leader: Robert Saldierna
Area: C	Ground Condition: DRY
Project: SMOKE TEST	Predominant Surface Cover:
Job #:36	Date: 5-9-2017
Main Line Length: 347'	

Manholes Address	Sand Bag	Blower	Wall Size	MH Leak
AVE N & 9TH ST		X		
AVE N & 8 TH ST	X			

No.	Location	Туре	Description	Size	Surface Cover	Feet From UP	Feet From Main Line	Side Left/Right	Service Line Address
_				1,500					



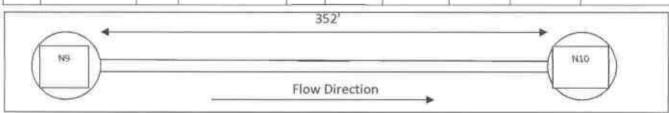
Other Leaks or Comments:	

Line No: 37

Owner/Contractor: R.S Smoke Test & Multi services	Crew Leader: Robert Saldierna
Area: C	Ground Condition: DRY
Project: SMOKE TEST	Predominant Surface Cover:
Job #:37	Date: 5-9-2017
Main Line Length: 352'	

Manholes Address	Sand Bag	Blower	Wall Size	MH Leak
AVE N & 9 TH ST		X		
AVE N & 10 TH ST	X			

No.	Location	Туре	Description	Size	Surface Cover	Feet From UP	Feet From Main Line	Side Left/Right	Service Line Address
\dashv				+					



Of	her Leaks or Comment	\$:	

Line No: 38

Service Area:C

Owner/Contractor: R.S Smoke Test & Multi services

Crew Leader: Robert Saldierna

Area: C

Ground Condition: DRY

Project: SMOKE TEST

Predominant Surface Cover:

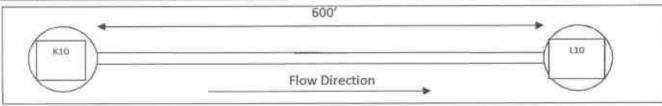
Job #:38

Date: 5-10-2017

Main Line Length: 600'

Manholes Address	Sand Bag	Blower	Wall Size	MH Leak
AVE K & 10 TH ST		X		
AVE L & 10 TH ST	X			

Location	Type	Description	Size	Surface Cover	Feet From UP	Feet From Main Line	Side Left/Rig ht	Service Line Address
GROUND	S.L	CLEAN OUT	4''		401	41*	L	913 AVE K
GROUND	S.L	CLEAN OUT	4''		293*	79*	L	BLOCK 10 TH ST
GROUND	S.L	CLEAN OUT	4''		293'	40*	L	BLOCK 10 TH ST
GROUND	S.L	CLEAN OUT	4"		442	152	L	1131 10 TH ST
GROUND	S.L	CLEAN OUT	4**		4811	57"	R	1130 10 TH ST
GROUND	S.L	CLEAN OUT	4**		481'	15'	R	1130 10 TH ST
	GROUND GROUND GROUND GROUND	GROUND S.L GROUND S.L GROUND S.L GROUND S.L GROUND S.L	GROUND S.L CLEAN OUT	GROUND S.L CLEAN OUT 4"	GROUND S.L CLEAN OUT 4" GROUND S.L CLEAN OUT 4"	GROUND S.L CLEAN OUT 4'' 40' GROUND S.L CLEAN OUT 4'' 293' GROUND S.L CLEAN OUT 4'' 442' GROUND S.L CLEAN OUT 4'' 481'	GROUND S.L CLEAN OUT 4'' 40' 41' GROUND S.L CLEAN OUT 4'' 293' 79' GROUND S.L CLEAN OUT 4'' 293' 40' GROUND S.L CLEAN OUT 4'' 442' 152' GROUND S.L CLEAN OUT 4'' 481' 57'	Cover From UP From Left/Rig ht Line

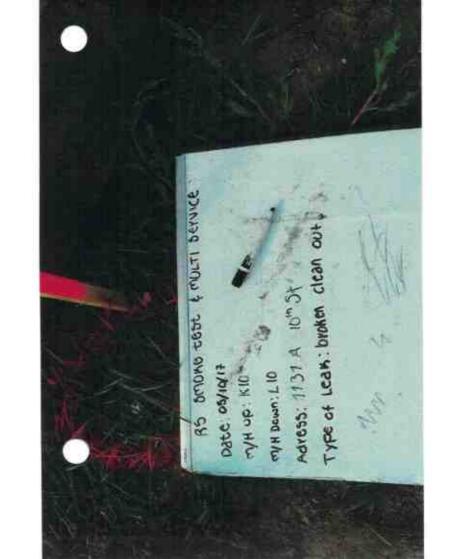


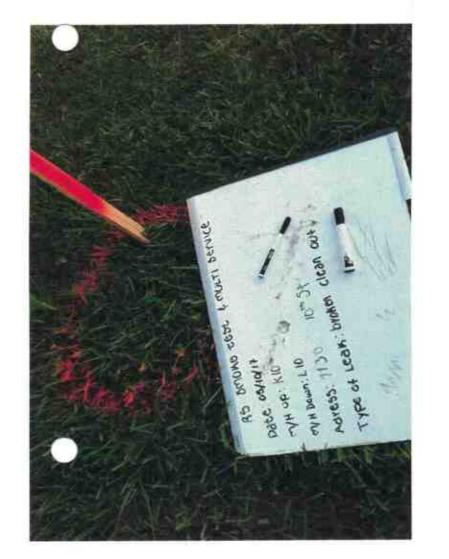
Other Leaks or Comments:

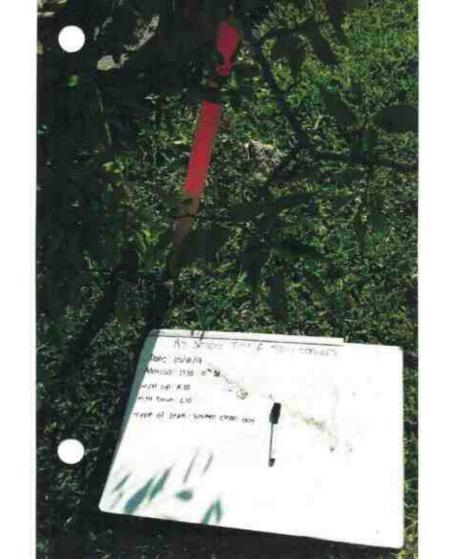




Date oslivia 3/4 UP: KID" MH Down LID Adress: 1100 black Type of Leak: broken clean out 85 BYLONG TEST & MULTI SERVICE







Line No: 39 Service Area:C

Owner/Contractor: R.S Smoke Test & Multi services

Crew Leader: Robert Saldierna

Area: C

Ground Condition: DRY

Project: SMOKE TEST

Predominant Surface Cover:

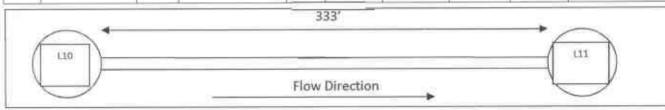
Job #:39

Date: 5-10-2017

Main Line Length: 333'

Manholes Address	Sand Bag	Blower	Wall Size	MH Leak
AVE L & 10 TH ST		X		
AVE L & 11 TH ST	X			

No.	Location	Туре	Description	Size	Surface Cover	Feet From UP	Feet From Main Line	Side Left/Ri ght	Service Line Address
1	GROUND	S.L.	CLEAN OUT	4**		187	46'	R	1151 A 11 ^{TD} ST



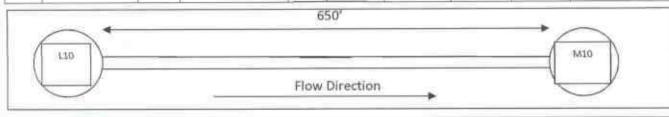
Other Leaks or Comments:					

Line No: 40

Owner/Contractor: R.S Smoke Test & Multi services	Crew Leader: Robert Saldierna
Area: C	Ground Condition: DRY
Project: SMOKE TEST	Predominant Surface Cover:
Job #:40	Date: 5-10-2017
Main Line Length: 650'	

Manholes Address	Sand Bag	Blower	Wall Size	MH Leak
AVE L & 10 TH ST		X		
AVE M & 10 TH ST	X			

No.	Location	Туре	Description	Size	Surface Cover	Feet From UP	Feet From Main Line	Side Left/Ri ght	Service Line Address



Other Leaks or Comments:	

Line No: 41 Service Area: C

Owner/Contractor: R.S Smoke Test & Multi services	Crew Leader: Robert Saldierna
	- 10 Hit 900
Area: C	Ground Condition: DRY
Project: SMOKE TEST	Predominant Surface Cover:
Job #:41	Date: 5-10-2017
Main Line Length: 660'	

Manholes Address	Sand Bag	Blower	Wall Size	MH Leak
AVE M & 10TH ST		X		
AVE N & 10 TH ST	X			

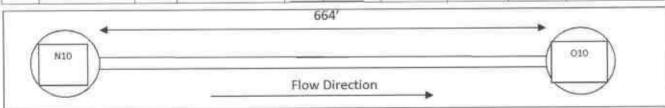
	From	Feet From UP	Surface Cover	Size	Description	Type	Location	No.
			50'	6				_
N10							M10	K
•		-	Direction	Flow	-			1
		nents:	s or Comm	er Leak	Oth			
		nents:	s or Comn	er Leak	Oth			

Line No: 42

Owner/Contractor: R.S Smoke Test & Multi services	Crew Leader: Robert Saldierna
Area: C	Ground Condition: DRY
Project: SMOKE TEST	Predominant Surface Cover:
Job #:42	Date: 5-10-2017
Main Line Length: 664'	

Manholes Address	Sand Bag	Blower	Wall Size	MH Leak
AVE N & 10 TH ST		X		
AVE 0 & 10 TH ST	X			

No.	Location	Туре	Description	Size	Surface Cover	Feet From UP	Feet From Main Line	Side Left/Ri ght	Service Line Address
-				-					
-									
				/					
				6	64'				_



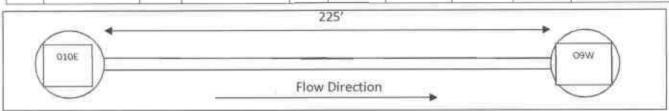
Other Leaks or Comments:	

Line No: 43

Owner/Contractor: R.S Smoke Test & Multi services	Crew Leader: Robert Saldierna
Area; C	Ground Condition: DRY
Project: SMOKE TEST	Predominant Surface Cover:
Job #:43	Date: 5-10-2017
Main Line Length: 225'	

Manholes Address	Sand Bag	Blower	Wall Size	MH Leak
AVE O & 10 TH ST		X		
AVE O & 9 TH ST	X			

No.	Location	Туре	Description	Size	Surface Cover	Feet From UP	Feet From Main Line	Side Left/Ri ght	Service Line Address
_									
		-		-					
-				-					
-		-		1					



	Other Leaks or Comments:	

Line No: 44

Service Area:C

Owner/Contractor: R.S Smoke Test & Multi services

Area: C

Project: SMOKE TEST

Job #:44

Main Line Length: 53'

Crew Leader: Robert Saldierna

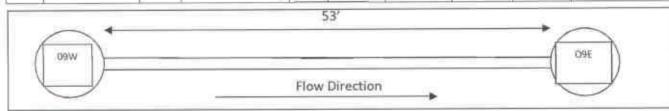
Ground Condition: DRY

Predominant Surface Cover:

Date: 5-10-2017

Manholes Address	Sand Bag	Blower	Wall Size	MH Leak
AVE O & 9TH ST		X		
AVE O & 9 ^{TU} ST	X			

No.	Location	Туре	Description	Size	Surface Cover	Feet From UP	Feet From Main Line	Side Left/Ri ght	Service Line Address
-									
-									
_									
-		-		+	_				



Other Leak	s or Comments:	

Line No: 45

Service Area:C

Area: C Ground Condition: DRY

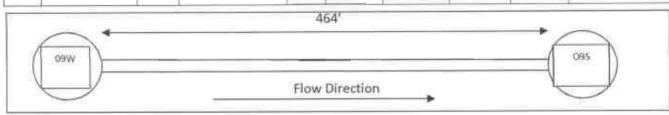
Project: SMOKE TEST Predominant Surface Cover:

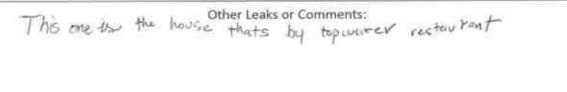
Job #:45 Date: 5-10-2017

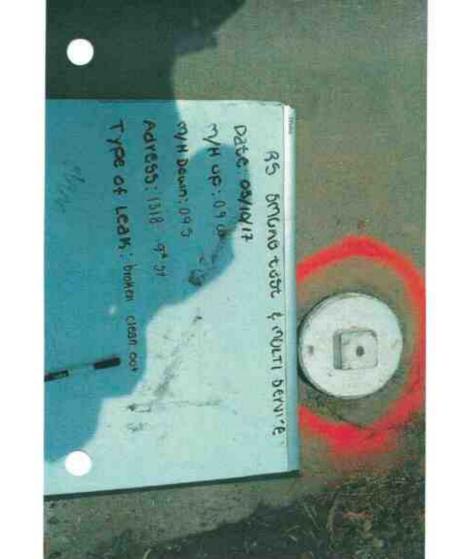
Main Line Length: 464'

Manholes Address	Sand Bag	Blower	Wall Size	MH Leak
AVE O & 9 TH ST		X		
AVE O & 9 TH ST	X			

No.	Location	Type	Description	Size	Surface Cover	Feet From UP	Feet From Main Line	Side Left/Ri ght	Service Line Address
1	GROUND	S.L.	CLEAN OUT	4"		296'	15	R	1518 9 TH ST





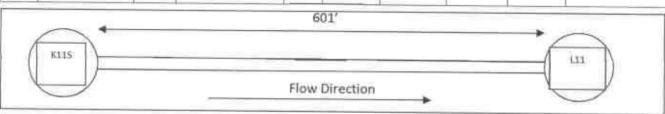


Line No: 46

Owner/Contractor: R.S Smoke Test & Multi services	Crew Leader: Robert Saldierna	
Area: C	Ground Condition: DRY	
Project: SMOKE TEST	Predominant Surface Cover:	
Job #:46	Date: 5-10-2017	
Main Line Length: 601'		

Manholes Address	Sand Bag	Blower	Wall Size	MH Leak
AVE K & 11 TH ST	X			
AVE L & 11 TH ST		X		

No.	Location	Type	Description	Size	Surface Cover	Feet From UP	Feet From Main Line	Side Left/Ri ght	Service Line Address
-				-					
-						_			
-									
-		-							



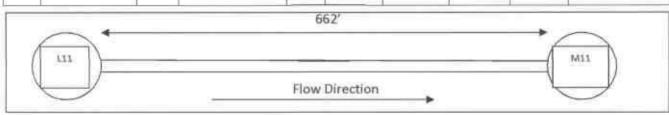
Other Leaks or Comments:	
Samuel Mariante, Sa Santi Mariantes	

Line No: 47

Owner/Contractor: R.S Smoke Test & Multi services	Crew Leader: Robert Saldierna
Area: C	Ground Condition: DRY
Project: SMOKE TEST	Predominant Surface Cover:
Job #:47	Date: 5-10-2017
Main Line Length:662'	

Manholes Address	Sand Bag	Blower	Wall Size	MH Leak
AVE L & 11TH ST		X		
AVE M & 11 TH ST	X			

No.	Location	Type	Description	Size	Surface Cover	Feet From UP	Feet From Main Line	Side Left/Ri ght	Service Line Address
1	GROUND	S.L.	CLEAN OUT	4"		320°	93"	L	1223 11TH ST
2	GROUND	S.L.	CLEAN OUT	4"		320°	100'	L	1223 11 TH ST



	Other Leaks or Comments:	
	And the Control of the Control of the Control of Contro	



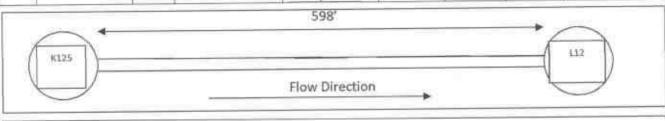
85 onche Look & multi dervice Date ostigis WH UP: LIL MY H Down: 911 adress: 1223 11" 54 Type of Leak: broken clean out Honeowner makes repairs to lie

Line No: 48

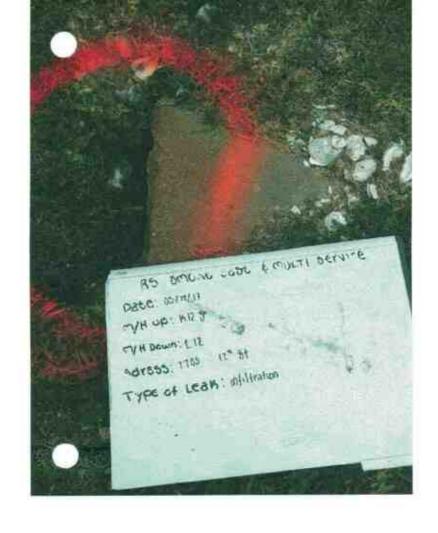
Owner/Contractor: R.S Smoke Test & Multi services	Crew Leader: Robert Saldierna
Area: C	Ground Condition: DRY
Project: SMOKE TEST	Predominant Surface Cover:
Job #:48	Date: 5-10-2017
Main Line Length:598'	

Manholes Address	Sand Bag	Blower	Wall Size	MH Leak
AVE K & 12 TH ST		X		
AVE L & 12 TH ST	X			

No.	Location	Туре	Description	Size	Surface Cover	Feet From UP	Feet From Main Line	Side Left/Ri ght	Service Line Address
1	GROUND	S.L.	CLEAN OUT	4"		57-71'	31	L	1105 12TH ST
2	GROUND	S.L.	CLEAN OUT	4**		76*	31,	L	1111 12 TH ST
3	GROUND	S.L.	CLEAN OUT	4"		120'	96"	L	1111 12 TM ST
				-				-	



Other Leaks or Commen	S:	

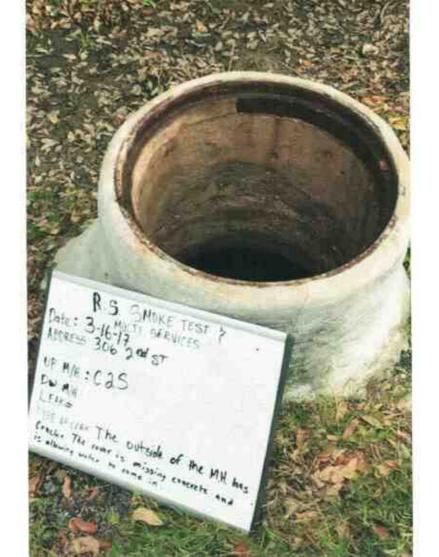


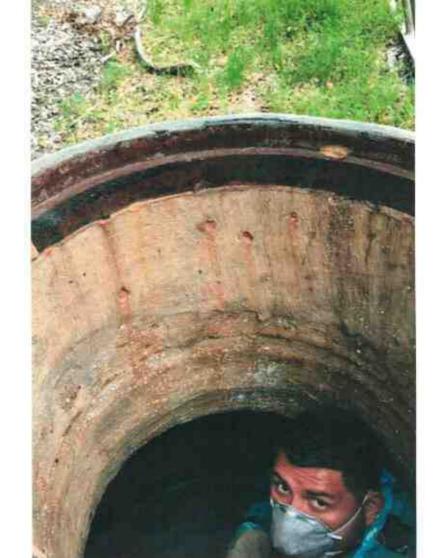




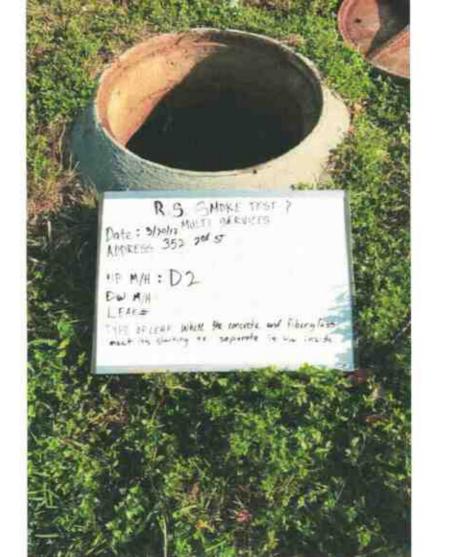
MANHOLE REPAIR FOR SAN LEON MUDD

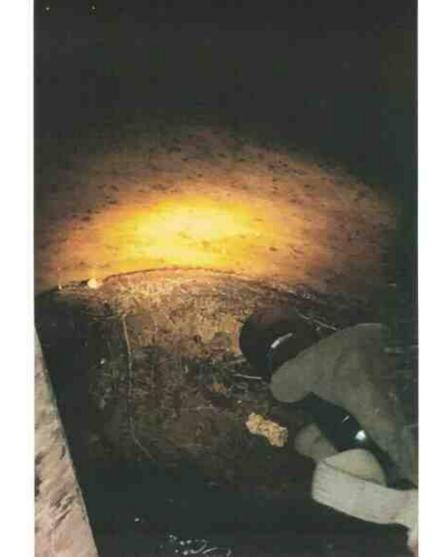
MANHOLE#	ADDRESS	TYPE OF REPAIR
A2	AVE A &2 ND ST	NO DAMAGE
B2	BAYSHORE & 2 ND ST	NO DAMAGE
C2N	AVE C & 2 ND ST	MANHOLE NOT FOUND
C2S	306 2 ND ST	NEEDS RIAN COVER & THE OUTTER CONF
D2	352 2 ^{NO} ST	WHERE THE CONCRETE & FIBER MEET INSIDE THE M/H IS SEPARATED
E2	AVE E & 2 ND ST	M/H LID SEALED BY ASPHALT
F2	BROADWAY & 2 ND ST	NO DAMAGE

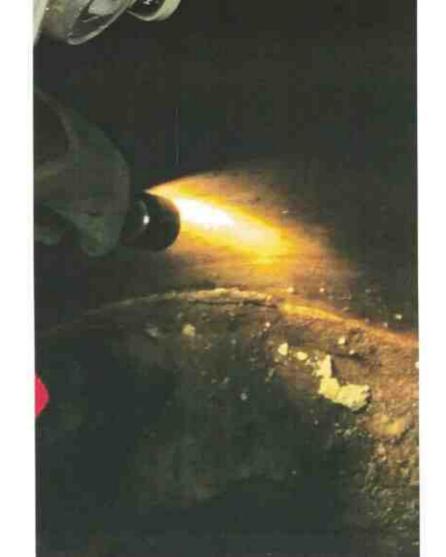


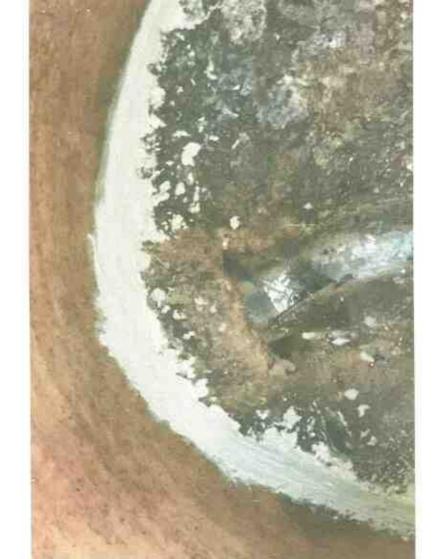


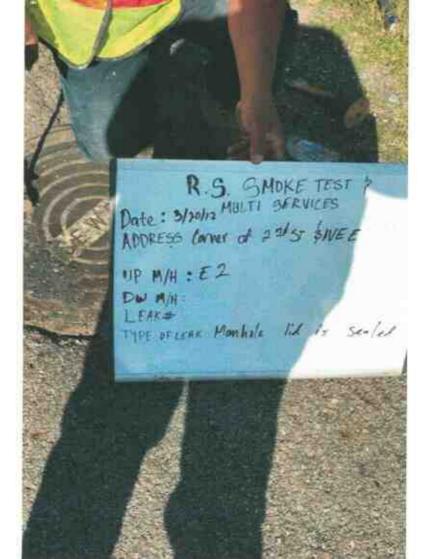














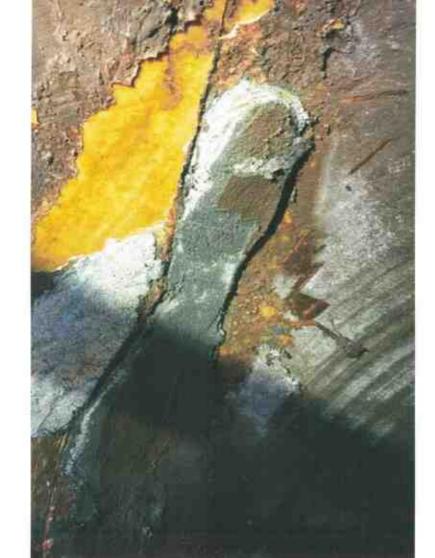
MANHOLE REPAIR FOR SAN LEON MUDD

MANHOLE#	ADDRESS	TYPE OF REPAIR
A3	301 AVE A	NO DAMAGE
B3	BAYSHORE & 3RD ST	NO DAMAGE
C3	284 3 ⁸⁰ ST	NO DAMAGE
D3N	372 3 RD ST	NO DAMAGE
D3S	382 3 ⁸⁰ ST	OUTTER CONE HAS CRAKS
E3	AVE E & 3 RD ST	NO DAMAGE
F3	BROADWAY & 3 ^{9D} ST	INNER M/H WALL HAS CRACKS IN IT
G3	AVE G & 3 RD ST	NO DAMAGE

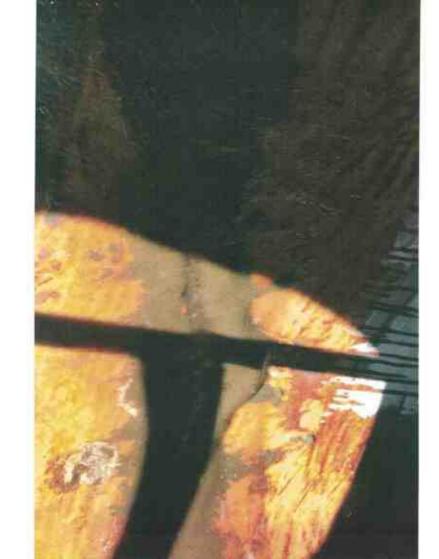








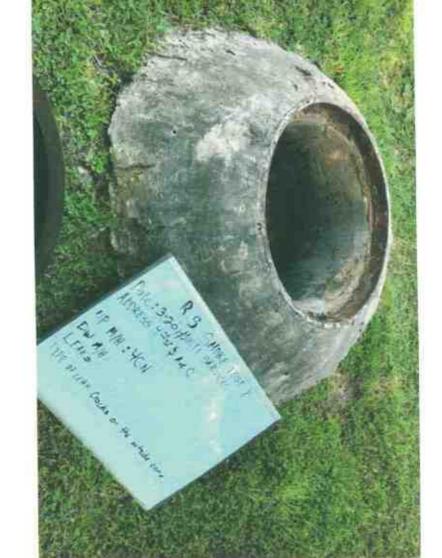


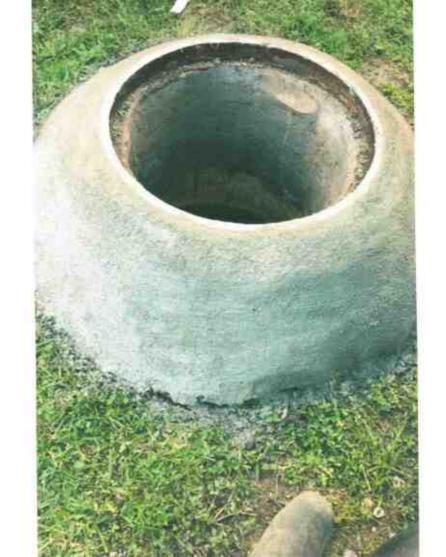


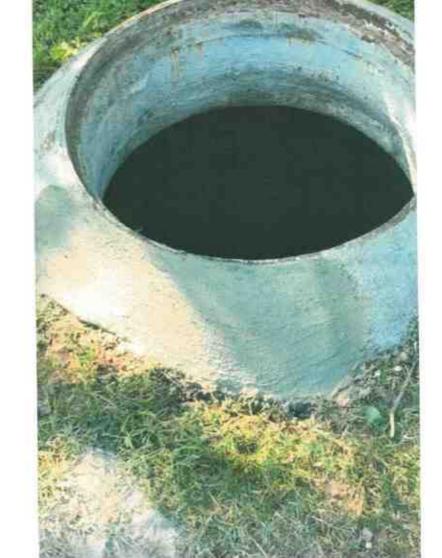


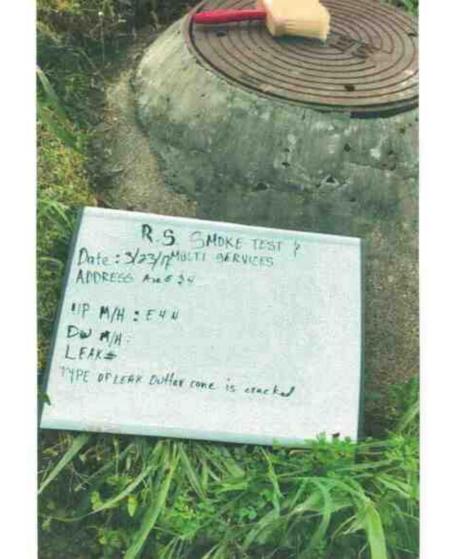
MANHOLE#	ADDRESS	TYPE OF REPAIR
A4	AVE A1/2 & 4 TH ST	NO DAMAGE
B4	BAYSHORE & 4TH ST	NO DAMAGE
C4N	276 4 TH ST	OUTTER CONE NEEDS CONCRETE
C4S	292 4 TH ST	OUTTER CONE NEEDS CONCRETE
D4	396 4 TH ST	MISSING RAIN COVER BUT WE DON'T HAVE THE SIZE
E4N	AVE E & 4 TH ST	OUTTER CONE NEEDS CONCRETE
E4S	AVE E & 4 TH ST	NO DAMAGE
F4	BROADWAY & 4TH ST	NO DAMAGE
G4N	AVE G & 4 TH ST	NO DAMAGE
G4S	AVE G & 4 TH ST	NO DAMAGE
H4	AVE H & 4 TH ST	NO DAMAGE

MANHOLE#	ADDRESS	TYPE OF REPAIR
Α4	AVE A1/2 & 4 TH ST	NO DAMAGE
B4	BAYSHORE & 4 TH ST	NO DAMAGE
C4N	276 4 TH ST	OUTTER CONE NEEDS CONCRETE
C4S	292 4 TH ST	OUTTER CONE NEEDS CONCRETE
D4	396 4 TH ST	MISSING RAIN COVER BUT WE DON'T HAVE THE SIZE
E4N	AVE E & 4 TH ST	OUTTER CONE NEEDS CONCRETE
E4S	AVE E & 4 TH ST	NO DAMAGE
F4	BROADWAY & 4 TH ST	NO DAMAGE
G4N	AVE G & 4 TH ST	NO DAMAGE
G4S	AVE G & 4 TH ST	NO DAMAGE
H4	AVE H & 4 TH ST	NO DAMAGE

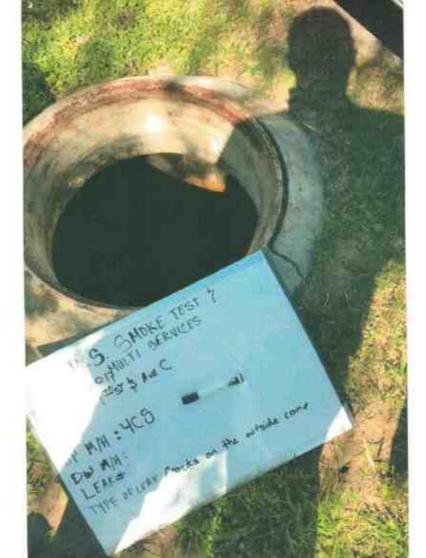






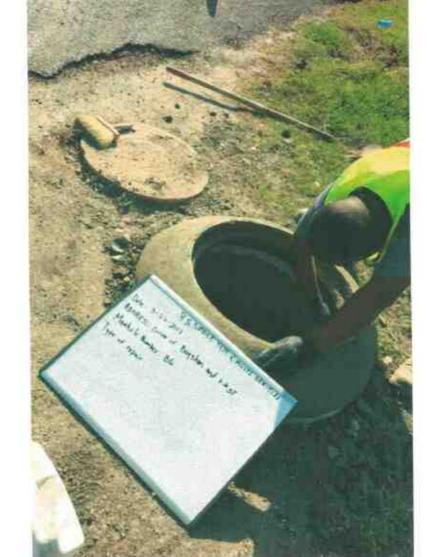




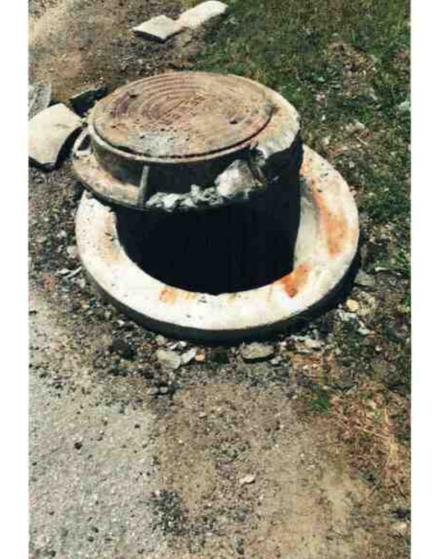


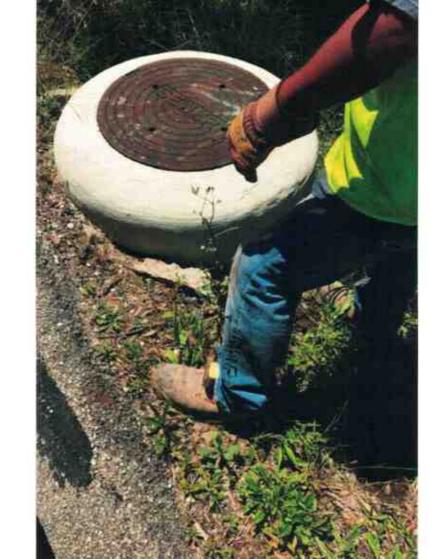
MANHOLE#	ADDRESS	TYPE OF REPAIR
A6	AVE A & 6 TH ST	NO DAMAGE
B6	BAYSHORE & 6 TH ST	M/H NEEDS TO BE RAISED
C6	270 6 TH ST	M/H NEEDS NEW METAL RING
D6	382 6 TH ST	NO DAMAGE
E6	AVE E & 6 TH ST	NEEDS TO BE FIND
F6	AVE F & 6 TH ST	WHERE THE TRS PIPE COMES INTO M/H IT HAS INFLITRATION
G6N	689 6 [™] ST	NO DAMAGE
G6S	696 6 TH ST	NO DAMAGE
H6	792 6 TH ST	NEEDS NEW METAL RING
16N	AVE I & 6 TH ST	NO DAMAGE
165	AVE I & 6 TH ST	NO DAMAGE
J6	AVE J & 6 TH ST	NEEDS RAIN COVER
К6	AVE K & 6 TH ST	LEFT OVER MATERIAL NEEDS TO BE PICKED UP



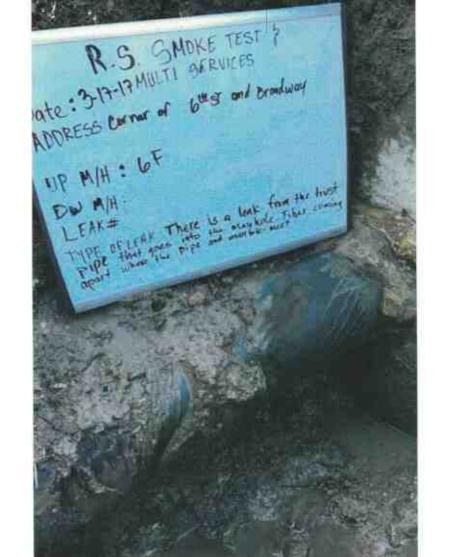






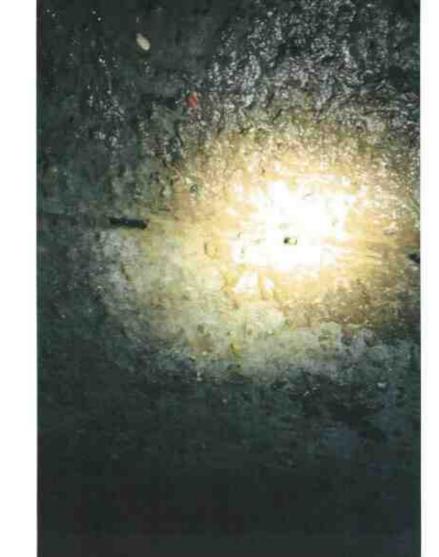


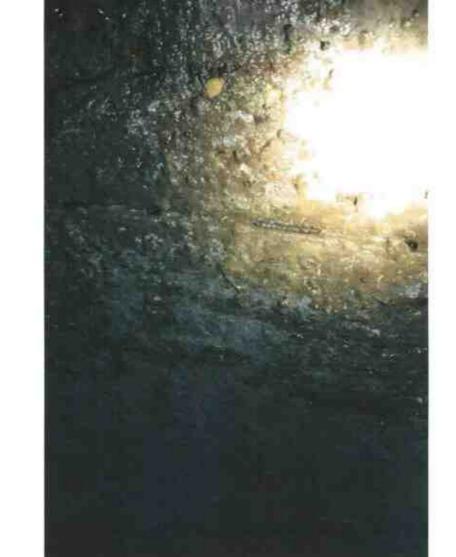


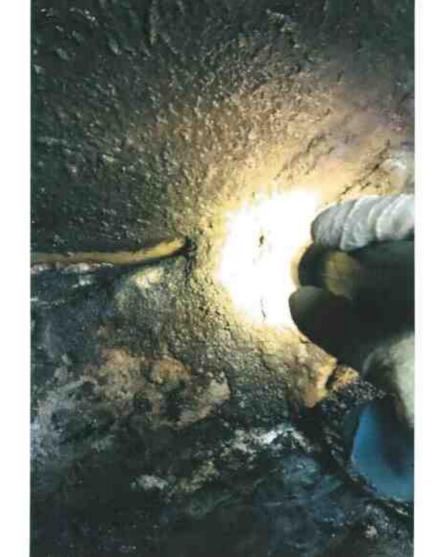






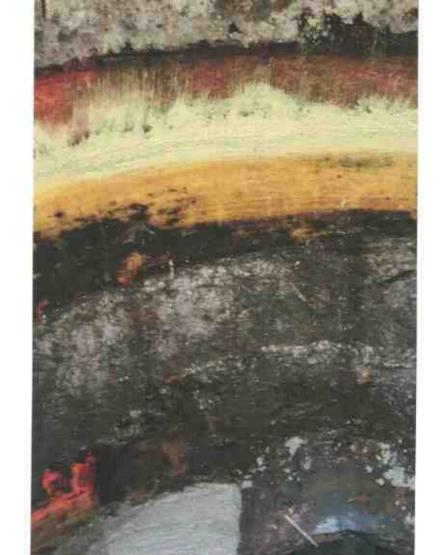






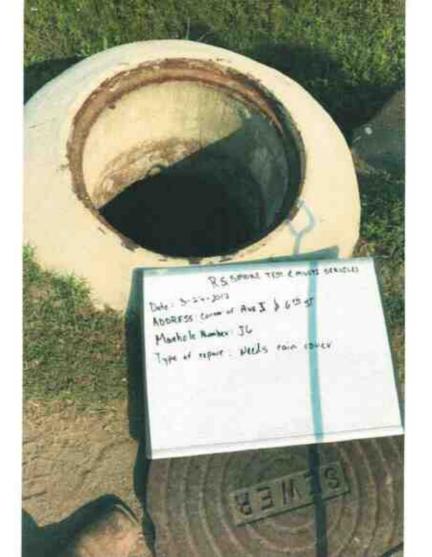


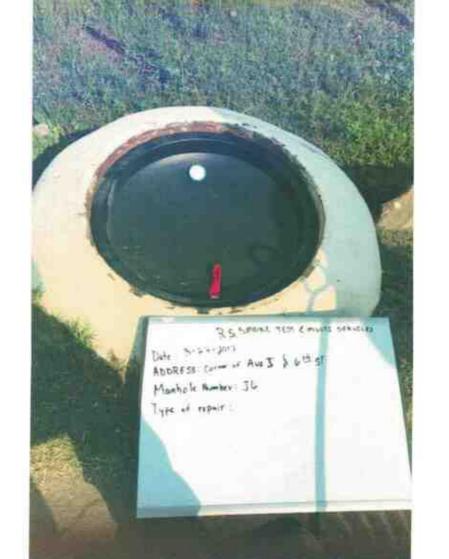












MANHOLE#	ADDRESS	TYPE OF REPAIR
A5	AVE A1/2 & 5 TH ST	NO DAMAGE
B5	BAYSHORE & 5 TH ST	INNER CONE HAS CRACKS
C5	230 5 TH ST	NO DAMAGE
D5	300 BLOCK OF 5 TH ST	WHERE THE TRS PIPE COMES INTO M/H IT HAS INFILTRATION & NEEDS NEW METAL RING
E5	AVE E &5 TH ST	NEED TO FIND MANHOLE
F5	BROADWAY & 5 TH ST	OUTTER CONE NEEDS CONCRETE
G5N	AVE G & 5 TH ST	OUTTER CONE NEEDS CONCRETE
G5S	AVE G & 5 TH ST	OUTTER CONE NEEDS CONCRETE
H5	AVE H & 5 TH ST	NO DAMAGE
ISN	AVE 1 & 5 TH ST	NO DAMAGE
155	AVE I & 5 TH ST	NO DAMAGE



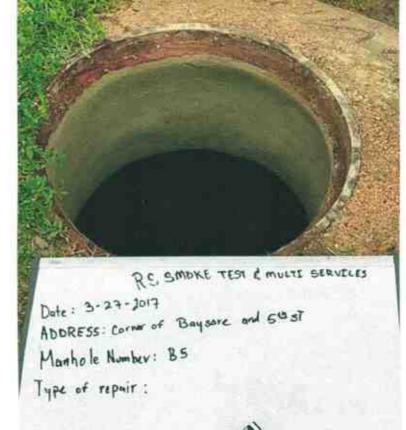
ote: 3-27-2017 Baysore and 545T DDRESS: Corner of Baysore and 545T

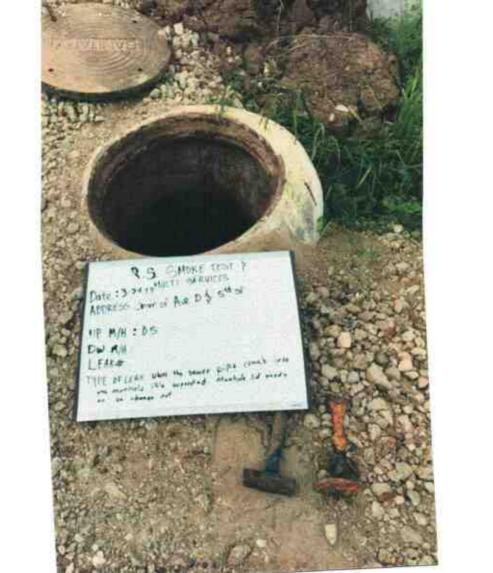
Manhole Number: BS

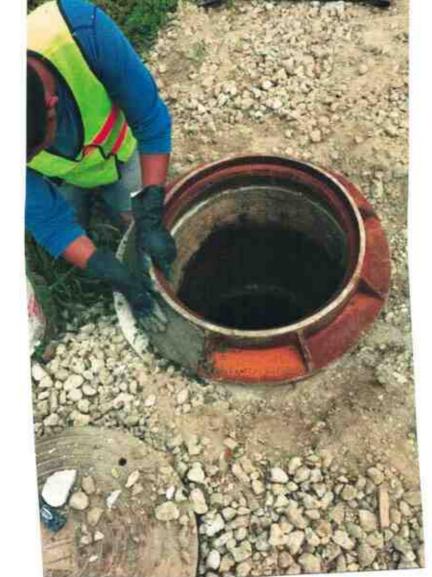
Manhole Number: BS

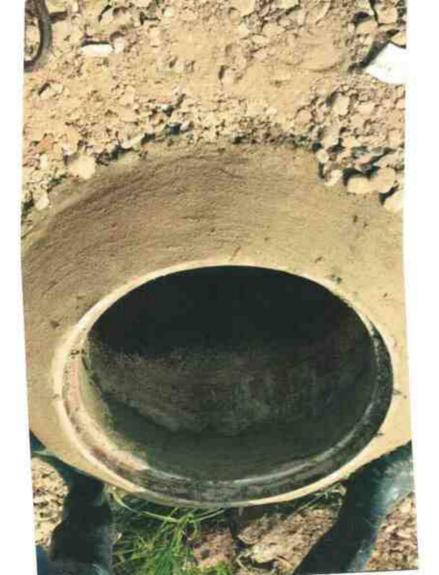
Manhole is cracked on the special of the cone.

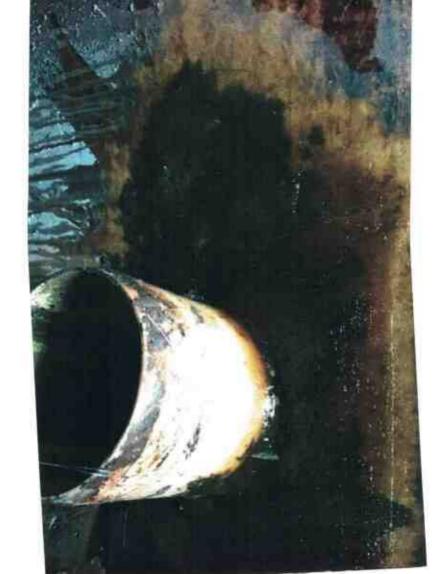
Incide of the cone.



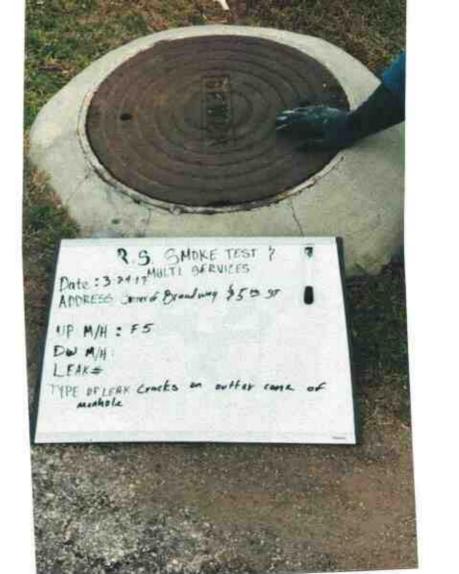




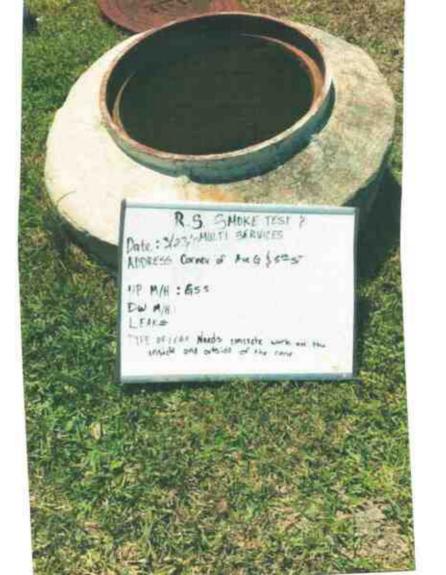


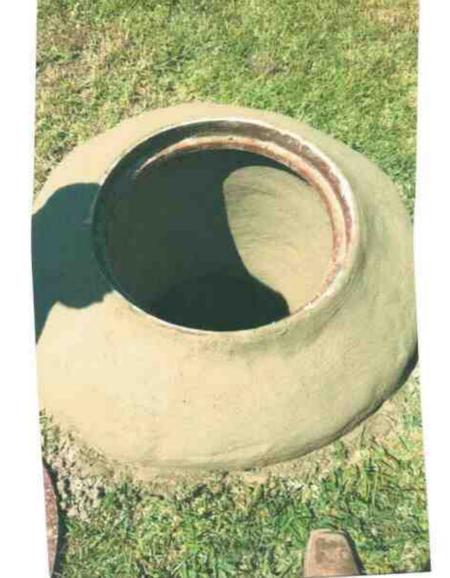


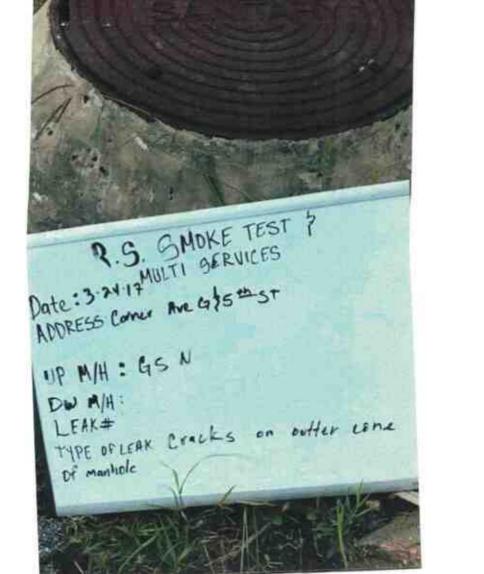


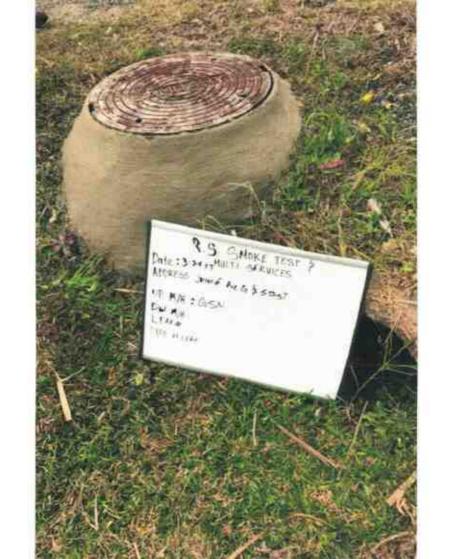






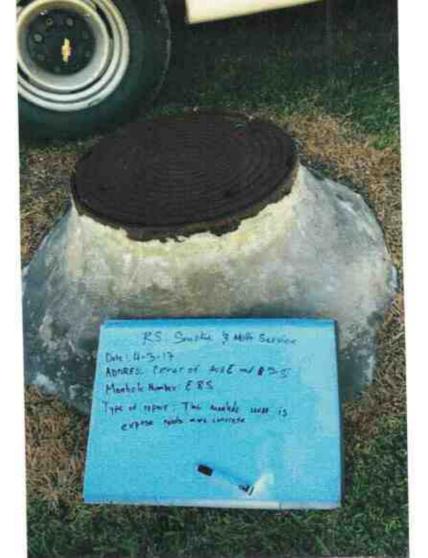


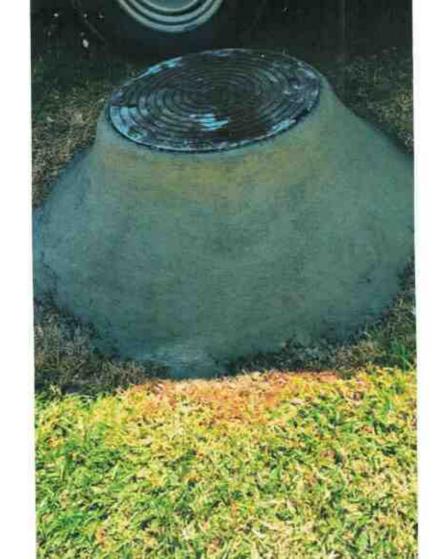


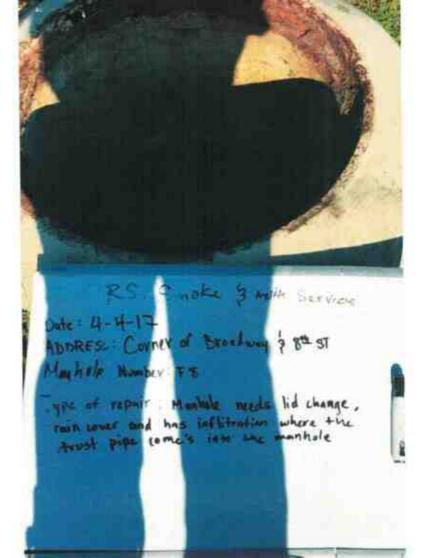


MANHOLE#	ADDRESS	TYPE OF REPAIR
A1N	101 1 ST ST	NEEDS RAIN COVER
A1	101 1 ST ST	
B1	BAYSHORE & 1 ST ST	NO DAMAGE
C1	AVE C & 1 ^{5T} ST	NO DAMAGE
	AVECAT 31	NO DAMAGE

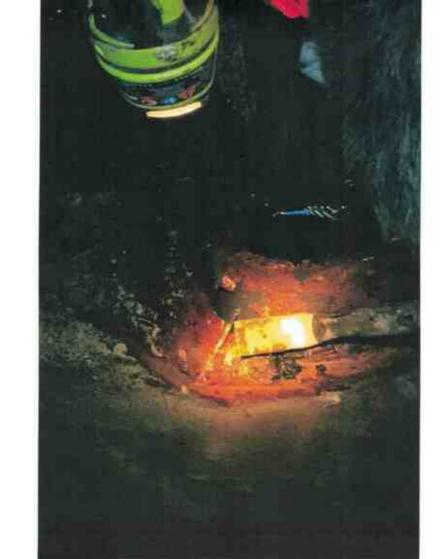
MANHOLE#	ADDRESS	TYPE OF REPAIR
A8	AVE A & 8 TH ST	NO DAMAGE
88	BAYSHORE & 8 TH ST	NO DAMAGE
C8N	264 8 TH ST	NO DAMAGE
C8S	278 8 TH ST	NO DAMAGE
D8	364 8 TH ST	NO DAMAGE
E8N	AVE E & 8 TH ST	NO DAMAGE
E8S	AVE E & 8 TH ST	OUTTER CONE NEEDS CONCRETE
F8	BROADWAY & 8 TH ST	M/H NEEDS RAIN COVER, CHANGE METAL RING ,8 INFLITRATION WHERE THE TRS PIPE COMES INTO MANHOLE
G8	AVE G & 8 TH ST	NO DAMAGE
Н8	AVE H & 8 TH ST	NO DAMAGE
18	AVE I & 8 TH ST	NO DAMAGE
18	AVE J & 8 TH ST	NO DAMAGE
K8N	AVE K & 8 TH ST	NO DAMAGE
K8S	AVE K & 8 TH ST	NEEDS RAIN COVER
L8	AVE L & 8 TH ST	NO DAMAGE
M8N	AVE M & 8 TH ST	NO DAMAGE
M8S	AVE M & 8 TH ST	NO DAMAGE
N8	AVE N & 8 TH ST	NO DAMAGE
08	1426 8 TH ST	NO DAMAGE

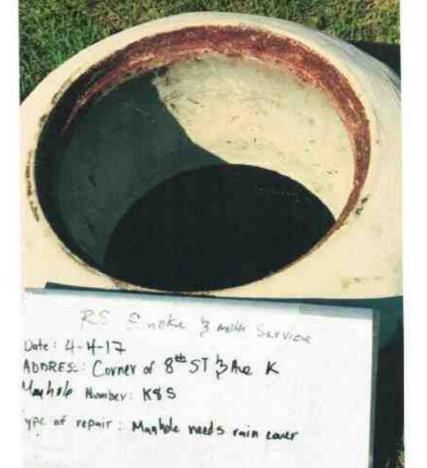


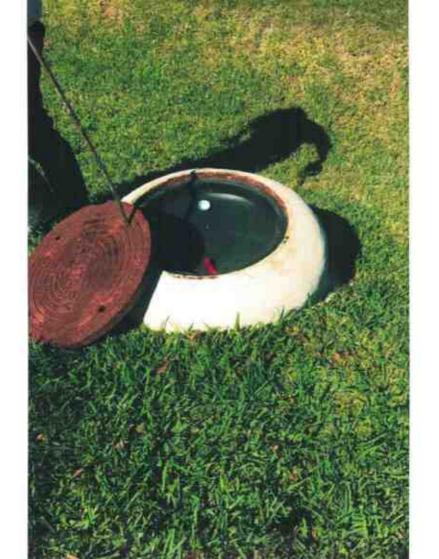




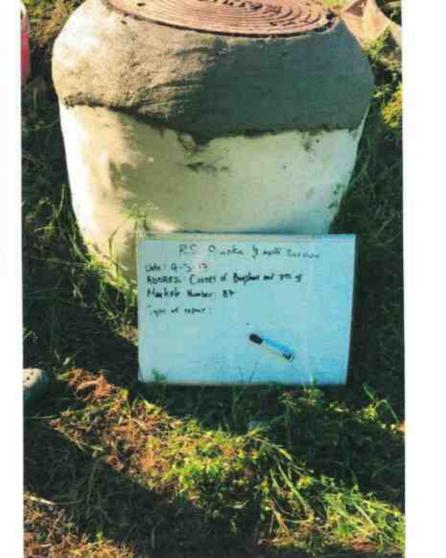


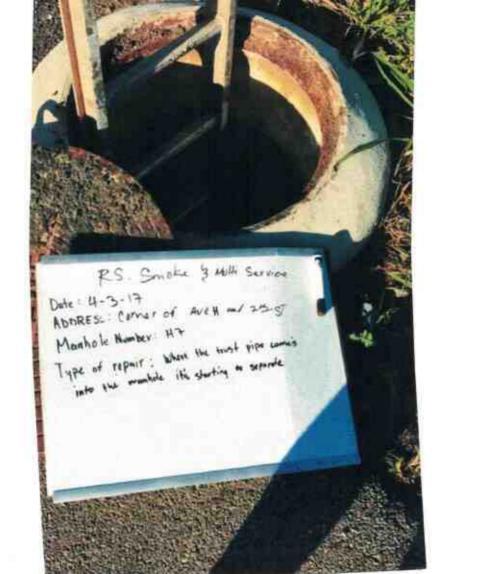


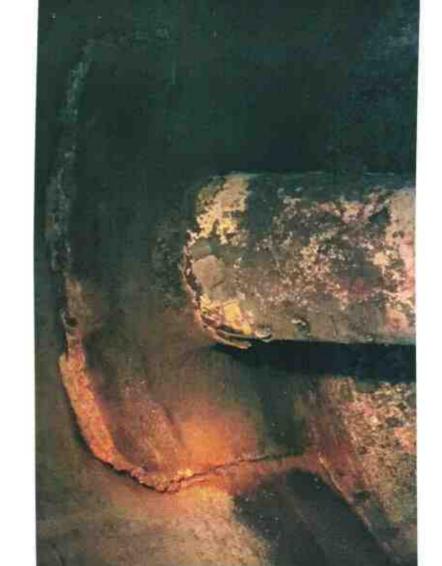


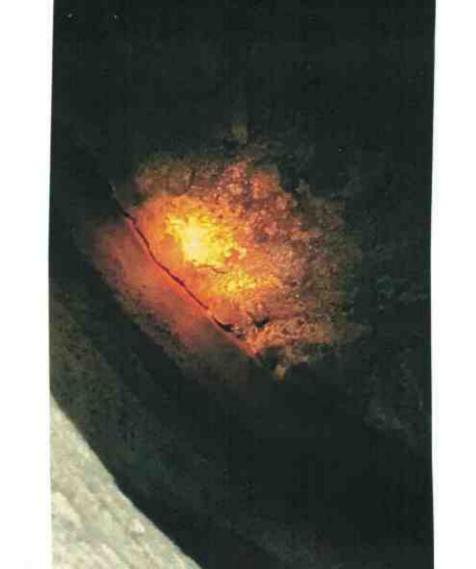


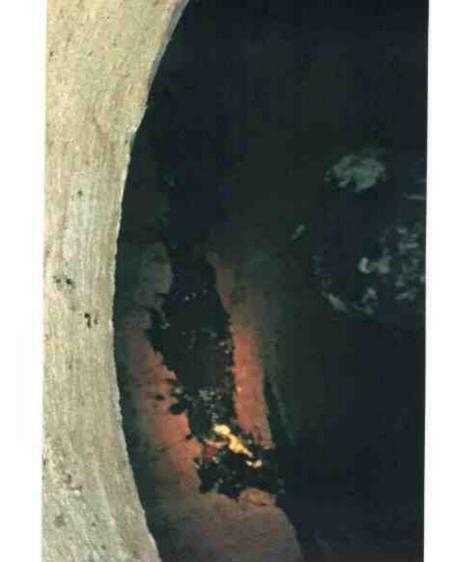
MANHOLE#	ADDRESS	TYPE OF REPAIR
11/11/5/2011/2019/5/5/5/5/5/5/5/5/5/5/5/5/5/5/5/5/5/5/5	AVE A & 7 TH ST	NO DAMAGE
A7	BAYSHORE & 7 TH ST	NEEDS NEW METAL RING
B7	276 7 TH ST	NO DAMAGE
C7	374 7 TH ST	NO DAMAGE
D7	AVE E & 7 TH ST	NO DAMAGE
E7	BROADWAY & 7TH ST	NO DAMAGE
F7 G7	664 7 TH ST	NO DAMAGE
H7	AVE H & 7 TH ST	WHERE THE TRS PIPE COMES INTO THE M/H IT STARTED TO SEPARATE
17N	AVE I & 7 TH ST	NO DAMAGE
175	AVE I & 7 TH ST	NO DAMAGE
J7	AVE J & 7 TH ST	OUTTER CONE NEEDS CONCRETE
K7N	AVE K & 7 TH ST	NO DAMAGE
K7S	AVE K & 7 TH ST	NO DAMAGE
L7	AVE L & 7 TH ST	NO DAMAGE
M7	AVE M & 7 TH ST	M/H IS SEALED WITH ASPHALT

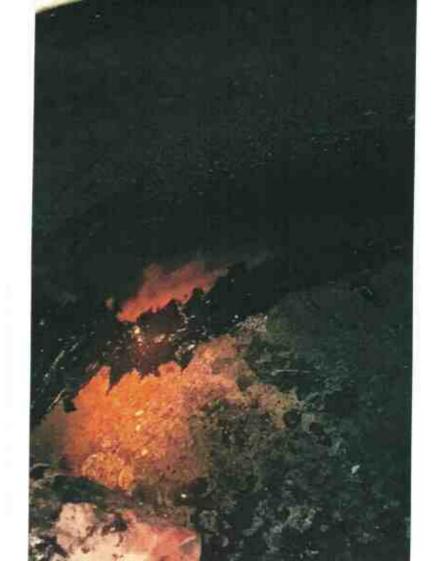


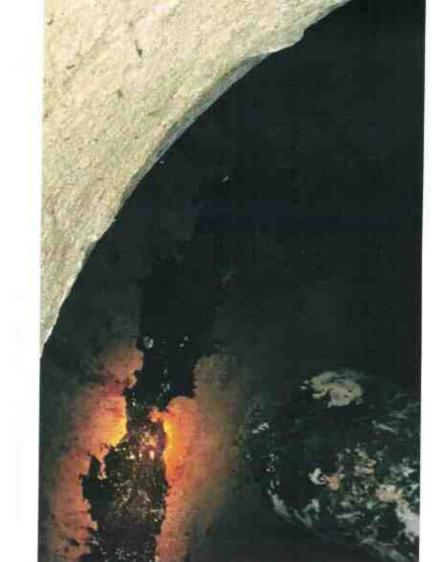




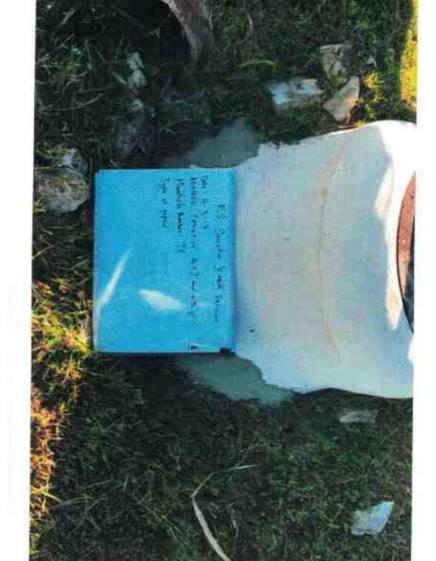




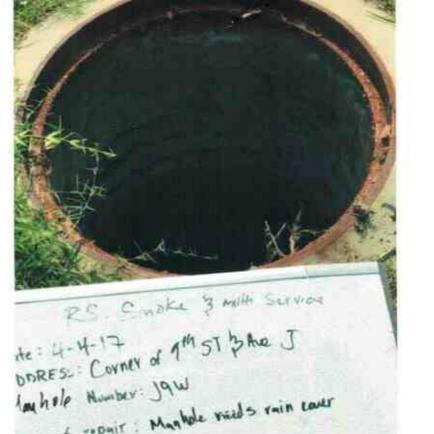




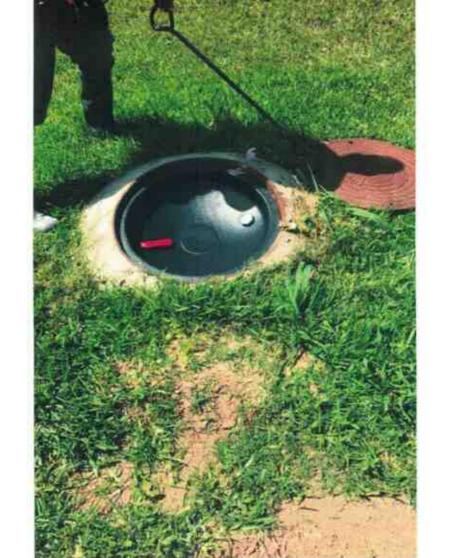


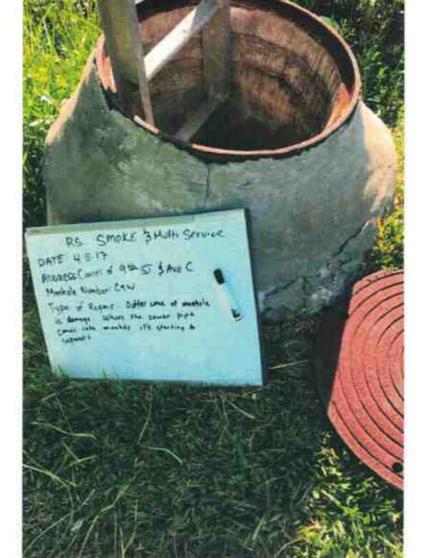


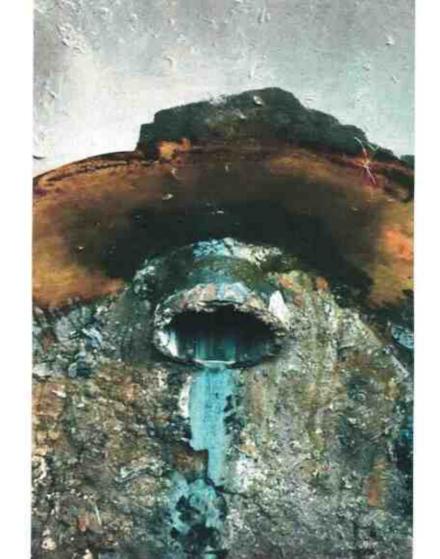
MANHOLE#	ADDRESS	TYPE OF REPAIR
A9	AVE A1/2 & 9TH ST	NO DAMAGE
B9W	BAYSHORE & 9 TH ST	NO DAMAGE
B9E	BAYSHORE & 9 TH ST	CHANGE METAL RING
C9W	AVE C & 9 TH ST	OUTTER CONE NEEDS CONCRETE
C9N	AVE C & 9 TH ST	NO DAMAGE
C9S	AVE C & 9 TH ST	NO DAMAGE
D9E	AVE D & 9 TH ST	NO DAMAGE
D9W	AVE D & 9 TH ST	NO DAMAGE
E9N	AVE E & 9 TH ST	NEEDS RAIN COVER BUT WE DON'T HAVE THE SIZE
E9S	AVE E & 9 [™] ST	NEED RAIN COVER BUT WE DON'T HAVE THE SIZE
E9W	AVE E & 9 TH ST	NO DAMAGE
F9W	BRAODWAY & 9 TH ST	NO DAMAGE
F9E	BRAODWAY & 9TH ST	NO DAMAGE
G9	AVE G & 9 TH ST	NO DAMAGE
H9	AVE H & 9 TH ST	NO DAMAGE
19N	517 & 9 TH ST	NO DAMAGE
195	517 & 9 th ST	NO DAMAGE
J9E	AVE J & 9 TH ST	NO DAMAGE
J9W	AVE J & 9 TH ST	MISSING RAIN COVER
К9	AVE K & 9 TH ST	NO DAMAGE
L9	AVE L & 9 [™] ST	NO DAMAGE
M9	AVE M & 9 [™] ST	NO DAMAGE
N9	AVE N & 9 TH ST	NO DAMAGE
09	AVE O & 9 TH ST	NO DAMAGE
09W	1000 BLOCK OF AVE O	NO DAMAGE
O9S	1000 BLOCK OF AVE O	NO DAMAGE

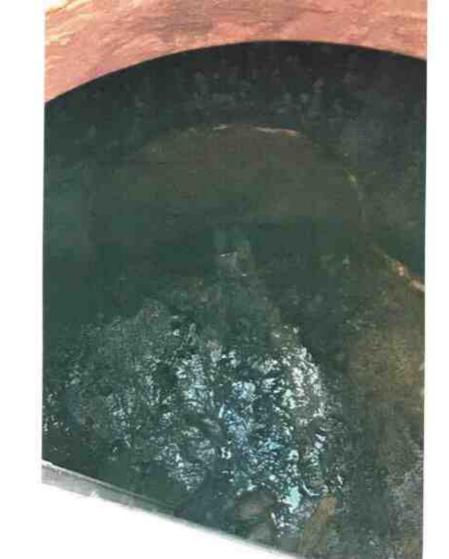


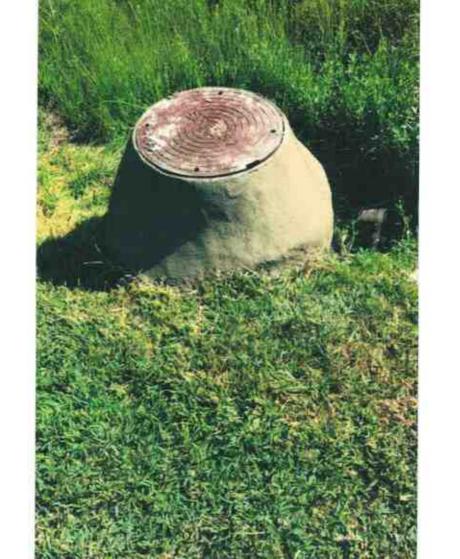
ype of repair: Manhole raids rain cover



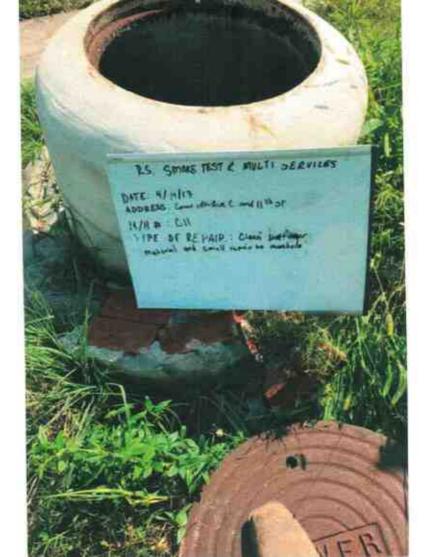


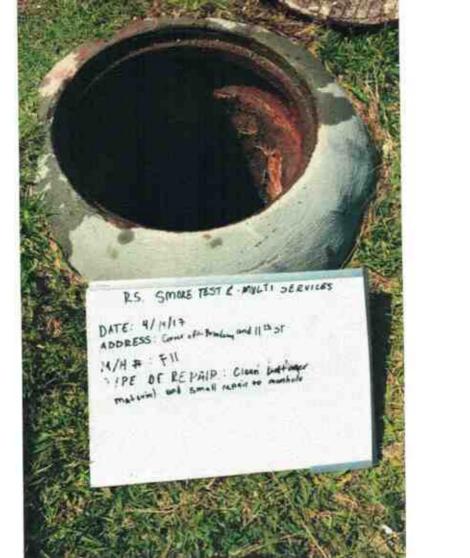






MANHOLE#	ADDRESS	TYPE OF REPAIR
A11	AVE A1/2 & 11 TH ST	NO DAMAGE
B11N	BAYSHORE & 11 TH ST	NO DAMAGE
B11S	BAYSHORE & 11 TH ST	NO DAMAGE
C11	AVE C & 11 TH ST	SMALL REPAIR AND PICK UP LEFT OVER MATERIAL
D11	AVE D & 11 TH ST	NO DAMAGE
F11	BROADWAY & 11 TH ST	SMALL REPAIR
G11	AVE G & 11 TH ST	NEED TO FIND MANHOLE
H11	AVE H & 11 TH ST	NEED RAIN COVER AND PICK UP LEFT OVER MATERIAL
I11N	517 & 11 TH ST	NO DAMAGE
1115	517 & 11 TH ST	NEED RAIN COVER
J11	1001 11 TH ST	NO DAMAGE
K11N	AVE K & 11 TH ST	NO DAMAGE
K11S	AVE K & 11 TH ST	OUTTER CONE NEEDS CONCRETE
L11	AVE L & 11 TH ST	NO DAMAGE
M11	AVE M & 11 TH ST	OUTTER CONE NEEDS CONCRETE

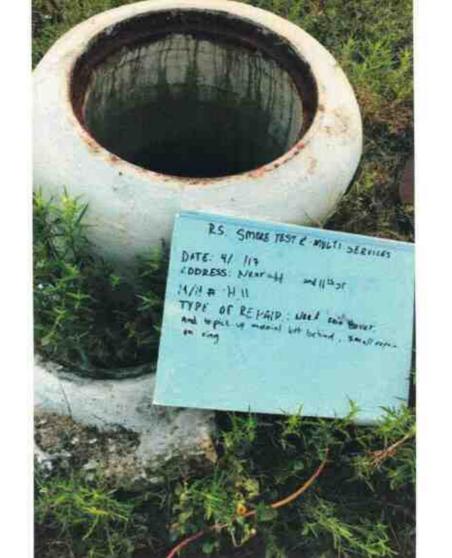


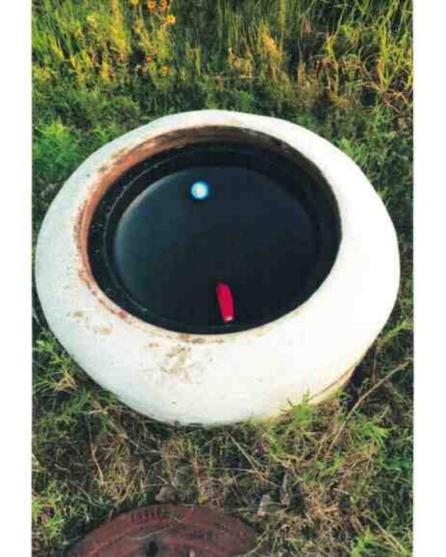


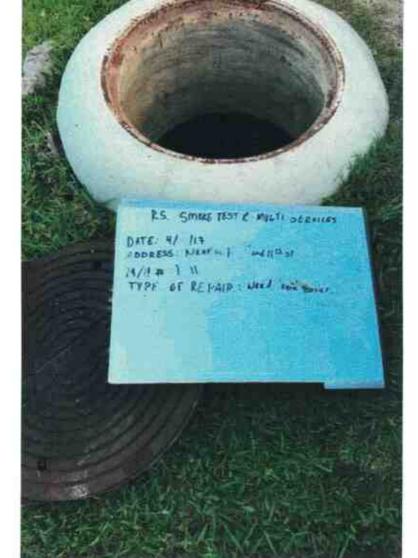




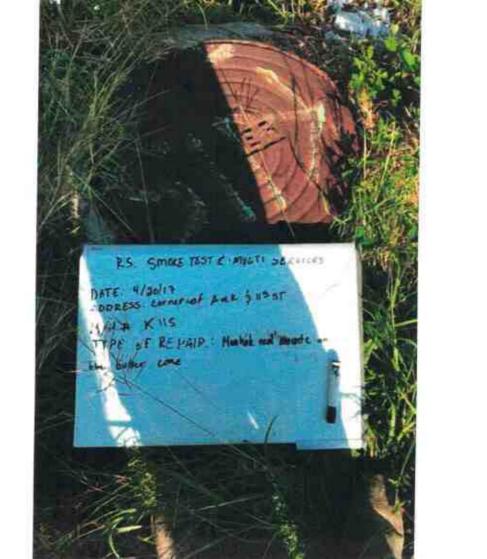




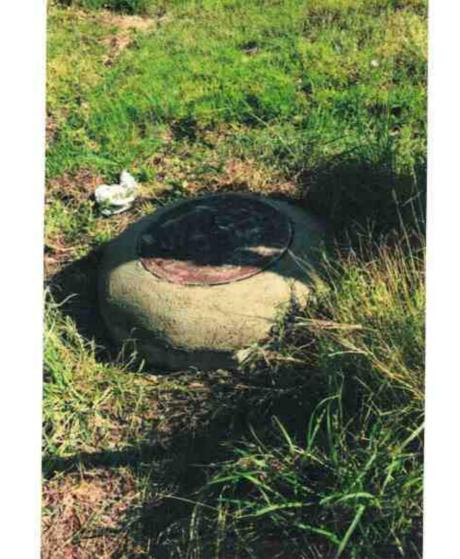


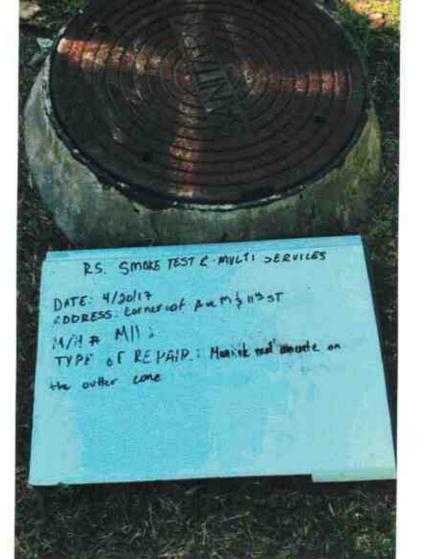


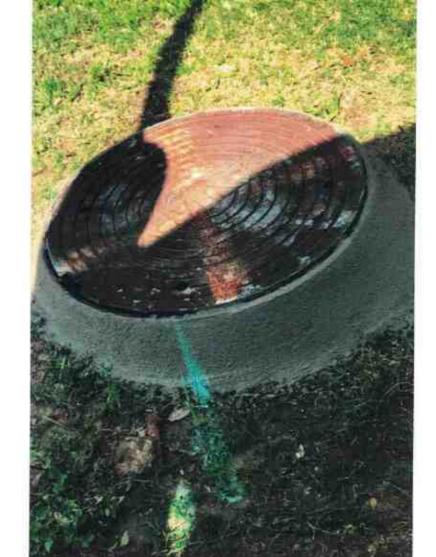








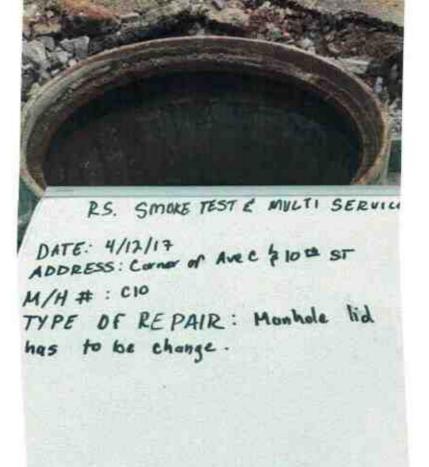




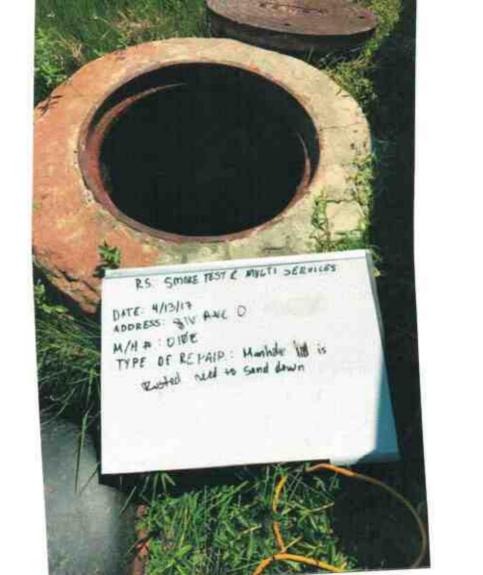
RS SMOKE TEST & MULTI SERVICES

MANHOLE REPAIR FOR SAN LEON MUDD

MANHOLE#	ADDRESS	TYPE OF REPAIR
A10	AVE A & 10 TH ST	NO DAMAGE
B10	BAYSHORE & 10 TH ST	NO DAMAGE
C10	AVE C & 10 TH ST	NEEDS NEW METAL RING
D10	AVE D & 10 TH ST	NO DAMAGE
F10	BROADWAY & 10TH ST	NO DAMAGE
F1/2 10	610 10 TH ST	NO DAMAGE
G10	AVE G & 10 TH ST	NO DAMAGE
H10	AVE H & 10 TH ST	NO DAMAGE
I10N	517 & 10 TH ST	NO DAMAGE
1105	517 & 10 TH ST	NO DAMAGE
J10	AVE J & 10 TH ST	NO DAMAGE
K10	AVE K & 10 TH ST	NO DAMAGE
L10	AVE L & 10 TH ST	NO DAMAGE
M10	AVE M & 10 TH ST	NO DAMAGE
N10	1399 10 [™] ST	NO DAMAGE
010	AVE O & 10 TH ST	NO DAMAGE
O10E	815 AVE O	MINOR REPAIR ON M/H





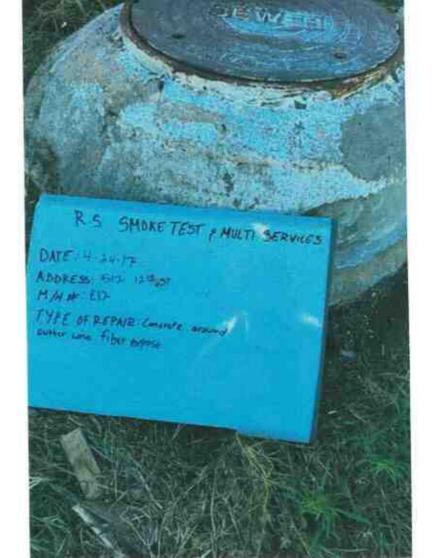




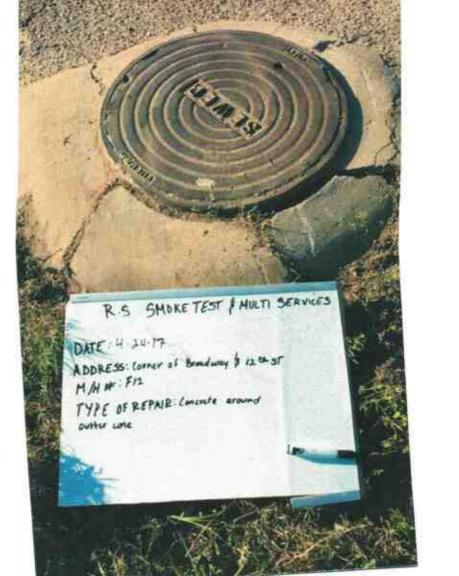
RS SMOKE TEST & MULTI SERVICES

MANHOLE REPAIR FOR SAN LEON MUDD

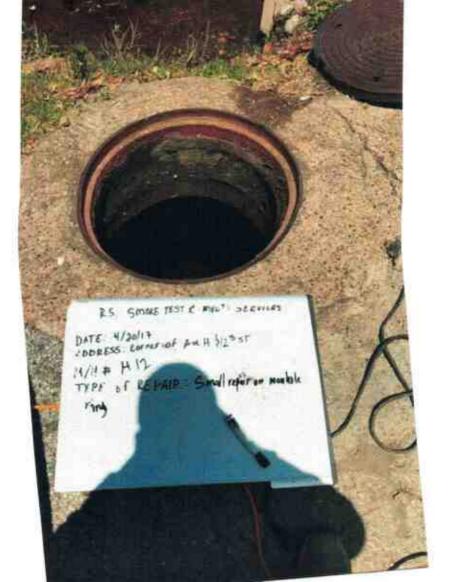
MANHOLE#	ADDRESS	TYPE OF REPAIR
A12	AVE A & 12 TH ST	NO DAMAGE
B12N	BAYSHORE & 12 TH ST	NO DAMAGE
B12S	BAYSHORE &12 TH ST	NO DAMAGE
C12	AVEC & 12 [™] ST	NO DAMAGE
D12	AVE D & 12 TH ST	NO DAMAGE
E12	451 12 TH ST	OUTTER CONE NEEDS CONCRETE
F12	BROADWAY & 12TH ST	OUTTER CONE NEEDS CONCRETE
G12N	660 12 TH ST	PICK UP LEFT OVER MATERIAL
G12S	705 12 TH ST	NO DAMAGE
H12	AVE H & 12 TH ST	SMALL REPAIR
I12N	517 & 12 [™] ST	NO DAMAGE
1125	517 & 12 TH ST	NO DAMAGE
J12	983 12 TH ST	NO DAMAGE
K12N	AVE K & 12 TH ST	NO DAMAGE
K125	AVE K & 12 TH ST	NEEDS TO BE RAISE
L12	1213 12 TH ST	NEEDS NEW METAL RING
L12S	1221 12 TH ST	NO DAMAGE



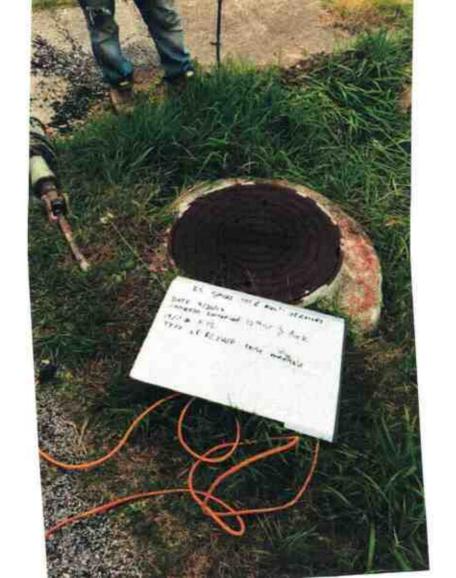




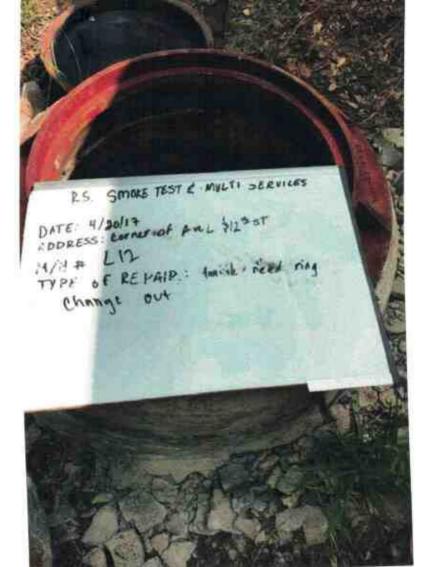


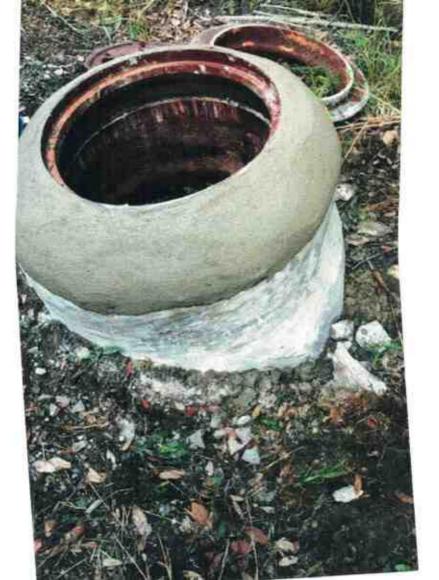












SAN LEON MUD Check Register For the Period From Jan 1, 2016 to Mar 2, 2020

Check #	Date	Payee	Cash Account	Amount
3784	7/27/18	R. S. SMOKE TEST & MULTI SERVICES	10400	29,506.00
3822	8/10/18	R. S. SMOKE TEST & MULTI SERVICES	10400	21,590.00
3856	8/24/18	R. S. SMOKE TEST & MULTI SERVICES	10400	10,000.00
3868	9/7/18	R. S. SMOKE TEST & MULTI SERVICES	10400	3,620.00
3909	9/21/18	R. S. SMOKE TEST & MULTI SERVICES	10400	34,036.00
3991	10/19/18	R. S. SMOKE TEST & MULTI SERVICES	10400	14,696.00
4086	12/14/18	R. S. SMOKE TEST & MULTI SERVICES	10400	5,550.00
4161	1/25/19	R. S. SMOKE TEST & MULTI SERVICES	10400	10,472.00
4196	2/8/19	R. S. SMOKE TEST & MULTI SERVICES	10400	29,522.00
4260	3/8/19	R. S. SMOKE TEST & MULTI SERVICES	10400	51,774.00
4283	3/22/19	R. S. SMOKE TEST & MULTI SERVICES	10400	500.00
4310 4393	4/5/19 5/3/19	R. S. SMOKE TEST & MULTI SERVICES R. S. SMOKE TEST & MULTI SERVICES	10400 10400	1,800.00 1,590.00
4393 4427	5/3/19 5/17/19	R. S. SMOKE TEST & MULTI SERVICES	10400	10,280.00
4447	5/31/19	R. S. SMOKE TEST & MULTI SERVICES	10400	16,320.00
4493	6/14/19	R. S. SMOKE TEST & MULTI SERVICES	10400	6,750.00
4517	6/28/19	R. S. SMOKE TEST & MULTI SERVICES	10400	14,775.00
4546	7/12/19	R. S. SMOKE TEST & MULTI SERVICES	10400	6,650.00
4582	7/26/19	R. S. SMOKE TEST & MULTI SERVICES	10400	6,650.00
4599	8/9/19	R. S. SMOKE TEST & MULTI SERVICES	10400	7,400.00
4636	8/23/19	R. S. SMOKE TEST & MULTI SERVICES	10400	4,400.00
4681	9/6/19	R. S. SMOKE TEST & MULTI SERVICES	10400	8,700.00
4693	9/20/19	R. S. SMOKE TEST & MULTI SERVICES	10400	16,900.00
4751	10/18/19	R. S. SMOKE TEST & MULTI SERVICES	10400	16,025.00
4797	11/1/19	R. S. SMOKE TEST & MULTI SERVICES	10400	9,738.00
4829	11/15/19	R. S. SMOKE TEST & MULTI SERVICES	10400	11,295.00
4864	12/1/19	R. S. SMOKE TEST & MULTI SERVICES	10400	17,205.00
4888	12/13/19	R. S. SMOKE TEST & MULTI SERVICES	10400	16,413.00
4929	12/27/19	R. S. SMOKE TEST & MULTI SERVICES	10400	25,300.00
4975	1/24/20	R. S. SMOKE TEST & MULTI SERVICES	10400	24,455.00
5003	2/7/20	R. S. SMOKE TEST & MULTI SERVICES	10400	5,750.00
5021	2/21/20	R. S. SMOKE TEST & MULTI SERVICES	10400	21,905.00

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SAN LEON MUD Check Register For the Period From Jan 1, 2016 to Mar 2, 2020

Oha ete "	Dets	Pausa	Cook Assessed	A 4
Check #	Date 4/8/16	Payee	Cash Account 10400	Amount
1809 1905	4/8/16 5/20/16	WATER, SEWER REPAIR & MORE	10400	11,634.00 3,800.00
1905	6/3/16	WATER, SEWER REPAIR & MORE WATER, SEWER REPAIR & MORE	10400	5,700.00
1923	6/17/16	WATER, SEWER REPAIR & MORE	10400	5,000.00
2024	7/1/16	WATER, SEWER REPAIR & MORE	10400	16,260.00
2068	7/15/16	WATER, SEWER REPAIR & MORE	10400	29,800.00
2099	7/29/16	WATER, SEWER REPAIR & MORE	10400	4,000.00
2109	8/12/16	WATER, SEWER REPAIR & MORE	10400	20,600.00
2144	8/26/16	WATER, SEWER REPAIR & MORE	10400	20,500.00
2184	9/9/16	WATER, SEWER REPAIR & MORE	10400	29,165.00
2235	9/23/16	WATER, SEWER REPAIR & MORE	10400	300.00
2276	10/7/16	WATER, SEWER REPAIR & MORE	10400	12,800.00
2316	10/21/16	WATER, SEWER REPAIR & MORE	10400	14,800.00
2350	11/4/16	WATER, SEWER REPAIR & MORE	10400	15,100.00
2397 2416	11/18/16 12/2/16	WATER, SEWER REPAIR & MORE WATER, SEWER REPAIR & MORE	10400 10400	5,350.00 6,700.00
2439	12/5/16	WATER, SEWER REPAIR & MORE	10400	23,965.00
2464	12/3/10	WATER, SEWER REPAIR & MORE	10400	20,400.00
2499	12/30/16	WATER, SEWER REPAIR & MORE	10400	300.00
2508	1/13/17	WATER, SEWER REPAIR & MORE	10400	5,000.00
2554	1/13/17	WATER, SEWER REPAIR & MORE	10400	4,800.00
2574	2/10/17	WATER, SEWER REPAIR & MORE	10400	300.00
2606	2/10/17	WATER, SEWER REPAIR & MORE	10400	4,300.00
2651	3/10/17	WATER, SEWER REPAIR & MORE	10400	27,100.00
2678	3/24/17	WATER, SEWER REPAIR & MORE	10400	14,800.00
2719	4/7/17	WATER, SEWER REPAIR & MORE	10400	30,000.00
2778	4/21/17	WATER, SEWER REPAIR & MORE	10400	2,750.00
2793	5/5/17	WATER, SEWER REPAIR & MORE	10400	10,300.00
2824	5/19/17	WATER, SEWER REPAIR & MORE	10400	9,200.00
2880	6/2/17	WATER, SEWER REPAIR & MORE	10400	6,850.00
2881	6/16/17	WATER, SEWER REPAIR & MORE	10400	31,942.26
2928	6/30/17	WATER, SEWER REPAIR & MORE	10400	18,300.00
3007	7/28/17	WATER, SEWER REPAIR & MORE	10400	1,400.00
3047	8/25/17	WATER, SEWER REPAIR & MORE	10400	8,300.00
3078	9/8/17	WATER, SEWER REPAIR & MORE	10400	71,600.00
3101	9/22/17	WATER, SEWER REPAIR & MORE	10400	55,900.00
3157	10/6/17	WATER, SEWER REPAIR & MORE	10400	48,700.00
3196	10/20/17	WATER, SEWER REPAIR & MORE	10400	30,380.00
3204	11/3/17	WATER, SEWER REPAIR & MORE	10400	18,600.00
3231	11/17/17	WATER, SEWER REPAIR & MORE	10400	28,600.00
3281	12/1/17	WATER, SEWER REPAIR & MORE	10400	24,100.00
3298	12/15/17	WATER, SEWER REPAIR & MORE	10400	9,300.00
3340	1/12/18	WATER, SEWER REPAIR & MORE	10400	25,119.02
3373	1/26/18	WATER, SEWER REPAIR & MORE	10400	37,550.00
3401	2/9/18	WATER, SEWER REPAIR & MORE	10400	55,986.00
3428	2/23/18	WATER, SEWER REPAIR & MORE	10400	87,667.50
3492	3/9/18	WATER, SEWER REPAIR & MORE	10400	94,180.00
3525	3/23/18	WATER, SEWER REPAIR & MORE	10400	31,168.50
3526	3/23/18	WATER, SEWER REPAIR & MORE	10400	56,510.00

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SAN LEON MUD Check Register For the Period From Jan 1, 2016 to Mar 2, 2020

Check #	Date	Payee	Cash Account	Amount
3531	4/6/18	WATER, SEWER REPAIR & MORE	10400	73,375.00
3532	4/6/18	WATER, SEWER REPAIR & MORE	10400	24,730.50
3579	4/20/18	WATER, SEWER REPAIR & MORE	10400	76,690.00
3580	4/20/18	WATER, SEWER REPAIR & MORE	10400	34,912.50
3616	5/4/18	WATER, SEWER REPAIR & MORE	10400	78,606.00
3617	5/4/18	WATER, SEWER REPAIR & MORE	10400	31,152.00
3648	5/18/18	WATER, SEWER REPAIR & MORE	10400	19,874.00
3649	5/18/18	WATER, SEWER REPAIR & MORE	10400	93,600.00
3670	6/1/18	WATER, SEWER REPAIR & MORE	10400	18,000.00
3671	6/1/18	WATER, SEWER REPAIR & MORE	10400	10,250.00
3689	6/15/18	WATER, SEWER REPAIR & MORE	10400	24,400.00
3690	6/15/18	WATER, SEWER REPAIR & MORE	10400	11,166.00
3737	7/13/18	WATER, SEWER REPAIR & MORE	10400	25,900.00
3738	7/13/18	WATER, SEWER REPAIR & MORE	10400	74,590.00
3785	7/27/18	WATER, SEWER REPAIR & MORE	10400	63,576.00
3831	8/10/18	WATER, SEWER REPAIR & MORE	10400	56,302.00
3857	8/24/18	WATER, SEWER REPAIR & MORE	10400	23,651.36
3866	9/7/18	WATER, SEWER REPAIR & MORE	10400	50,525.00
3907	9/21/18	WATER, SEWER REPAIR & MORE	10400	17,000.00
3947	10/5/18	WATER, SEWER REPAIR & MORE	10400	38,650.00
3990	10/19/18	WATER, SEWER REPAIR & MORE	10400	62,305.00
4027	11/16/18	WATER, SEWER REPAIR & MORE	10400	34,500.00
4088	12/14/18	WATER, SEWER REPAIR & MORE	10400	45,875.00
4119	12/28/18	WATER, SEWER REPAIR & MORE	10400	45,758.00
4142	1/11/19	WATER, SEWER REPAIR & MORE	10400	45,800.00
4160	1/25/19	WATER, SEWER REPAIR & MORE	10400	51,970.00
4195	2/8/19	WATER, SEWER REPAIR & MORE	10400	42,790.00
4258	3/8/19	WATER, SEWER REPAIR & MORE	10400	64,050.00
4284	3/22/19	WATER, SEWER REPAIR & MORE	10400	24,500.00
4311	4/5/19	WATER, SEWER REPAIR & MORE	10400	22,300.00
4359	4/19/19	WATER, SEWER REPAIR & MORE	10400	38,300.00
4392	5/3/19	WATER, SEWER REPAIR & MORE	10400	18,096.00
4446	5/31/19	WATER, SEWER REPAIR & MORE	10400	48,600.00
4492	6/14/19	WATER, SEWER REPAIR & MORE	10400	32,300.00
4516	6/28/19	WATER, SEWER REPAIR & MORE	10400	25,976.00
4545	7/12/19	WATER, SEWER REPAIR & MORE	10400	28,490.00
4583	7/26/19	WATER, SEWER REPAIR & MORE	10400	38,860.00
4598	8/9/19	WATER, SEWER REPAIR & MORE	10400	25,540.00
4635	8/23/19	WATER, SEWER REPAIR & MORE	10400	21,000.00
4680	9/6/19	WATER, SEWER REPAIR & MORE	10400	81,140.00
4692	9/20/19	WATER, SEWER REPAIR & MORE	10400	39,050.00
4733	10/4/19	WATER, SEWER REPAIR & MORE	10400	27,500.00
4749	10/18/19	WATER, SEWER REPAIR & MORE	10400	64,100.42
4795	11/1/19	WATER, SEWER REPAIR & MORE	10400	50,212.50
4828	11/15/19	WATER, SEWER REPAIR & MORE	10400	38,150.00
4863	12/1/19	WATER, SEWER REPAIR & MORE	10400	46,600.00
4887	12/13/19	WATER, SEWER REPAIR & MORE	10400	48,800.00
4931	12/27/19	WATER, SEWER REPAIR & MORE	10400	58,640.00
4954	1/10/20	WATER, SEWER REPAIR & MORE	10400	36,000.00
4974	1/24/20	WATER, SEWER REPAIR & MORE	10400	35,990.00
5002	2/7/20	WATER, SEWER REPAIR & MORE	10400	31,200.00
5022	2/21/20	WATER, SEWER REPAIR & MORE	10400	42,800.00

3/4/2020 at 12:18 PM Page: 2

BOND IN LIEU OF DEPOSIT

BOND #	72BSBH03859	
DOND	12000000000	

KNOW ALL MEN BY THESE PRESENTS:

THAT RS Smoke Test Multi Services	, as Principal, and
Hartford Casualty Insurance Company the laws of the State of Connecticut , and consumers business in the State of Texas , as San Leon Municipal Utility	
just sum of Twenty-Five Thousand	Dollars (\$ 25,000).
lawful money of the United States, for the payment of which, we said Surety hereby bind themselves, their respective heirs, legal and severally, firmly by these presents.	I and truly to be made, the said Principal and the
WHEREAS, the Principal has applied to the Utility for service it is necessary for the Principal to furnish security for the prompt to the Principal by the Utility; and	, and under the rules and regulations of the Utility payment of bills for service furnished and supplied
WHEREAS, the Principal; desires to post this Bond in lieu of bills;	a cash deposit as security for the payment of said
NOW, THEREFORE, the condition of this obligation is such perform the obligations herein recited and shall promptly pay all service as provided by this Bond and the rules and regulations of and void; otherwise to remain in full force and effect.	bills rendered by said Utility to said Principal for
It is hereby understood and agreed that the Surety reserves days written notice to the Utility, however, said cancellation would accruing up to the effective date of said cancellation, said loss, head.	not relieve the Principal and Surety from any loss
This Bond shall be effective from November 2, 2016 cancelled as aforesaid, or until released in writing by the Obligee.	, and shall remain in force until
Signed, sealed and delivered this <u>2nd</u> day of <u>November</u>	, 2016
	RS Smoke Test Multi Services Principal
	Ву:
Witness	
	Hartford Casualty Insurance Company
//	Surety =
(. (ell-	By Michello Rala
Witness	Michelle Belden cole , Attorney in Fact



CERTIFICATE OF LIABILITY INSURANCE

DATE(MM/DD/YYYY) 10/21/2016

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(les) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate data are confirmated and conditions of the policy, certain policies may require an endorsement.

PRODUCER	MOUDANON	CONTACT AMILCAR AMAYA				
8522	NSURANCE Airline Drive on, TX 77037	PHONE (AC, No, Ext). (281) 260-6099 FAX (AC, No). (281) 260-6				
110400	on, in ,,os,	INSURER A: UNDERWRITERS AT LLOYD'S, LONDO	NAIC#			
INSURED	ROBERT SALDIERNA	INSURER B INFINITY COUNTY MUTUAL INSURANCE				
	R & S COSTRUCTION	INSURER C				
	2757 FM 517	INSURER D				
	SAN LEON, TX 77539	INSURER E				
	(281) 876-7478	INSURER F				
COVERAG	ES CERTIFICATE NUMBER:	REVISION NUMBER:				

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES, LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS

INSR I.TR	TYPE OF INSURANCE	ADDL ": INSD		POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	X COMMERCIAL GENERAL LIABILITY CLAIMS-MADE X OCCUR X \$500 PD DED GEN'L AGGREGATE LIMIT APPLIES PER: POLICY JECT LOC			DTWA900314	06/22/16		EACH OCCURRENCE \$ 2,000,000 DAMAGE TO RENTED 5 100,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 2,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000
В	AUTOMOBILE LIABILITY X ANYAUTO OWNED AUTOS ONLY HIRED AUTOS ONLY AUTOS ONLY AUTOS ONLY AUTOS ONLY			542661136774001	09/28/16	09/28/17	COMBINED SINGLE LIMIT \$ (Ea accident) \$ (BODILY INJURY (Per person) \$ (BODILY INJURY (Per accident) \$ (BODILY INJURY (Per accident) \$ (PROPERTY DAMAGE \$ (Per accident) \$
	UMBRELLA LIAB OCCUR EXCESS LIAB CLAIMS-MADE DED RETENTION\$ WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	N/A	:				EACH OCCURRENCE \$ AGGREGATE \$ \$ PER OTH- STATUTE ER EL EACH ACCIDENT \$ EL DISEASE - EA EMPLOYEE \$ EL DISEASE - POLICY LIMIT \$

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

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CERTIFICATE HOLDER	CANCELLATION
SAN LEON MUD 443 24TH ST SAN LEON, TX 77539	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORF. THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE



CERTIFICATE OF LIABILITY INSURANCE

DATERMADOTTYT 9/19/2017

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER, THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER. IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(les) must have ADDITIONAL INSURED provisions or be endorsed.

If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s) AMILCAR AMAYA PRODUCES PAX New (281) 260-6903 (281) 260-6099 ABA INSURANCE Bass abahouston@sbcglobal.net 8522 Airline Drive MAIC# MSURERIS) AFFORDING COVERAGE Houston, TX 77037 MEGRERA CERTAIN UNDERWRITERS AT LLOYD INDUMENS INFINITY COUNTY MUTUAL INS. CO ROBERT SALDIERNA MELHERO R & S COSTRUCTION MANAGERO 2757 FM 517 NBUHERE SAN LEON, TX 77539 (281) 876-7478 ASURER F REVISION NUMBER CERTIFICATE NUMBER COVERAGES

	CLUSIONS AND CONDITIONS OF SUCH POLICIÉ	ADDR	OCHE		POLICY EFF	POLICY EXP	LIMIT	
福		CBN	WVD	POLICYNUMBUR	MINISTER STATE		EACH OCCURRENCE	\$ 2,000,000
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gg X	GENT ADGREGATE LIMIT APPLIES PER	1 1					PRODUCTS - COMPIOR AGG	\$ 2,000,000
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	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER: EXCLUDED:	NIA	1				EL DISEASE : SA EMPLOYEE	1
	(Mandatory in NH) If yes, describe wrider						EL DISEASE - POLICY LIMIT	1
	OBSCRIPTION OF CREEKTIONS INCH	_	+				/	

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CERTIFICATE HOLDER	G CANCELLATION
SAN LEO MUD 443 24TH ST SAN LEON TX 77539	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPRATION DATE THEREOF NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS
SAN MEON IX 1/339	AUTHORIZED REPRESENTATIVE
	© 1988-2015 ACORD CORPORATION, All rights reserved

Auto Home Business Life Health

A.B.A. Insurance

8522 Airline Dr. Houston TX 77037 Tel: 281-260-6099, Fax 281-260-6903 20203 FM 1485 STE.B NEW CANEY TX 77357 Tel: 832-793-5656 Fax:832-793-5667

TO WHOM IT MAY CONCERN:

THAT ROBERT SALDIERNA DBA RS SMOKE TEST AND MULTISERVICES HAD GENERAL LIABILITY COVERAGE FOR THE DATES DECEMBER 14, 2018 TO DECEMBER 14, 2019. WITH POLICY NUMBER CPS2867700. IF YOU HAVE ANY QUESTIONS FEEL FREE TO GIVE ME A CALL AT (281)260-6099.

THANK YOU,

AMILCAR AMAYA

(GENERAL AGENT)



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

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certificate holder in lieu of such endorsement(s).											
PRODUCER						CONTACT NAME:					
					PHONE FAX (A/C, No, Ext): (A/C, No):						
					E-MAIL ADDRESS:						
						INSURER(S) AFFORDING COVERAGE NAIC #					
						INSURER A:					
INSURED					INSURER B:						
					INSURER C:						
					INSURER D :						
						INSURER E :					
						INSURER F:					
COVERAGES CERTIFICATE NUMBER:						REVISION NUMBER:					
THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD											
INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS											
CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.											
INSR ADDL SUBR						POLICY EFF POLICY EXP					
GENERAL LIABILITY		INSR	WVD	POLICY NUMBER		(MM/DD/YYYY)	(MM/DD/YYYY)				
								DAMAGE TO RENTED	\$		
	COMMERCIAL GENERAL LIABILITY								\$		
	CLAIMS-MADE OCCUR						-	` , , ,	\$		
							-		\$		
							-		\$		
	GEN'L AGGREGATE LIMIT APPLIES PER:								\$		
	POLICY PRO- JECT LOC							COMBINED SINGLE LIMIT	\$		
	AUTOMOBILE LIABILITY							(Ea accident)	\$		
	ANY AUTO ALL OWNED SCHEDULED							, , ,	\$		
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	HIRED AUTOS AUTOS							(Per accident)	\$		
									\$		
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	EXCESS LIAB CLAIMS-MADE							AGGREGATE	\$		
	DED RETENTION \$								\$		
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Y/N							WC STATU- OTH- TORY LIMITS ER			
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED?	N/A						E.L. EACH ACCIDENT	\$		
	(Mandatory in NH) If yes, describe under							E.L. DISEASE - EA EMPLOYEE	\$		
	DESCRIPTION OF OPERATIONS below							E.L. DISEASE - POLICY LIMIT	\$		
DES	CRIPTION OF OPERATIONS / LOCATIONS / VEHIC	LES (A	Attach /	ACORD 101, Additional Remarks	Schedule	, if more space is	required)				
CERTIFICATE HOLDER						CANCELLATION					
					SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.						
					AUTHORIZED REPRESENTATIVE						

SAN LEON MUNICIPAL UTILITY DISTRICT

GALVESTON COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

JUNE 30, 2015

SAN LEON MUNICIPAL UTILITY DISTRICT GALVESTON COUNTY, TEXAS ANNUAL FINANCIAL REPORT JUNE 30, 2015

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McCALL GIBSON SWEDLUND BARFOOT PLLC

Certified Public Accountants

13100 Wortham Center Drive Suite 235 Houston, Texas 77065-5610 (713) 462-0341 Fax (713) 462-2708 E-Mail: mgsb@mgsbpllc.com

111 Congress Avenue Suite 400 Austin, Texas 78701 (512) 610-2209 www.mgsbpllc.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors San Leon Municipal Utility District Galveston County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of San Leon Municipal Utility District (the "District"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Board of Directors San Leon Municipal Utility District

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of June 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

McCall Gibson Swedlund Barfoot PLLC Certified Public Accountants Houston, Texas

September 15, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2015

Management's discussion and analysis of San Leon Municipal Utility District's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2015. 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 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 portion of these statements provides 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 first of the government-wide statements is the Statement of Net Position. This is the District-wide statement of position presenting information that includes all of the District's assets and liabilities, 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 government-wide portion of the Statement of Activities reports how the District's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

FUND FINANCIAL STATEMENTS

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

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2015

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets exceeded liabilities by \$5,005,858 as of June 30, 2015. A portion of the District's net position reflects its net investment in capital assets (water and wastewater facilities as well as vehicles and equipment less any debt used to acquire those assets that is still outstanding). The District uses these assets to provide water and wastewater services.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2015

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

A comparative analysis of government-wide changes in net position is presented below:

	Summary of Changes in the Statement of Net Position				
		2015		2014	Change Positive (Negative)
Current and Other Assets Capital Assets (Net of Accumulated	\$	6,555,494	\$	8,385,002	\$ (1,829,508)
Depreciation)		8,816,644		6,768,958	 2,047,686
Total Assets	\$	15,372,138	\$	15,153,960	\$ 218,178
Bonds and Note Payable Other Liabilities	\$	9,537,698 828,582	\$	9,870,276 635,536	\$ 332,578 (193,046)
Total Liabilities	\$	10,366,280	\$	10,505,812	\$ 139,532
Net Position: Net Investment in Capital Assets Restricted Unrestricted	\$	1,951,518 1,302,792 1,751,548	\$	1,722,824 1,244,217 1,681,107	\$ 228,694 58,575 70,441
Total Net Position	\$	5,005,858	\$	4,648,148	\$ 357,710

The following table provides a summary of the District's operations for the years ending June 30, 2015, and June 30, 2014. The District's net position increased by \$357,710.

	Summary of Changes in the Statement of Activities					
	2015		2014		Change Positive (Negative)	
Revenues:						
Property Taxes	\$	1,020,565	\$	974,985	\$	45,580
Charges for Services		2,299,229		2,000,855		298,374
Other Revenues		200,986		53,471		147,515
Total Revenues	\$	3,520,780	\$	3,029,311	\$	491,469
Expenses for Services		3,163,070		3,296,858		133,788
Change in Net Position	\$	357,710	\$	(267,547)	\$	625,257
Net Position, Beginning of Year		4,648,148		4,915,695		(267,547)
Net Position, End of Year	\$	5,005,858	\$	4,648,148	\$	357,710

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2015

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of June 30, 2015, were \$5,638,179, a decrease of \$2,027,437 from the prior year.

The General Fund fund balance increased by \$71,727, primarily due to an increase in service rates and reimbursements from FEMA for expenditures incurred in a prior year.

The Debt Service Fund fund balance increased by \$52,406, primarily due to the structure of the District's debt service requirements.

The Capital Projects Fund fund balance decreased by \$2,151,570, primarily due to capital expenditures related to the elevated storage tank and sanitary sewer rehabilitation paid from bond proceeds received in a prior fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors did not amend the budget during the current fiscal year. Actual revenues were \$473,134 higher than budgeted revenues, primarily due to an increase in service rates and reimbursements from FEMA for expenditures incurred in a prior year. Actual expenditures exceeded budgeted expenditures by \$606,846, primarily due to higher than anticipated capital outlay and maintenance and repair costs.

CAPITAL ASSETS

Capital assets as of June 30, 2015, total \$8,816,644 (net of accumulated depreciation) and include land, buildings, vehicles and equipment as well as the water and wastewater systems. Significant capital asset activity during the year included relocation of utilities along Bayshore Drive, sanitary sewer rehab, phase I, construction of an elevated storage tank, and a new pump at the District's wastewater treatment plant.

Capital Assets At Yea	ar-End	, Net of Accun	nulate	d Depreciation		
	2015		2014		Change Positive (Negative)	
Capital Assets Not Being Depreciated:						
Land and Land Improvements	\$	151,807	\$	151,807	\$	
Construction in Progress		2,391,938		1,178,257		1,213,681
Capital Assets, Net of Accumulated						
Depreciation:						
Buildings, Vehicles, and Equipment		250,926		254,948		(4,022)
Water System		1,610,367		1,684,006		(73,639)
Wastewater System		4,411,606		3,499,940		911,666
Total Net Capital Assets	\$	8,816,644	\$	6,768,958	\$	2,047,686

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2015

LONG-TERM DEBT ACTIVITY

As of June 30, 2015, the District had total bond debt payable of \$9,575,000. The changes in the debt position of the District during the fiscal year ended June 30, 2015, are summarized as follows:

Bond Debt Payable, July 1, 2014	\$ 9,895,000
Less: Bond Principal Paid	 320,000
Bond Debt Payable, June 30, 2015	\$ 9,575,000

The District's Series 2013 bonds carry an insured rating of "AA" by virtue of bond insurance issued by Assured Guaranty Municipal Corporation. The District's underlying rating is "BBB+".

The District has also entered into a note payable for the purchase of a Case 580N 2WD Loader/Extendahoe.

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 San Leon Municipal Utility District, 443 24th Street, San Leon, Texas 77539.

STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET JUNE 30, 2015

				Debt
	Ge	neral Fund	Service Fund	
ASSETS		_		_
Cash	\$	798,979	\$	147,212
Investments		1,076,670		1,109,964
Cash with Galveston County Tax Office				2,788
Receivables:				
Property Taxes		74,429		82,274
Penalty and Interest on Delinquent Taxes				40,000
Service Accounts		205,044		
Due from Other Funds				28,524
Due from Other Governmental Units		16,257		
Land				
Construction in Progress				
Capital Assets (Net of Accumulated				
Depreciation)				
TOTAL ASSETS	\$	2,171,379	\$	1,410,762

Capital Projects Fund		Total	otal Adjustments		Statement of Net Position		
\$	999,031	\$ 1,945,222	\$		\$	1,945,222	
	2,002,846	4,189,480				4,189,480	
		2,788				2,788	
		156,703				156,703	
		40,000				40,000	
		205,044				205,044	
	600	29,124		(29,124)			
		16,257				16,257	
				151,807		151,807	
				2,391,938		2,391,938	
		 		6,272,899		6,272,899	
\$	3,002,477	\$ 6,584,618	\$	8,787,520	\$	15,372,138	

STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET JUNE 30, 2015

	_Ge	eneral Fund	Se	Debt rvice Fund
Accounts Payable Accrued Interest Payable	\$	107,307	\$	
Due to Other Funds Security Deposits Long-Term Liabilities: Bonds Payable, Due Within One Year Bonds Payable, Due After One Year Note Payable, Due Within One Year Note Payable, Due After One Year		29,124 283,400		
TOTAL LIABILITIES	\$	419,831	\$	-0-
DEFERRED INFLOWS OF RESOURCES Property Taxes Penalty and Interest on Delinquent Taxes	\$	74,429	\$	82,274 40,000
TOTAL DEFERRED INFLOWS OF RESOURCES	\$	74,429	\$	122,274
FUND BALANCES Restricted for Authorized Construction	\$		\$	1 200 400
Restricted for Debt Service Assigned to 2016 Budget Deficit Unassigned		103,339 1,573,780	_	1,288,488
TOTAL FUND BALANCES	\$	1,677,119	\$	1,288,488
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$	2,171,379	\$	1,410,762

NET POSITION

Net Investment in Capital Assets Restricted for Debt Service Unrestricted

TOTAL NET POSITION

	Capital		m 1			Statemen		
Pro	ojects Fund	Total		A	Adjustments		Net Position	
\$	329,905	\$	437,212 29,124 283,400	\$	107,970 (29,124)	\$	437,212 107,970 283,400	
 \$	329,905	 \$	749,736	 \$	335,000 9,171,719 11,321 19,658	 \$	335,000 9,171,719 11,321 19,658 10,366,280	
<u> </u>	329,903	<u> </u>	749,730	<u> </u>	9,616,544	Ф	10,300,280	
\$	-0-	\$ <u>\$</u>	156,703 40,000 196,703	\$ <u>\$</u>	(156,703) (40,000) (196,703)	\$ <u>\$</u>	-0-	
\$	2,672,572	\$	2,672,572 1,288,488 103,339 1,573,780	\$	(2,672,572) (1,288,488) (103,339) (1,573,780)	\$		
\$	2,672,572	\$	5,638,179	\$	(5,638,179)	\$	- 0 -	
\$	3,002,477	\$	6,584,618	Ψ	(3,030,177)	Ψ	- 0 -	
				\$	1,951,518 1,302,792 1,751,548	\$	1,951,518 1,302,792 1,751,548	
				\$	5,005,858	\$	5,005,858	

SAN LEON MUNICIPAL UTILITY DISTRICT RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2015

Total Fund Balances - Governmental Funds	\$ 5,638,179

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.

8,816,644

Deferred tax revenues and deferred penalty and interest revenues on delinquent taxes for the 2014 and prior tax levies became part of recognized revenue in the governmental activities of the District.

196,703

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:

(9,506,719)
(30,979)

(9,645,668)

Total Net Position - Governmental Activities

\$ 5,005,858



STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2015

	Ge	eneral Fund	Se	Debt rvice Fund
REVENUES Property Taxes Water Service Wastewater Service Street Lighting	\$	346,452 902,065 797,213 121,421	\$	673,126
Fire Fighting Service Penalty and Interest Tap Connection and Inspection Fees FEMA Reimbursements Miscellaneous Revenues		260,986 26,804 150,305 137,078 59,800		40,435 772
TOTAL REVENUES	\$	2,802,124	\$	714,333
EXPENDITURES/EXPENSES Service Operations:	Ψ	2,002,124	Ψ	714,333
Personnel Professional Fees Contracted Services Purchased Water Utilities Repairs and Maintenance Street Lighting	\$	802,330 76,786 279,499 271,963 114,425 396,783 81,787	\$	10,945 300
Depreciation Other Capital Outlay		512,561 271,392		927
Debt Service: Bond Principal Bond Interest Note Principal Note Interest		10,983 1,131		320,000 329,755
TOTAL EXPENDITURES/EXPENSES	\$	2,819,640	\$	661,927
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	\$	(17,516)	\$	52,406
OTHER FINANCING SOURCES (USES)	Φ.	00.242	Ф	0
Transfers In(Out)	\$	89,243	\$	-0-
NET CHANGE IN FUND BALANCES	\$	71,727	\$	52,406
CHANGE IN NET POSITION FUND BALANCES/NET POSITION - JULY 1, 2014		1,605,392		1,236,082
FUND BALANCES/NET POSITION - JUNE 30, 2015	\$	1,677,119	\$	1,288,488
rond Dalances/net rostrion - June 30, 2013	Ψ	1,077,119	Ψ	1,200,400

Pı	Capital cojects Fund	Total	A	Adjustments		tatement of Activities
\$	3,336	\$ 1,019,578 902,065 797,213 121,421 260,986 67,239 150,305 137,078 63,908	\$	987	\$	1,020,565 902,065 797,213 121,421 260,986 67,239 150,305 137,078 63,908
\$	3,336	\$ 3,519,793	\$	987	\$	3,520,780
\$	2,065,663	\$ 802,330 87,731 279,799 271,963 114,425 396,783 81,787 513,488 2,337,055 320,000 329,755 10,983 1,131	\$	289,369 (2,337,055) (320,000) (5,491) (10,983)	\$	802,330 87,731 279,799 271,963 114,425 396,783 81,787 289,369 513,488
\$	2,065,663	\$ 5,547,230	\$	(2,384,160)	\$	3,163,070
\$	(2,062,327)	\$ (2,027,437)	\$	2,385,147	\$	357,710
\$	(89,243)	\$ -0-	\$	-0-	\$	-0-
\$	(2,151,570)	\$ (2,027,437)	\$	2,027,437	\$	
				357,710		357,710
_	4,824,142	 7,665,616		(3,017,468)		4,648,148
\$	2,672,572	\$ 5,638,179	\$	(632,321)	\$	5,005,858

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2015

Net Change in Fund Balances - Governmental Funds	\$ (2,027,437)
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.	987
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.	(289,369)
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.	2,337,055
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.	320,000
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.	5,491
Governmental funds report note principal payments as expenditures. However, in the Statement of Net Position, note principal payments are reported as decreases in long-term liabilities.	 10,983
Change in Net Position - Governmental Activities	\$ 357,710

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 1. CREATION OF DISTRICT

San Leon Municipal Utility District, located in Galveston County, Texas, (the "District"), was created May 26, 1965, by House Bill 1082 Chapter 520, Acts of the 59th Legislature of the State of Texas. Pursuant to the provisions of Chapter 49 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, sanitary sewer service, storm sewer drainage, irrigation, solid waste collections and disposal including recycling, and to construct parks and recreational facilities for the residents of the District. The District is also empowered to contract for or employ its own peace officers with powers to make arrests and to establish, operate and maintain a fire department to perform all fire-fighting activities within the District. The Board of Directors held its first meeting on March 28, 1973, and the first bonds were sold on July 10, 1975.

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

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

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

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

Government-Wide Financial Statements

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

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

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

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

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

Governmental Funds

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

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

<u>Debt Service Fund</u> - 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.

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

Basis of Accounting

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

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

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. During the current year, the Capital Projects Fund transferred \$89,243 to reimburse the General Fund for engineering services in connection with bond-related projects.

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2015

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. Interest costs, including developer interest, engineering fees and certain other costs are capitalized as part of the asset.

Assets are capitalized, including infrastructure assets, if they have an original cost 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. Estimated useful lives are as follows:

	Years
Buildings	40
Water System	10-45
Wastewater System	10-45
Drainage System	10-45
All Other Equipment	3-20

Budgeting

In compliance with governmental accounting principles, the Board of Directors annually adopts an unappropriated budget for the General Fund. The budget was not amended during the current fiscal year.

Pensions

Payments are made into the Social Security system for employees of the District. In addition, other retirement plan arrangements have been made as further described in Note 9. The Internal Revenue Service has determined that the directors are considered to be employees for federal payroll tax purposes only. Directors do not participate in the retirement plan.

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2015

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. The District does not have any nonspendable fund balances.

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

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

Assigned: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances and has assigned \$103,339 of its General Fund fund balance to cover a projected 2016 budget deficit.

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

Unassigned: all other spendable amounts in the General Fund.

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

Accounting Estimates

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

NOTE 3. LONG-TERM DEBT

	Refunding Series 2012	Series 2013
Amounts Outstanding – June 30, 2015	\$ 2,670,000	\$ 6,905,000
Interest Rates	3.40%	3.00% - 4.25%
Maturity Dates – Serially Beginning/Ending	September 1, 2015/2025	September 1, 2015/2033
Interest Payment Dates	September 1/ March 1	September 1/ March 1
Callable Dates	N/A	September 1, 2020*

^{*} On any date thereafter, at a price equal to the par value plus accrued interest from the most recent interest payment date to the date fixed for redemption.

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 3. LONG-TERM DEBT (Continued)

The following is a summary of transactions regarding long-term liabilities for the year ended June 30, 2015:

	July 1,					June 30,
	2014	A	Additions	Re	tirements	2015
Bonds Payable Unamortized Discounts Unamortized Premiums	\$ 9,895,000 (194,327) 127,641	\$		\$	320,000 (10,329) 11,924	\$ 9,575,000 (183,998) 115,717
Bonds Payable, Net	\$ 9,828,314	\$	-0-	\$	321,595	\$ 9,506,719
		Amo	unt Due Wi unt Due Aft Is Payable, I	er One Y		\$ 335,000 9,171,719 9,506,719

As of June 30, 2015, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	 Principal	Interest		Total
2016	\$ 335,000	\$	317,770	\$ 652,770
2017	350,000		305,190	655,190
2018	360,000		291,994	651,994
2019	375,000		278,203	653,203
2020	395,000		263,731	658,731
2021-2025	2,220,000		1,098,217	3,318,217
2026-2030	2,765,000		704,691	3,469,691
2031-2034	2,775,000		198,972	2,973,972
	\$ 9,575,000	\$	3,458,768	\$ 13,033,768

As of June 30, 2015 the District had authorized but unissued bonds in the amount of \$8,000,000. The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount.

During the year ended June 30, 2015, the District levied an ad valorem debt service tax rate of \$0.30 per \$100 of assessed valuation, which resulted in a tax levy of \$682,398 on the adjusted taxable valuation of \$227,066,477 for the 2014 tax year. The bond resolutions require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for the maintenance tax levy.

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 3. LONG-TERM DEBT (Continued)

The District's tax calendar is as follows:

Levy Date - October 1 or as soon thereafter as practicable.

Lien Date - January 1.

Due Date - Upon receipt but not later than January 31.

Delinquent Date - February 1, at which time the taxpayer is liable for penalty and interest.

NOTE 4. SIGNIFICANT BOND RESOLUTIONS AND LEGAL REQUIREMENTS

The bond resolutions state that the District is required to provide continuing disclosure of certain general financial information included in an annual audit to the state information depository. The audit, which includes audited annual financial statements, is to be provided at the end of each fiscal year and shall continue to be provided through the life of the bonds.

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

In accordance with the Series 2013 Bond Order, a portion of the bond proceeds was deposited into the Debt Service Fund and restricted for the payment of bond interest during the construction period. Transactions for the current year are summarized as follows:

Restricted for Bond Interest - July 1, 2014	\$ 43,677
Less: Interest Paid	43,677
Restricted for Bond Interest - June 30, 2015	\$ - 0 -

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2015

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 \$2,353,753 and the bank balance was \$2,398,405. Of the bank balance, \$656,197 was covered by the National Credit Union Share Insurance Fund and federal depository insurance. We confirmed that \$1,381,798 was covered by the pledge of securities, but we were unable to confirm whether the remaining \$360,410 was collateralized. The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at June 30, 2015, as listed below:

	Certificates					
	Cash		of Deposit		Total	
GENERAL FUND	\$	798,979	\$	408,531	\$	1,207,510
DEBT SERVICE FUND		147,212				147,212
CAPITAL PROJECTS FUND		999,031				999,031
TOTAL DEPOSITS	\$	1,945,222	\$	408,531	\$	2,353,753

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.

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. Authorized investments are summarized as follows: (1) obligations of the United States or its agencies and instrumentalities, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) certain collateralized mortgage obligations, (4) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States, (5) certain A rated or higher obligations of states, agencies, counties, cities, and other political subdivisions of any state, (6) bonds issued, assumed or guaranteed by the State of Israel, (7) insured or collateralized certificates of deposit, (8) certain fully collateralized repurchase agreements secured by delivery, (9) certain bankers' acceptances with limitations, (10) commercial paper rated A-1 or P-1 or higher and a maturity of 270 days or less, (11) no-load money market mutual funds and no-load mutual funds with limitations, (12) certain guaranteed investment contracts, (13) certain qualified governmental investment pools and (14) a qualified securities lending program.

The District invests in TexPool and TexSTAR, external investment pools that are not SEC-registered. The State Comptroller of Public Accounts of the State of Texas has oversight of TexPool. Federated Investors, Inc. manages the daily operations of TexPool under a contract with the Comptroller. First Southwest Asset Management, Inc., and JPMorgan Chase manage the daily operations of TexSTAR. The fair value of the District's position in the pools is the same as the value of pool shares.

As of June 30, 2015, the District had the following investments and maturities:

		Maturities in Years				
Fund and		Less Than			More Than	
Investment Type	Fair Value	1	1-5	6-10	10	
GENERAL FUND						
TexPool	\$ 668,139	\$ 668,139	\$	\$	\$	
Certificates of Deposit	408,531	408,531				
DEBT SERVICE FUND						
TexPool	865,527	865,527				
TexSTAR	244,437	244,437				
CAPITAL PROJECTS FUND						
TexPool	2,002,846	2,002,846				
TOTAL INVESTMENTS	\$4,189,480	\$4,189,480	\$ -0-	\$ -0-	\$ -0-	

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2015, the District's investments in TexPool and TexSTAR were rated AAAm by Standard and Poor's.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investments in TexPool and TexSTAR to have a maturity of less than one year due to the fact the share positions can be redeemed each day at the discretion of the District.

Restrictions

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

NOTE 6. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2015 is as follows:

	July 1,			June 30,
	2014	Increases	Decreases	2015
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 151,807	\$	\$	\$ 151,807
Construction in Progress	1,178,257	2,337,055	1,123,374	2,391,938
Total Capital Assets Not Being Depreciated	\$ 1,330,064	\$ 2,337,055	\$ 1,123,374	\$ 2,543,745
Capital Assets Subject to Depreciation				
Buildings, Vehicles, and Equipment	\$ 745,871	\$ 19,553	\$	\$ 765,424
Water System	3,351,565			3,351,565
Wastewater System	7,517,083	1,103,821		8,620,904
Total Capital Assets Subject to Depreciation	\$ 11,614,519	\$ 1,123,374	\$ -0-	\$ 12,737,893
Less Accumulated Depreciation				
Buildings, Vehicles, and Equipment	\$ 490,923	\$ 23,575	\$	\$ 514,498
Water System	1,667,559	73,639		1,741,198
Wastewater System	4,017,143	192,155		4,209,298
Total Accumulated Depreciation	\$ 6,175,625	\$ 289,369	\$ -0-	\$ 6,464,994
Total Depreciable Capital Assets, Net of				
Accumulated Depreciation	\$ 5,438,894	\$ 834,005	\$ -0-	\$ 6,272,899
Total Capital Assets, Net of Accumulated				
Depreciation	\$ 6,768,958	\$ 3,171,060	\$ 1,123,374	\$ 8,816,644

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 7. MAINTENANCE TAX

On August 14, 1999, the voters of the District approved the levy and collection of a maintenance tax not to exceed \$0.30 per \$100 of assessed valuation of taxable property within the District. During the year ended June 30, 2015, the District levied an ad valorem maintenance tax rate of \$0.15 per \$100 of assessed valuation, which resulted in a tax levy of \$341,148 on the adjusted taxable valuation of \$227,066,477 for the 2014 tax year. The maintenance tax is to be used by the General Fund to pay expenditures of operating the District's water and sewer system.

NOTE 8. SURFACE WATER SUPPLY CONTRACT

On May 13, 1985, the District executed an agreement with the Galveston County Water Authority, presently known as the Gulf Coast Water Authority (the "Authority"). This agreement was amended on June 1, 1998 and on April 1, 2014. The Authority represents that a supply of surface water is available to the District through the Mainland System. The District acknowledged that because the water to be supplied under the terms of this Agreement will be supplied by means of the Authority's Industrial Division to the Mainland System, the Authority must comply with certain provisions of the Industrial Division Customer Contracts and certain Water Supply Contracts.

With the 1998 contract amendment and upon the occurrence of the commencement date, participants in the "South Project" became participants in the facilities. The South Project added approximately 25 Million Gallons Per Day (MGD) capacity in the water plant, the South Line, the Galveston Line, the Highway 6 Line, the Alta Loma Pump Station, the 39-Inch Line and the Alta Loma Wells. The District's current reserved capacity is 1,785,000 gallons per day of the total capacity in the Mainland Project. The District's "take or pay" quantity is 546,000 gallons per day. On March 1, 2005, the District executed a Mainland Project 2011 Expansion Feasibility Study Financing Agreement with the Authority.

The Authority agreed to furnish, install, operate and maintain at or near the point of delivery the necessary equipment and devices of a standard type for measuring the quantity of water delivered to the District. The Authority has the responsibility for reading the measurement devices and maintaining a journal or record book of such readings and the District has access to such journals. The District has the right to request calibration of the meter no more than once every 180 days.

Charges to the District include its share of the Mainland System Raw Water Charges, Operation Charges, Capital Charges and at times water charges. On September 26, 2006, the contract was ratified for the acceptance of surplus water at a lower rate. During the current fiscal year, the District recorded \$271,963 in water costs attributable to this contract. With the 2014 contract amendment, the term of this agreement was extended through December 31, 2027 and provided for financing of certain capital improvements to the Texas City Reservoir and the Industrial Pump Station through the issuance of bonds.

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 9. RETIREMENT PLAN

On March 1, 1997, the District implemented a Simple Individual Retirement Account (IRA) to benefit the employees of the District. This retirement plan calls for the District to match up to 3% of each employee's contribution based on employee gross wages. The accounts are set up in each participating employee's name and are the property of the named employee. During the current year, the District's share of cost associated with this plan was \$15,208.

NOTE 10. STREET LIGHTING

On April 23, 1997, the Texas Legislature passed a bill which allows the District, with voter approval, to install, operate and maintain street lighting. The District can assess the cost of installation, operating and maintaining the street lighting as an additional charge on the monthly billings of the District's customers. In November, 1999, the voters of the District approved street lighting for the District. The current street lighting charge is \$3.95 per month per customer. During the current year, the District recorded \$121,421 in revenues and \$81,787 in costs related to street lighting.

NOTE 11. 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 from which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 12. FIRE PREVENTION SERVICES

On August 10, 1982 the District entered into a Fire Prevention Service Agreement with San Leon Volunteer Fire Department. This agreement was amended in 1998, 2006, 2009 and 2011. Effective March 22, 2011, the District began billing a mandatory fee of \$8.00 per month per customer for fire prevention services. During the current fiscal year, the District received \$260,986 in fire prevention service revenues.

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

As of June 30, 2015, the General Fund recorded a payable in the amount of \$28,524 to the Debt Service Fund for debt service tax collections and a payable in the amount of \$600 to the Capital Projects Fund for expenditures related to a previous bond issue.

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 14. NOTE PAYABLE

In a prior year, the District entered into a 60-month Equipment Financing Agreement with Welch State Bank to finance a Case 580N 2WD Loader/Extendahoe. The monthly payments are \$1,009 with interest accruing at 3.05% annually on the unpaid balance. The following is a schedule of future note payments and a summary of transactions regarding the note payable as of June 30, 2015:

Fiscal Year	Principal	Interest			Total	
2016	\$ 11,321	\$	792	\$	12,113	
2017	11,675		439		12,114	
2018	7,983		92		8,075	
	\$ 30,979	\$	1,323	\$	32,302	
	D WW.1.	• •		Φ.	44.004	
•	Due Within On		•	\$	11,321	
Note Payable Due After One Year					19,658	
Total Note Payable - June 30, 2015				\$	30,979	
	July 1 2014	D	atirament	te.	Juna 30	,

	July 1, 2014		Ret	Retirements		June 30, 2015	
Note Payable	\$	41,962	\$	10,983	\$	30,979	

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2015

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2015

		Original and Final Budget Actual		Variance Positive (Negative)		
REVENUES						
Property Taxes	\$	326,334	\$	346,452	\$	20,118
Water Service	Ψ	737,400	Ψ	902,065	Ψ	164,665
Wastewater Service		702,840		797,213		94,373
Street Lighting		113,520		121,421		7,901
Fire Fighting Service		290,460		260,986		(29,474)
Penalty and Interest		24,000		26,804		2,804
Tap Connection and Inspection Fees		95,700		150,305		54,605
Miscellaneous Revenues and FEMA Reimbursements		38,736		196,878		158,142
TOTAL REVENUES	\$	2,328,990	\$	2,802,124	\$	473,134
EXPENDITURES						
Services Operations:						
Personnel	\$	774,040	\$	802,330	\$	(28,290)
Professional Fees		89,500		76,786		12,714
Fire Fighting Expenses		280,000		260,986		19,014
Purchased Water		235,400		271,963		(36,563)
Utilities		120,800		114,425		6,375
Repairs and Maintenance		192,400		396,783		(204,383)
Street Lighting		90,000		81,787		8,213
Other		308,154		543,188		(235,034)
Capital Outlay		122,500		271,392		(148,892)
TOTAL EXPENDITURES	\$	2,212,794	\$	2,819,640	\$	(606,846)
EXCESS (DEFICIENCY) OF REVENUES						
OVER EXPENDITURES	\$	116,196	\$	(17,516)	\$	(133,712)
OTHER FINANCING SOURCES(USES)						
Transfers In(Out)	\$	-0-	\$	89,243	\$	89,243
NET CHANGE IN FUND BALANCE	\$	116,196	\$	71,727	\$	(44,469)
FUND BALANCE - JULY 1, 2014		1,605,392		1,605,392		
FUND BALANCE - JUNE 30, 2015	\$	1,721,588	\$	1,677,119	\$	(44,469)



SAN LEON MUNICIPAL UTILITY DISTRICT SUPPLEMENTARY INFORMATION – REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE JUNE 30, 2015

SERVICES AND RATES FOR THE YEAR ENDED JUNE 30, 2015

1.	SERVICES PROVIDED	BY THE DISTRICT	DURING THE FISCAL YE	CAR
1.				

X	Retail Water		Wholesale Water		Drainage			
X	Retail Sewer		Wholesale Wastewater		Irrigation			
	Parks/Recreation	X	Fire Protection		Security			
	Solid Waste/Garbage		Flood Control		Roads			
	Participates in joint venture, regional system and/or							
wastewater service (other than emergency interconnect)								
X	Other (specify): Stre	et Lights	3					

2. RETAIL SERVICE PROVIDERS

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

Based on the rate order effective January 20, 2015.

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons over Minimum Use	Usage Levels		
WATER:	\$ 16.00	2,000	N	\$ 4.50 \$ 4.75 \$ 5.00 \$ 5.25 \$ 5.50 \$ 5.75 \$ 6.00	2,001 to 4,000 4,001 to 7,000 7,001 to 10,000 10,001 to 24,000 24,001 to 44,000 44,001 to 75,000 75,001 and up		
WASTEWATER:	\$ 17.00	2,000	N	\$ 3.75 \$ 4.00 \$ 4.25 \$ 4.50 \$ 4.50 \$ 4.50 \$ 4.50	2,001 to 4,000 4,001 to 7,000 7,001 to 10,000 10,001 to 24,000 24,001 to 44,000 44,001 to 75,000 75,001 and up		
SURCHARGE: Commission Regulatory Assessments Street Lights VFD	0.5% of wate \$ 3.95 \$ 8.00	er and sewer bill					
District employs winter averaging for wastewater usage?X							

Total monthly charges per 10,000 gallons usage: Water: \$54.25 Wastewater: \$49.25 Surcharge: \$12.47 See accompanying independent auditor's report.

SERVICES AND RATES FOR THE YEAR ENDED JUNE 30, 2015

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
Unmetered	13	13	x 1.0	13
<u><</u> 3/ ₄ "	2,657	2,490	x 1.0	2,490
1"	106	103	x 2.5	258
1½"			x 5.0	
2"	30	30	x 8.0	240
3"			x 15.0	
4"	1	1	x 25.0	25
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water Connections	2,807	2,637		3,026
Total Wastewater Connections	2,740	2,536	x 1.0	2,536

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

Gallons billed to customers:	163,141,000	Water Accountability Ratio: 90.3% (Gallons billed/Gallons purchased)
Gallons purchased:	180,688,000	From: Gulf Coast Water Authority

SERVICES AND RATES FOR THE YEAR ENDED JUNE 30, 2015

4.	STANDBY FEES (authorized only under TWC Section 49.231):						
	Does the District have Debt S	ervice sta	andby fees?		Yes	No X	
	Does the District have Operat	ion and N	Maintenance s	tandby fees?	Yes	No X	
5.	LOCATION OF DISTRICT	Γ:					
	Is the District located entirely	within o	ne county?				
	Yes X	No _					
	County in which District is lo	cated:					
	Galveston County, Te	xas					
	Is the District located within a	a city is e	xtraterritorial	jurisdiction (I	ETJ)?		
	Entirely X	Partly		Not at all			
	ETJ in which district is locate	ed:					
	City of Texas City, Te	exas					
	Are Board Members appointe	d by an c	office outside	the District?			
	Yes	No	X				

GENERAL FUND EXPENDITURES FOR THE YEAR ENDED JUNE 30, 2015

PERSONNEL EXPENDITURES (Including Benefits)	
Salaries Payroll Taxes Pension Payroll Service	\$ 565,718 47,420 15,208 2,909
Insurance	 171,075
TOTAL PERSONNEL EXPENDITURES	\$ 802,330
PROFESSIONAL FEES: Auditing Engineering Legal Financial Advisor	\$ 14,750 35,603 23,933 2,500
TOTAL PROFESSIONAL FEES	\$ 76,786
PURCHASED SERVICES FOR RESALE: Water Service	\$ 271,963
CONTRACTED SERVICES: Appraisal District Tax Collector	\$ 8,406 1,588
TOTAL CONTRACTED SERVICES	\$ 9,994
UTILITIES: Electricity Telephone	\$ 90,622 23,803
TOTAL UTILITIES	\$ 114,425
REPAIRS AND MAINTENANCE	\$ 396,783
ADMINISTRATIVE EXPENDITURES: Computer/Internet Director Fees Dues Insurance Office Supplies and Postage Rents and Leases Election Costs	\$ 14,966 10,050 977 58,097 48,932 62,956 4,665
Training Travel and Meetings Other	 10,155 7,928 32,146
TOTAL ADMINISTRATIVE EXPENDITURES	\$ 250,872

See accompanying independent auditor's report.

GENERAL FUND EXPENDITURES FOR THE YEAR ENDED JUNE 30, 2015

CAPITAL OUTLAY	\$	271,392
SECURITY	\$	8,519
FIRE FIGHTING	\$	260,986
STREET LIGHTING	\$	81,787
OTHER EXPENDITURES:		
Auto and Vehicle Expenditures	\$	9,898
Chemicals		13,819
Contract Labor		16,481
Fuel		16,953
Laboratory Fees		13,560
Permit Fees		11,786
Regulatory Assessment		8,293
Sludge Hauling		86,845
Small Tools and Equipment		72,746
Uniforms		8,102
Other		3,206
TOTAL OTHER EXPENDITURES	\$	261,689
DEBT SERVICE:		
Note Principal	\$	10,983
Note Interest		1,131
TOTAL DEBT SERVICE	\$	12,114
TOTAL EXPENDITURES	\$	2,819,640
Number of persons employed by the District <u>13</u> Full-Time	_0	Part-Time

INVESTMENTS JUNE 30, 2015

Fund	Identification or Certificate Number	Interest Rate	MaturityDate	Balance at End of Year	Accrued Interest Receivable at End of Year	
GENERAL FUND TexPool TexPool Certificate of Deposit Certificate of Deposit Certificate of Deposit TOTAL GENERAL FUND	XXXX0003 XXXX0004 1 6 7	Varies Varies 0.05% 0.75% 0.50%	Daily Daily 05/20/16 05/20/16 11/23/15	\$ 452,274 215,865 100,528 102,007 205,996 \$ 1,076,670	\$ -0-	
DEBT SERVICE FUND TexPool TexSTAR TOTAL DEBT SERVICE FUND CAPITAL PROJECTS FUND		Varies Varies	Daily Daily	\$ 865,527 244,437 \$ 1,109,964	\$ \$ -0-	
TexSTAR TOTAL - ALL FUNDS	XXXX0130	Varies	Daily	\$ 2,002,846 \$ 4,189,480	\$ -0- \$ -0-	

TAXES LEVIED AND RECEIVABLE FOR THE YEAR ENDED JUNE 30, 2015

	 Maintena	nce Ta	axes	Debt Service Taxes			
TAXES RECEIVABLE - JULY 1, 2014 Adjustments to Beginning Balance	\$ 75,715 4,018	\$	79,733	\$	80,001 (6,999)	\$	73,002
Original 2014 Tax Levy Adjustment to 2014 Tax Levy TOTAL TO BE ACCOUNTED FOR	\$ 334,528 6,620	\$	341,148 420,881	\$	669,155 13,243	\$	682,398 755,400
TAX COLLECTIONS: Prior Years Current Year	\$ 26,947 319,505		346,452	\$	34,021 639,105		673,126
TAXES RECEIVABLE - JUNE 30, 2015		\$	74,429			\$	82,274
TAXES RECEIVABLE BY YEAR: 2014 2013 2012 2011 2010 2009 2008 2007 2006 2005 2004 2003 2002		\$	21,643 2,663 8,606 6,744 5,512 4,726 3,756 4,332 4,407 4,227 3,459 713 1,166			\$	43,293 5,327 4,302 3,372 2,756 2,363 1,878 2,166 2,891 2,970 2,723 627 1,544
2001 and Prior TOTAL		\$	2,475 74,429			\$	6,062 82,274

TAXES LEVIED AND RECEIVABLE FOR THE YEAR ENDED JUNE 30, 2015

	2014	2013	2012	2011
PROPERTY VALUATIONS:				
Land	\$ 82,953,689	\$ 81,923,870	\$ 81,729,850	\$ 81,985,991
Improvements	171,479,180	162,087,355	156,329,570	152,388,710
Personal Property	8,337,883	7,854,577	7,389,975	7,352,969
Exemptions	(35,704,275)	(34,283,826)	(33,863,258)	(34,416,119)
TOTAL PROPERTY				
VALUATIONS	\$ 227,066,477	\$ 217,581,976	\$ 211,586,137	\$ 207,311,551
TAX RATES PER \$100				
VALUATION:				
Debt Service	\$ 0.30	\$ 0.30	\$ 0.15	\$ 0.15
Maintenance	0.15	0.15	0.30	0.30
TOTAL TAX RATES PER				
\$100 VALUATION	<u>\$ 0.45</u>	<u>\$ 0.45</u>	<u>\$ 0.45</u>	<u>\$ 0.45</u>
ADJUSTED TAX LEVY*	\$ 1,023,546	\$ 979,129	\$ 951,996	\$ 932,946
PERCENTAGE OF TAXES				
COLLECTED TO TAXES		20.45		
LEVIED	93.66 %	99.18 %	98.64 %	98.92 %

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

Maintenance Tax - Maximum tax rate of \$0.30 per \$100 of assessed valuation approved by voters on August 14, 1999.

LONG-TERM DEBT SERVICE REQUIREMENTS JUNE 30, 2015

REFUNDING SERIES-2012

Due During Fiscal Years Ending June 30	Principal Due eptember 1	Sep	erest Due otember 1/ March 1	Total			
2016 2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032 2033	\$ 230,000 235,000 210,000 220,000 225,000 245,000 255,000 265,000 275,000 270,000	\$	86,870 78,965 71,400 64,090 56,525 48,620 40,375 31,875 23,035 13,855 4,590	\$	316,870 313,965 281,400 284,090 281,525 288,620 285,375 286,875 288,035 288,855 274,590		
2034	\$ 2,670,000	\$	520,200	\$	3,190,200		

LONG-TERM DEBT SERVICE REQUIREMENTS JUNE 30, 2015

SERIES-2013

Due During Fiscal Years Ending June 30	Principal Due eptember 1	nterest Due eptember 1/ March 1	Total		
2016	\$ 105,000	\$ 230,900	\$	335,900	
2017	115,000	226,225		341,225	
2018	150,000	220,594		370,594	
2019	155,000	214,113		369,113	
2020	170,000	207,206		377,206	
2021	170,000	199,981		369,981	
2022	180,000	193,669		373,669	
2023	190,000	188,119		378,119	
2024	195,000	182,344		377,344	
2025	205,000	176,344		381,344	
2026	230,000	169,819		399,819	
2027	525,000	158,494		683,494	
2028	550,000	142,025		692,025	
2029	580,000	124,369		704,369	
2030	610,000	105,394		715,394	
2031	640,000	84,681		724,681	
2032	675,000	62,491		737,491	
2033	710,000	38,675		748,675	
2034	 750,000	 13,125		763,125	
	\$ 6,905,000	\$ 2,938,568	\$	9,843,568	

LONG-TERM DEBT SERVICE REQUIREMENTS JUNE 30, 2015

ANNUAL REQUIREMENTS FOR ALL SERIES

Due During Fiscal Years Ending June 30	Pr	Total incipal Due	Ir	Total nterest Due	Total Principal and Interest Due		
2016	\$	335,000	\$	317,770	\$	652,770	
2017		350,000		305,190		655,190	
2018		360,000		291,994		651,994	
2019		375,000		278,203		653,203	
2020		395,000		263,731		658,731	
2021		410,000		248,601		658,601	
2022		425,000		234,044		659,044	
2023		445,000		219,994		664,994	
2024		460,000		205,379		665,379	
2025		480,000		190,199		670,199	
2026		500,000		174,409		674,409	
2027		525,000		158,494		683,494	
2028		550,000		142,025		692,025	
2029		580,000		124,369		704,369	
2030		610,000		105,394		715,394	
2031		640,000		84,681		724,681	
2032		675,000		62,491		737,491	
2033		710,000		38,675		748,675	
2034		750,000		13,125		763,125	
	\$	9,575,000	\$	3,458,768	\$	13,033,768	

CHANGES IN LONG-TERM BOND DEBT FOR THE YEAR ENDED JUNE 30, 2015

Description	B	Original Sonds Issued	Bonds Outstanding July 1, 2014		
San Leon Municipal Utility District Unlimited Tax Refunding Bonds - Series 2012	\$	3,055,000	\$	2,895,000	
San Leon Municipal Utility District Unlimited Tax Bonds - Series 2013 TOTAL	\$	7,000,000 10,055,000	\$	7,000,000	
Bond Authority:		Tax Bonds			
Amount Authorized by Voters	\$	21,660,000			
Amount Issued		13,660,000			
Remaining to be Issued	\$	8,000,000			
Debt Service Fund cash and investment balances as of June 30, 20	15:		\$	1,259,964	
Average annual debt service payment (principal and interest) for re of all debt:	emaiı	ning term	\$	685,988	

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

		Retire	ements			Bonds			
Bonds Sold	Principal			Interest		outstanding ne 30, 2015	Paying Agent		
\$	\$	225,000	\$	94,605	\$	2,670,000	Branch Banking and Trust Company Charlotte, NC		
		95,000		235,150		6,905,000	Amegy Bank National Association Houston, Texas		
\$ -0-	\$	320,000	\$	329,755	\$	9,575,000			

COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES GENERAL FUND - FIVE YEARS

					Amounts
		2015		2014	2013
REVENUES Property Taxes Water Service Wastewater Service Street Lighting Fire Fighting Service Penalty and Interest	\$	346,452 902,065 797,213 121,421 260,986 26,804	\$	352,294 742,209 716,684 116,131 254,582 26,847	\$ 639,718 759,831 697,196 113,259 277,947 26,619
Tap Connection and Inspection Fees Miscellaneous Revenues and FEMA Reimbursements		150,305 196,878	_	107,340 50,402	97,245 59,194
TOTAL REVENUES	\$	2,802,124	\$	2,366,489	\$ 2,671,009
EXPENDITURES Personnel Professional Fees	\$	802,330 76,786	\$	745,775 71,595	\$ 674,277 89,239
Contracted Services Purchased Water Utilities Repairs and Maintenance Street Lighting Other Capital Outlay Debt Service:		279,499 271,963 114,425 396,783 81,787 512,561 271,392		277,109 231,550 120,888 626,807 90,223 451,416 121,091	287,320 221,503 128,611 394,221 86,415 480,538 247,671
Note Principal Note Interest		10,983 1,131		10,652 1,461	 13,809 3,891
TOTAL EXPENDITURES	\$	2,819,640	\$	2,748,567	\$ 2,627,495
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$</u>	(17,516)	\$	(382,078)	\$ 43,514
OTHER FINANCING SOURCES (USES) Transfers In(Out)	\$	89,243	\$	10,429	\$ - 0 -
NET CHANGE IN FUND BALANCE	\$	71,727	\$	(371,649)	\$ 43,514
BEGINNING FUND BALANCE		1,605,392		1,977,041	 1,933,527
ENDING FUND BALANCE	\$	1,677,119	\$	1,605,392	\$ 1,977,041

		Percentage of Total Revenue									
2012	2011	2015	2014	2013	2012	2011					
\$ 610,456 787,987 731,978 109,651 256,563 28,708 87,880 96,371	\$ 598,527 739,356 583,751 105,282 22,797 78,425 77,910	12.3 % 32.2 28.5 4.3 9.3 1.0 5.4 7.0	14.9 9 31.4 30.2 4.9 10.8 1.1 4.6 2.1	24.0 % 28.4 26.0 4.2 10.4 1.0 3.7 2.3	22.6 % 29.1 27.0 4.0 9.5 1.1 3.2 3.5	27.1 % 33.5 26.5 4.8 1.0 3.6 3.5					
\$ 2,709,594	\$ 2,206,048	100.0 %	6 100.0 %	6 100.0 %	100.0 %	100.0 %					
\$ 693,439 84,182 270,727 189,852 126,512 395,460 60,766 391,522 87,374	\$ 710,723 104,518 8,033 190,594 134,883 368,981 97,374 393,920	28.6 % 2.7 10.0 9.7 4.1 14.2 2.9 18.3 9.7	31.5 % 3.0 11.7 9.8 5.1 26.5 3.8 19.1 5.1	3.3 10.8 8.3 4.8 14.8 3.2 18.0 9.3	25.6 % 3.1 10.0 7.0 4.7 14.6 2.2 14.4 3.2	32.2 % 4.7 0.4 8.6 6.1 16.7 4.4 17.9					
7,627 1,615	6,643 2,599	0.4	0.5 0.1	0.5 0.1	0.3 0.1	0.3 0.1					
\$ 2,309,076	\$ 2,018,268	100.6 %				91.4 %					
\$ 400,518	\$ 187,780	(0.6) %	(16.2) %	% <u>1.7</u> %	14.8 %	8.6 %					
\$ - 0 -	\$ - 0 -										
\$ 400,518	\$ 187,780										
 1,533,009	 1,345,229										

1,933,527

1,533,009

COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES DEBT SERVICE FUND - FIVE YEARS

			Amount
	2015	2014	2013
REVENUES Property Taxes Penalty and Interest Miscellaneous Revenues	\$ 673,126 40,435 772	\$ 635,207 37,062 278	\$ 320,611 49,480 681
TOTAL REVENUES	\$ 714,333	\$ 672,547	\$ 370,772
EXPENDITURES Tax Collection Expenditures Debt Service Principal Debt Service Interest and Fees Bond Issuance Costs	\$ 10,945 320,000 330,982	\$ 12,942 45,000 471,713	\$ 14,680 215,000 98,923
TOTAL EXPENDITURES	\$ 661,927	\$ 529,655	\$ 328,603
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 52,406	\$ 142,892	\$ 42,169
OTHER FINANCING SOURCES (USES) Long-Term Debt Issued Transfer to Refunding Escrow Agent Bond Premium	\$	\$	\$ 246,588
TOTAL OTHER FINANCING SOURCES (USES)	\$ - 0 -	\$ - 0 -	\$ 246,588
NET CHANGE IN FUND BALANCE	\$ 52,406	\$ 142,892	\$ 288,757
BEGINNING FUND BALANCE	 1,236,082	 1,093,190	 804,433
ENDING FUND BALANCE	\$ 1,288,488	\$ 1,236,082	\$ 1,093,190
TOTAL ACTIVE RETAIL WATER CONNECTIONS	 2,637	 2,549	 2,445
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	 2,536	2,536	 2,431

				Percentage of Total Revenue					_			
	2012	2011	2015		2014		2013		2012		2011	_
\$	305,680 32,562 775	\$ 300,403 46,347 1,291	94.2 5.7 0.1	%	94.4 5.5 0.1	%	86.5 13.3 0.2	%	90.2 9.6 0.2	%	86.3 13.3 0.4	
\$	339,017	\$ 348,041	100.0	%	100.0	%	100.0	%	100.0	%	100.0	%
\$	13,108 170,000 163,032 79,325	\$ 17,275 160,000 171,418	1.5 44.8 46.3	%	1.9 6.7 70.1	%	4.0 58.0 26.7	%	3.9 50.1 48.1 23.4	%	5.0 46.0 49.3	%
\$	425,465	\$ 348,693	92.6	%	<u>78.7</u>	%	88.7	%	125.5	%	100.3	%
\$	(86,448)	\$ (652)	7.4	%	21.3	%	11.3	%	(25.5)	%	(0.3)) %
\$	3,055,000 (3,127,998) 155,018	\$										
\$	82,020	\$ - 0 -										
\$	(4,428)	\$ (652)										
	808,861	 809,513										
<u>\$</u>	804,433	\$ 808,861										
	2,382	2,352										

2,338

2,368

SAN LEON MUNICIPAL UTILITY DISTRICT BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS JUNE 30, 2015

District Mailing Address - San Leon Municipal Utility District

443 24th Street

San Leon, TX 77539

District's Telephone Number - (281) 339-1586

Board Members	Term of Office (Elected or Appointed)	fo year	of office or the r ended 30, 2015	Reimi f	xpense bursements for the ar ended 230, 2015	Title
Joe Manchaca	05/14 05/18 (Elected)	\$	-0-	\$	-0-	President
John A. Kelly, Jr.	05/14 05/18 (Elected)	\$	2,250	\$	1,262	Vice President/ Treasurer
Tyson Kennedy	05/14 05/18 (Elected)	\$	2,400	\$	1,334	Secretary
Julie Hall	05/12 05/16 (Elected)	\$	2,100	\$	1,202	Assistant Secretary
Kenneth Bishop	05/12 05/16 (Elected)	\$	3,300	\$	1,623	Director

<u>Note</u>: No Director has any business or family relationships (as defined by the Texas Water Code) with major landowners in the District, with the District's developer or with any of the District's consultants.

Submission date of most recent District Registration Form (TWC Sections 36.054 and 49.054): January 13, 2011.

Limit on Fees of Office that a Director may receive during a fiscal year \$7,200 as set by Board Resolution (TWC Section 49.060) on August 13, 2005. Fees of Office are the amounts actually paid to a Director during the District's current fiscal year.

SAN LEON MUNICIPAL UTILITY DISTRICT BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS JUNE 30, 2015

		fo	Fees/ mpensation r the fiscal ear ended	
	Date Hired		ne 30, 2015	Title
Key Administrative Personnel:				
Janice Hoffman	07/23/95	\$	71,221	Office Manager
Ken Keller	04/96	\$	69,065	Field Supervisor
Consultants:				
Reid, Strickland & Gillette	Prior to 1992	\$	14,111	General Counsel
McCall Gibson Swedlund Barfoot PLLC	06/20/95	\$	14,750	Auditor
Linebarger Goggan Blair and Sampson, LLP	1992	\$	10,945	Delinquent Tax Attorney
AEI Engineering	12/21/10	\$	145,417	Engineer
SAMCO Capital Markets	06/22/03	\$	2,500	Financial Advisor
Galveston County Tax Assessor	9/2002	\$	1,587	Tax Collector

GALVESTON COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

JUNE 30, 2016

SAN LEON MUNICIPAL UTILITY DISTRICT GALVESTON COUNTY, TEXAS ANNUAL FINANCIAL REPORT JUNE 30, 2016

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McCALL GIBSON SWEDLUND BARFOOT PLLC

Certified Public Accountants

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9600 Great Hills Trail Suite 150W Austin, Texas 78759 (512) 610-2209 www.mgsbpllc.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors San Leon Municipal Utility District Galveston County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of San Leon Municipal Utility District (the "District"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Board of Directors San Leon Municipal Utility District

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of June 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

McCall Gibson Swedlund Barfoot PLLC Certified Public Accountants Houston, Texas

September 27, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2016

Management's discussion and analysis of San Leon Municipal Utility District's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2016. 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 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 portion of these statements provides 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 first of the government-wide statements is the Statement of Net Position. This is the District-wide statement of position presenting information that includes all of the District's assets, liabilities, and, if applicable, deferred inflows and outflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

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

FUND FINANCIAL STATEMENTS

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

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2016

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets exceeded liabilities by \$5,402,541 as of June 30, 2016. A portion of the District's net position reflects its net investment in capital assets (water and wastewater facilities as well as vehicles and equipment less any debt used to acquire those assets that is still outstanding).

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2016

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

A comparative analysis of government-wide changes in net position is presented below:

	Summary of Changes in the Statement of Net Position					
	2016		2015		Change Positive (Negative)	
Current and Other Assets Capital Assets (Net of Accumulated	\$	5,611,203	\$	6,555,494	\$	(944,291)
Depreciation)		9,968,955		8,816,644		1,152,311
Total Assets	\$	15,580,158	\$	15,372,138	\$	208,020
Bonds and Notes Payable Other Liabilities	\$	9,242,172 935,445	\$	9,537,698 828,582	\$	295,526 (106,863)
Total Liabilities	\$	10,177,617	\$	10,366,280	\$	188,663
Net Position: Net Investment in Capital Assets Restricted Unrestricted	\$	2,406,288 1,435,066 1,561,187	\$	1,951,518 1,302,792 1,751,548	\$	454,770 132,274 (190,361)
Total Net Position	\$	5,402,541	\$	5,005,858	\$	396,683

The following table provides a summary of the District's operations for the years ending June 30, 2016, and June 30, 2015.

		Summary of Changes in the Statement of Activities						
	2016		2015		Change Positive (Negative)			
Revenues:								
Property Taxes	\$	1,134,880	\$	1,020,565	\$	114,315		
Charges for Services		2,555,811		2,299,229		256,582		
Other Revenues		60,786		200,986		(140,200)		
Total Revenues	\$	3,751,477	\$	3,520,780	\$	230,697		
Expenses for Services		3,354,794		3,163,070		(191,724)		
Change in Net Position	\$	396,683	\$	357,710	\$	38,973		
Net Position, Beginning of Year		5,005,858		4,648,148		357,710		
Net Position, End of Year	\$	5,402,541	\$	5,005,858	\$	396,683		

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2016

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of June 30, 2016, were \$4,561,574, a decrease of \$1,076,605 from the prior year.

The General Fund fund balance decreased by \$193,374, primarily due to maintenance and repair and capital outlay expenditures during the year.

The Debt Service Fund fund balance increased by \$109,836, primarily due to the structure of the District's debt service requirements.

The Capital Projects Fund fund balance decreased by \$993,067, primarily due to capital expenditures related to the elevated storage tank and sanitary sewer rehabilitation paid from bond proceeds received in a prior fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors did not amend the budget during the current fiscal year. Actual revenues were \$561,409 higher than budgeted revenues, primarily due to higher than anticipated service revenues and tap and inspection fees. Actual expenditures exceeded budgeted expenditures by \$708,452, primarily due to higher than anticipated purchased water costs, capital outlay and maintenance and repair costs.

CAPITAL ASSETS

Capital assets as of June 30, 2016, total \$9,968,955 (net of accumulated depreciation) and include land, buildings, vehicles and equipment as well as the water and wastewater systems. Significant capital asset activity during the year included relocation of utilities along Bayshore Drive, new vehicles and equipment, sanitary sewer rehab, phase I and improvements, construction of an elevated storage tank, and water and sewer line extensions.

Capital Assets At Year-End. Net of Accumulated Depreciation

	 2016	2015	Change Positive (Negative)	
Capital Assets Not Being Depreciated:				
Land and Land Improvements	\$ 151,807	\$ 151,807	\$	
Construction in Progress	33,199	2,391,938		(2,358,739)
Capital Assets, Net of Accumulated				
Depreciation:				
Buildings, Vehicles, and Equipment	335,572	250,926		84,646
Water System	4,807,505	1,610,367		3,197,138
Wastewater System	 4,640,872	 4,411,606		229,266
Total Net Capital Assets	\$ 9,968,955	\$ 8,816,644	\$	1,152,311

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2016

LONG-TERM DEBT ACTIVITY

As of June 30, 2016, the District had total bond debt payable of \$9,240,000. The changes in the debt position of the District during the fiscal year ended June 30, 2016, are summarized as follows:

Bond Debt Payable, July 1, 2015	\$ 9,575,000
Less: Bond Principal Paid	 335,000
Bond Debt Payable, June 30, 2016	\$ 9,240,000

The District's Series 2013 bonds carry an insured rating of "AA" by virtue of bond insurance issued by Assured Guaranty Municipal Corporation. The District's underlying rating is "BBB+".

The District has also entered into two notes payable for the purchase of a Case 580N 2WD Loader/Extendahoe and a Case CX31B Compact Excavator.

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 San Leon Municipal Utility District, 443 24th Street, San Leon, Texas 77539.

STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET JUNE 30, 2016

	Ge	neral Fund	Debt Service Fund		
ASSETS					
Cash	\$	939,203	\$	209,001	
Investments		979,831		1,058,909	
Cash with Galveston County Tax Office				3,435	
Receivables:					
Property Taxes		77,442		100,618	
Penalty and Interest on Delinquent Taxes					
Service Accounts		230,265			
Due from Other Funds				126,979	
Land					
Construction in Progress					
Capital Assets (Net of Accumulated Depreciation)					
TOTAL ASSETS	\$	2,226,741	\$	1,498,942	

	Capital				S	tatement of		
Projects Fund		Total	A	Adjustments		Net Position		
	_	_		_				
\$	966,964	\$ 2,115,168	\$		\$	2,115,168		
	1,005,535	3,044,275				3,044,275		
		3,435				3,435		
		178,060				178,060		
				40,000		40,000		
		230,265				230,265		
	1,137	128,116		(128,116)				
				151,807		151,807		
				33,199		33,199		
				9,783,949		9,783,949		
\$	1,973,636	\$ 5,699,319	\$	9,880,839	\$	15,580,158		

STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET JUNE 30, 2016

	Ger	neral Fund	Se	Debt rvice Fund
Accounts Payable Accrued Interest Payable Due to Other Funds Security Deposits Long-Term Liabilities: Bonds Payable, Due Within One Year Bonds Payable, Due After One Year Notes Payable, Due Within One Year Notes Payable, Due After One Year	\$	245,338 128,116 292,100	\$	
TOTAL LIABILITIES	\$	665,554	\$	-0-
DEFERRED INFLOWS OF RESOURCES Property Taxes	\$	77,442	\$	100,618
FUND BALANCES Restricted for Authorized Construction Restricted for Debt Service Assigned to 2017 Budget Deficit Unassigned	\$	110,245 1,373,500	\$	1,398,324
TOTAL FUND BALANCES	\$	1,483,745	\$	1,398,324
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$	2,226,741	\$	1,498,942

NET POSITION

Net Investment in Capital Assets Restricted for Debt Service Unrestricted

TOTAL NET POSITION

	Capital						Statement of			
Pro	jects Fund		Total Adjustn		Adjustments		let Position			
\$	294,131	\$	539,469 128,116	\$	103,876 (128,116)	\$	539,469 103,876			
			292,100				292,100			
					350,000 8,820,119 29,762 42,291		350,000 8,820,119 29,762 42,291			
\$	294,131	\$	959,685	\$	9,217,932	\$	10,177,617			
Ψ	271,131	Ψ	757,005	Ψ	<u> </u>	Ψ	10,177,017			
\$	-0-	\$	178,060	\$	(178,060)	\$	-0-			
\$	1,679,505	\$	1,679,505 1,398,324 110,245	\$	(1,679,505) (1,398,324) (110,245)	\$				
Φ.	4 650 505		1,373,500		(1,373,500)	Φ.				
\$	1,679,505	\$	4,561,574	\$	(4,561,574)	\$	- 0 -			
\$	1,973,636	\$	5,699,319							
				\$	2,406,288 1,435,066 1,561,187	\$	2,406,288 1,435,066 1,561,187			
				\$	5,402,541	\$	5,402,541			
				Ψ	2,702,271	Ψ	2,702,271			

SAN LEON MUNICIPAL UTILITY DISTRICT RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2016

Total Fund Balances - Governmental Funds		\$ 4,561,574
Amounts reported for governmental activities in the sdifferent because:	Statement of Net Position are	
Capital assets used in governmental activities are not c therefore, are not reported as assets in the governmental		9,968,955
Deferred tax revenues and penalty and interest receival 2015 and prior tax levies became part of recognized activities of the District.	*	218,060
Certain liabilities are not due and payable in the current reported as liabilities in the governmental funds. These of:	•	
Accrued Interest Payable	\$ (103,876)	
Bonds Payable	(9,170,119)	
Notes Payable	(72,053)	 (9,346,048)
Total Net Position - Governmental Activities		\$ 5,402,541



STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2016

	Ge	eneral Fund	Se	Debt rvice Fund
REVENUES				
Property Taxes	\$	375,324	\$	738,199
Water Service		1,061,850		
Wastewater Service		909,500		
Street Lighting		122,871		
Fire Fighting Service		264,013		
Penalty and Interest		33,124		33,358
Tap Connection and Inspection Fees		131,095		
Miscellaneous Revenues		53,778		2,281
TOTAL REVENUES	\$	2,951,555	\$	773,838
EXPENDITURES/EXPENSES				
Service Operations:	Φ.	021.010	Ф	
Personnel	\$	821,010	\$	10.007
Professional Fees		93,142		10,905
Contracted Services		277,780		300
Purchased Water		401,450		
Utilities		149,341		
Repairs and Maintenance		350,445		
Street Lighting		98,442		
Depreciation		520.029		27
Other		539,028 454,017		27
Capital Outlay		434,017		
Debt Service:				225.000
Bond Principal				335,000
Bond Interest		15.024		317,770
Note Principal		15,934		
Note Interest		1,348		
TOTAL EXPENDITURES/EXPENSES	\$	3,201,937	\$	664,002
EXCESS (DEFICIENCY) OF REVENUES OVER				
EXPENDITURES/EXPENSES	\$	(250,382)	\$	109,836
OTHER FINANCING SOURCES (USES)				
Note Proceeds	\$	57,008	\$	- 0 -
NET CHANGE IN FUND BALANCES	\$	(193,374)	\$	109,836
	Ψ	(175,5,1)	Ψ	107,030
CHANGE IN NET POSITION				
FUND BALANCES/NET POSITION - JULY 1, 2015	-	1,677,119		1,288,488
FUND BALANCES/NET POSITION - JUNE 30, 2016	\$	1,483,745	\$	1,398,324

Capital Projects Fund	Total	 Adjustments		atement of Activities
4,727	\$ 1,113,523 1,061,850 909,500 122,871 264,013 66,482 131,095 60,786	\$ 21,357	\$	1,134,880 1,061,850 909,500 122,871 264,013 66,482 131,095 60,786
\$ 4,727	\$ 3,730,120	\$ 21,357	\$	3,751,477
\$ 997,794	\$ 821,010 104,047 278,080 401,450 149,341 350,445 98,442 539,055 1,451,811 335,000 317,770	\$ 299,500 (1,451,811) (335,000) (5,694)	\$	821,010 104,047 278,080 401,450 149,341 350,445 98,442 299,500 539,055
	15,934 1,348	(15,934)		1,348
\$ 997,794	\$ 4,863,733	\$ (1,508,939)	\$	3,354,794
\$ (993,067)	\$ (1,133,613)	\$ 1,530,296	\$	396,683
\$ -0-	\$ 57,008	\$ (57,008)	\$	- 0 -
\$ (993,067)	\$ (1,076,605)	\$ 1,076,605	\$	
2 672 572	5 629 170	396,683		396,683 5,005,858
2,672,572 \$ 1,679,505	\$ 5,638,179 4,561,574	\$ (632,321) 840,967	\$	5,402,541

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2016

Net Change in Fund Balances - Governmental Funds	\$	(1,076,605)
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.		21,357
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.		(299,500)
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.		1,451,811
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.		335,000
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.		5,694
Governmental funds report note principal payments as expenditures. However, in the Statement of Net Position, note principal payments are reported as decreases in long-term liabilities.		15,934
Governmental funds report note proceeds as other financing sources. However, note proceeds increase long-term liabilities in the Statement of Net Position.	_	(57,008)
Change in Net Position - Governmental Activities	\$	396,683

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016

NOTE 1. CREATION OF DISTRICT

San Leon Municipal Utility District, located in Galveston County, Texas, (the "District"), was created May 26, 1965, by House Bill 1082 Chapter 520, Acts of the 59th Legislature of the State of Texas. Pursuant to the provisions of Chapter 49 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, sanitary sewer service, storm sewer drainage, irrigation, solid waste collections and disposal including recycling, and to construct parks and recreational facilities for the residents of the District. The District is also empowered to contract for or employ its own peace officers with powers to make arrests and to establish, operate and maintain a fire department to perform all fire-fighting activities within the District. The Board of Directors held its first meeting on March 28, 1973, and the first bonds were sold on July 10, 1975.

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.

<u>Financial Statement Presentation</u>

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

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

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

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

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

Government-Wide Financial Statements

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

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

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

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

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

Governmental Funds

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

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

<u>Debt Service Fund</u> - 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.

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

Basis of Accounting

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

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

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

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016

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. Interest costs, including developer interest, engineering fees and certain other costs are capitalized as part of the asset.

Assets are capitalized, including infrastructure assets, if they have an original cost 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. Estimated useful lives are as follows:

	Years
Buildings	40
Water System	10-45
Wastewater System	10-45
Drainage System	10-45
All Other Equipment	3-20

Budgeting

In compliance with governmental accounting principles, the Board of Directors annually adopts an unappropriated budget for the General Fund. The budget was not amended during the current fiscal year.

Pensions

Payments are made into the Social Security system for employees of the District. In addition, other retirement plan arrangements have been made as further described in Note 9. The Internal Revenue Service has determined that the directors are considered to be employees for federal payroll tax purposes only. Directors do not participate in the retirement plan.

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016

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. The District does not have any nonspendable fund balances.

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

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

Assigned: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances. The District has assigned \$110,245 of its General Fund fund balance to cover a projected 2017 budget deficit.

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.

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Estimates

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

NOTE 3. LONG-TERM DEBT

	Refunding Series 2012	Series 2013
Amounts Outstanding – June 30, 2016	\$ 2,440,000	\$ 6,800,000
Interest Rates	3.40%	3.00% - 4.25%
Maturity Dates – Serially Beginning/Ending	September 1, 2016/2025	September 1, 2016/2033
Interest Payment Dates	September 1/ March 1	September 1/ March 1
Callable Dates	N/A	September 1, 2020*

^{*} On any date thereafter, at a price equal to the par value plus accrued interest from the most recent interest payment date to the date fixed for redemption.

The following is a summary of transactions regarding long-term liabilities for the year ended June 30, 2016:

	July 1,					June 30,
	2015	Additions		Re	tirements	2016
Bonds Payable	\$ 9,575,000	\$		\$	335,000	\$ 9,240,000
Unamortized Discounts	(183,998)				(10,357)	(173,641)
Unamortized Premiums	 115,717				11,957	103,760
Bonds Payable, Net	\$ 9,506,719	\$	-0-	\$	336,600	\$ 9,170,119
		Amo	unt Due Wit	hin One	Year	\$ 350,000
		Amo	unt Due Afte	er One Y	ear	8,820,119
		Bond	s Payable, N	let		\$ 9,170,119

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016

NOTE 3. LONG-TERM DEBT (Continued)

As of June 30, 2016, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal		Principal Interest		Total	
2017	\$	350,000	\$	305,190	\$	655,190
2018		360,000		291,994		651,994
2019		375,000		278,203		653,203
2020		395,000		263,731		658,731
2021		410,000		248,601		658,601
2022-2026		2,310,000		1,024,025		3,334,025
2027-2031		2,905,000		614,963		3,519,963
2032-2034		2,135,000		114,291		2,249,291
	\$	9,240,000	\$	3,140,998	\$	12,380,998

As of June 30, 2016 the District had authorized but unissued bonds in the amount of \$8,000,000. The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount.

During the year ended June 30, 2016, the District levied an ad valorem debt service tax rate of \$0.30 per \$100 of assessed valuation, which resulted in a tax levy of \$760,222 on the adjusted taxable valuation of \$253,105,006 for the 2015 tax year. The bond resolutions require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for the maintenance tax levy.

The District's tax calendar is as follows:

Levy Date - October 1 or as soon thereafter as practicable.

Lien Date - January 1.

Due Date - Upon receipt but not later than January 31.

Delinquent Date - February 1, at which time the taxpayer is liable for penalty and interest.

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016

NOTE 4. SIGNIFICANT BOND RESOLUTIONS AND LEGAL REQUIREMENTS

The bond resolutions state that the District is required to provide continuing disclosure of certain general financial information included in an annual audit to certain information repositories. The audit, which includes audited annual financial statements, is to be provided at the end of each fiscal year and shall continue to be provided through the life of the bonds.

The District has covenanted that it will take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross proceeds of the bonds, within the meaning of Section 148(f) of the Internal Revenue Code, be rebated to the federal government. The minimum requirement for determination of the rebatable amount is on the five year anniversary of each 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 \$2,425,440 and the bank balance was \$2,555,481. Of the bank balance, \$709,001 was covered by the National Credit Union Share Insurance Fund and federal depository insurance, \$363,455 was uncollateralized, and the balance was covered by securities pledged in the name of the District and held in a third-party depository.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at June 30, 2016, as listed below:

	Cash	ertificates f Deposit	Total
GENERAL FUND	\$ 939,203	\$ 310,272	\$ 1,249,475
DEBT SERVICE FUND	209,001		209,001
CAPITAL PROJECTS FUND	 966,964		 966,964
TOTAL DEPOSITS	\$ 2,115,168	\$ 310,272	\$ 2,425,440

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

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. Authorized investments are summarized as follows: (1) obligations of the United States or its agencies and instrumentalities, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) certain collateralized mortgage obligations, (4) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States, (5) certain A rated or higher obligations of states, agencies, counties, cities, and other political subdivisions of any state, (6) bonds issued, assumed or guaranteed by the State of Israel, (7) insured or collateralized certificates of deposit, (8) certain fully collateralized repurchase agreements secured by delivery, (9) certain bankers' acceptances with limitations, (10) commercial paper rated A-1 or P-1 or higher and a maturity of 270 days or less, (11) no-load money market mutual funds and no-load mutual funds with limitations, (12) certain guaranteed investment contracts, (13) certain qualified governmental investment pools and (14) a qualified securities lending program.

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

The District invests in TexPool and TexSTAR, external investment pools that are not SEC-registered. The State Comptroller of Public Accounts of the State of Texas has oversight of TexPool. Federated Investors, Inc. manages the daily operations of TexPool under a contract with the Comptroller. First Southwest Asset Management, Inc., and JPMorgan Chase manage the daily operations of TexSTAR. The fair value of the District's position in the pools is the same as the value of pool shares.

As of June 30, 2016, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
GENERAL FUND		
TexPool	\$ 669,559	\$ 669,559
Certificates of Deposit	310,272	310,272
DEBT SERVICE FUND		
TexPool	813,917	813,917
TexSTAR	244,992	244,992
CAPITAL PROJECTS FUND		
TexSTAR	1,005,535	1,005,535
TOTAL INVESTMENTS	\$ 3,044,275	\$ 3,044,275

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2016, the District's investments in TexPool and TexSTAR were rated AAAm by Standard and Poor's.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investments in TexPool and TexSTAR to have maturities of less than one year due to the fact the share positions can be redeemed each day at the discretion of the District.

Restrictions

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

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016

NOTE 6. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2016 is as follows:

	July 1,			June 30,
	 2015	 Increases	 Decreases	 2016
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 151,807	\$	\$	\$ 151,807
Construction in Progress	 2,391,938	 1,451,811	 3,810,550	33,199
Total Capital Assets Not Being Depreciated	\$ 2,543,745	\$ 1,451,811	\$ 3,810,550	\$ 185,006
Capital Assets Subject to Depreciation				
Buildings, Vehicles, and Equipment	\$ 765,424	\$ 114,947	\$	\$ 880,371
Water System	3,351,565	3,271,331		6,622,896
Wastewater System	 8,620,904	 424,272	 	 9,045,176
Total Capital Assets Subject to Depreciation	\$ 12,737,893	\$ 3,810,550	\$ - 0 -	\$ 16,548,443
Less Accumulated Depreciation				
Buildings, Vehicles, and Equipment	\$ 514,498	\$ 30,301	\$	\$ 544,799
Water System	1,741,198	74,193		1,815,391
Wastewater System	 4,209,298	 195,006	 	 4,404,304
Total Accumulated Depreciation	\$ 6,464,994	\$ 299,500	\$ - 0 -	\$ 6,764,494
Total Depreciable Capital Assets, Net of				
Accumulated Depreciation	\$ 6,272,899	\$ 3,511,050	\$ - 0 -	\$ 9,783,949
Total Capital Assets, Net of Accumulated				
Depreciation	\$ 8,816,644	\$ 4,962,861	\$ 3,810,550	\$ 9,968,955

NOTE 7. MAINTENANCE TAX

On August 14, 1999, the voters of the District approved the levy and collection of a maintenance tax not to exceed \$0.30 per \$100 of assessed valuation of taxable property within the District. During the year ended June 30, 2016, the District levied an ad valorem maintenance tax rate of \$0.15 per \$100 of assessed valuation, which resulted in a tax levy of \$380,054 on the adjusted taxable valuation of \$253,105,006 for the 2015 tax year. The maintenance tax is to be used by the General Fund to pay expenditures of operating the District's water and sewer system.

NOTE 8. SURFACE WATER SUPPLY CONTRACT

On May 13, 1985, the District executed an agreement with the Galveston County Water Authority, presently known as the Gulf Coast Water Authority (the "Authority"). This agreement has been subsequently amended. The contract allows the Authority to acquire, construct and operate a water treatment plant and related water supply system in order to provide potable water to its customers. Charges to the District include its allocation of raw water charges, capital charges and operating and maintenance charges. During the current fiscal year, the District recorded \$401,450 in water costs attributable to this contract. The term of this agreement was extended through December 31, 2027.

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016

NOTE 9. RETIREMENT PLAN

On March 1, 1997, the District implemented a Simple Individual Retirement Account (IRA) to benefit the employees of the District. This retirement plan calls for the District to match up to 3% of each employee's contribution based on employee gross wages. The accounts are set up in each participating employee's name and are the property of the named employee. During the current year, the District's share of cost associated with this plan was \$15,826.

NOTE 10. STREET LIGHTING

On April 23, 1997, the Texas Legislature passed a bill which allows the District, with voter approval, to install, operate and maintain street lighting. The District can assess the cost of installation, operating and maintaining the street lighting as an additional charge on the monthly billings of the District's customers. In November, 1999, the voters of the District approved street lighting for the District. The current street lighting charge is \$3.95 per month per customer. During the current year, the District recorded \$122,871 in revenues and \$98,442 in costs related to street lighting.

NOTE 11. 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 from which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 12. FIRE PREVENTION SERVICES

On August 10, 1982 the District entered into a Fire Prevention Service Agreement with San Leon Volunteer Fire Department. This agreement was amended in 1998, 2006, 2009 and 2011. Effective March 22, 2011, the District began billing a mandatory fee of \$8.00 per month per customer for fire prevention services. During the current fiscal year, the District received \$264,013 in fire prevention service revenues.

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

As of June 30, 2016, the General Fund recorded a payable in the amount of \$126,979 to the Debt Service Fund for debt service tax collections and a payable in the amount of \$1,137 to the Capital Projects Fund for expenditures related to a previous bond issue.

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016

NOTE 14. NOTES PAYABLE

In a prior year, the District entered into a 60-month Equipment Financing Agreement with Welch State Bank to finance a Case 580N 2WD Loader/Extendahoe. The monthly payments are \$1,009 with interest accruing at 3.05% annually on the unpaid balance. The following is a schedule of future note payments regarding the note payable as of June 30, 2016.

Fiscal Year	P	Principal		terest	 Total
2017	\$	11,675	\$	439	\$ 12,114
2018		7,983		92	 8,075
	\$	19,658	\$	531	\$ 20,189

On March 29, 2016, the District entered into a 36-month Equipment Financing Agreement with CNH Industrial Capital America LLC to finance a Case CX31B Compact Excavator. The monthly payments are \$1,723 with interest accruing at 5.85% annually on the unpaid balance. The following is a schedule of future note payments regarding the note payable as of June 30, 2016.

Fiscal Year	P	Principal		Interest		Total
2017	\$	18,087	\$	2,585	\$	20,672
2018		19,174		1,498		20,672
2019		15,134		371		15,505
	\$	52,395	\$	4,454	\$	56,849

The following is a summary of transactions regarding the notes payable as of June 30, 2016:

	Jul	July 1, 2015		dditions	Ret	irements	June 30, 2016	
Total Notes Payable	\$	30,979	\$	57,008	\$	15,934	\$	72,053
		Notes Payable, Due Within One Year Notes Payable, Due After One Year					\$	29,762 42,291
			Total	Notes Payab	le - June	30, 2016	\$	72,053



REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2016

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2016

		riginal and nal Budget		Actual		Variance Positive Negative)
REVENUES						
Property Taxes	\$	336,124	\$	375,324	\$	39,200
Water Service	Ψ	759,522	Ψ	1,061,850	Ψ	302,328
Wastewater Service		723,925		909,500		185,575
Street Lighting		116,926		122,871		5,945
Fire Fighting Service		290,460		264,013		(26,447)
Penalty and Interest		24,720		33,124		8,404
Tap Connection and Inspection Fees		98,571		131,095		32,524
Miscellaneous Revenues		39,898		53,778		13,880
witscendificous revenues		37,070		33,776		13,000
TOTAL REVENUES	\$	2,390,146	\$	2,951,555	\$	561,409
EXPENDITURES Services Operations: Personnel Professional Fees Fire Fighting Expenses Purchased Water Utilities Repairs and Maintenance Street Lighting Other	\$	822,193 110,500 240,000 248,332 118,000 260,000 82,000 602,460	\$	821,010 93,142 263,997 401,450 149,341 350,445 98,442 570,093	\$	1,183 17,358 (23,997) (153,118) (31,341) (90,445) (16,442) 32,367
Capital Outlay		10,000		454,017	-	(444,017)
TOTAL EXPENDITURES	\$	2,493,485	\$	3,201,937	\$	(708,452)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$	(103,339)	\$	(250,382)	\$	(147,043)
OTHER FINANCING SOURCES(USES)						
Note Proceeds	\$	-0-	\$	57,008	\$	57,008
NET CHANGE IN FUND BALANCE	\$	(103,339)	\$	(193,374)	\$	(90,035)
FUND BALANCE - JULY 1, 2015		1,677,119		1,677,119		
FUND BALANCE - JUNE 30, 2016	\$	1,573,780	\$	1,483,745	\$	(90,035)

See accompanying independent auditor's report.



SAN LEON MUNICIPAL UTILITY DISTRICT SUPPLEMENTARY INFORMATION – REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE JUNE 30, 2016

SERVICES AND RATES FOR THE YEAR ENDED JUNE 30, 2016

1.	SERVICES PROVIDED	BY THE DISTRICT	DURING THE FISCAL YI	EAR
1.				17/71

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

2. RETAIL SERVICE PROVIDERS

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

Based on the rate order effective November 17, 2015.

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons over Minimum Use	Usage Levels
WATER:	\$ 16.00	2,000	N	\$ 4.50 \$ 4.75 \$ 5.00 \$ 5.25 \$ 5.50 \$ 5.75 \$ 6.00	2,001 to 4,000 4,001 to 7,000 7,001 to 10,000 10,001 to 24,000 24,001 to 44,000 44,001 to 75,000 75,001 and up
WASTEWATER:	\$ 17.00	2,000	N	\$ 3.75 \$ 4.00 \$ 4.25 \$ 4.50 \$ 4.50 \$ 4.50	2,001 to 4,000 4,001 to 7,000 7,001 to 10,000 10,001 to 24,000 24,001 to 44,000 44,001 to 75,000 75,001 and up
SURCHARGE: Commission Regulatory Assessments Street Lights VFD	0.5% of water \$ 3.95 \$ 8.00	r and sewer bill			
District employs win	X				

Total monthly charges per 10,000 gallons usage: Water: \$54.25 Wastewater: \$49.25 Surcharge: \$12.47 See accompanying independent auditor's report.

SERVICES AND RATES FOR THE YEAR ENDED JUNE 30, 2016

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
Unmetered	608		x 1.0	
≤ ³ /4"	2,855	2,675	x 1.0	2,675
1"	101	101	x 2.5	253
1½"			x 5.0	
2"	32	32	x 8.0	256
3"			x 15.0	
4"	1	1	x 25.0	25
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water Connections	3,597	2,809		3,209
Total Wastewater Connections	3,583	2,795	x 1.0	2,795

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

Gallons billed to customers:	158,862,000	Water Accountability Ratio: 84.59% (Gallons billed/Gallons purchased)					
Gallons purchased:	187,793,000	From: Gulf Coast Water Authority					

SERVICES AND RATES FOR THE YEAR ENDED JUNE 30, 2016

4.	STANDBY FEES (authorized)	ed only u	nder TWC Se	ction 49.231):		
	Does the District have Debt	Service st	andby fees?		Yes	No <u>X</u>
	Does the District have Opera	ation and	Maintenance	standby fees?	Yes	No X
5.	LOCATION OF DISTRIC	T:				
	Is the District located entirely	y within o	one county?			
	Yes X	No _				
	County in which District is le	ocated:				
	Galveston County, To	exas				
	Is the District located within	a city is	extraterritorial	l jurisdiction (I	ETJ)?	
	Entirely X	Partly		Not at all		
	ETJ in which district is locat	ed:				
	City of Texas City, T	exas				
	Are Board Members appoint	ed by an	office outside	the District?		
	Yes	No	X			

GENERAL FUND EXPENDITURES FOR THE YEAR ENDED JUNE 30, 2016

PERSONNEL EXPENDITURES (Including Benefits)	
Salaries Payroll Taxes Pension Payroll Service Insurance	\$ 575,893 46,096 15,826 2,974 180,221
TOTAL PERSONNEL EXPENDITURES	\$ 821,010
PROFESSIONAL FEES: Auditing Engineering Legal Financial Advisor	\$ 15,250 60,294 15,098 2,500
TOTAL PROFESSIONAL FEES	\$ 93,142
PURCHASED WATER SERVICE	\$ 401,450
CONTRACTED SERVICES: Appraisal District Tax Collector	\$ 8,537 1,456
TOTAL CONTRACTED SERVICES	\$ 9,993
UTILITIES: Electricity Telephone	\$ 121,405 27,936
TOTAL UTILITIES	\$ 149,341
REPAIRS AND MAINTENANCE	\$ 350,445
ADMINISTRATIVE EXPENDITURES: Computer/Internet Director Fees Dues Insurance Office Supplies and Postage Rents and Leases Training Travel and Meetings Other	\$ 39,357 9,300 580 59,238 48,901 30,572 10,509 6,043 22,503
TOTAL ADMINISTRATIVE EXPENDITURES	\$ 227,003

See accompanying independent auditor's report.

GENERAL FUND EXPENDITURES FOR THE YEAR ENDED JUNE 30, 2016

CAPITAL OUTLAY	\$	454,017
SECURITY	\$	3,790
FIRE FIGHTING	\$	263,997
STREET LIGHTING	\$	98,442
OTHER EXPENDITURES: Auto and Vehicle Expenditures Chemicals Contract Labor Fuel Laboratory Fees Permit Fees Regulatory Assessment Sludge Hauling Small Tools and Equipment Uniforms Other	\$	14,371 16,004 57,568 10,272 21,617 13,839 9,834 73,130 75,190 11,759 8,441
TOTAL OTHER EXPENDITURES	\$	312,025
DEBT SERVICE: Note Principal Note Interest	\$	15,934 1,348
TOTAL DEBT SERVICE	\$	17,282
TOTAL EXPENDITURES	\$	3,201,937
Number of persons employed by the District 13 Full-Time	_0	Part-Time

INVESTMENTS JUNE 30, 2016

Fund	Identification or Certificate Number	Interest Rate	Maturity Date	_	alance at	Re	Accrued Interest eceivable at nd of Year
GENERAL FUND TexPool TexPool Certificate of Deposit Certificate of Deposit TOTAL GENERAL FUND	XXXX0003 XXXX0004 6 7	Varies Varies 0.95% 0.85%	Daily Daily 05/20/17 05/23/17	\$	453,235 216,324 102,801 207,471 979,831	\$	- 0 -
DEBT SERVICE FUND TexPool TexSTAR TOTAL DEBT SERVICE FUND	XXXX0006 XXXX6790	Varies Varies	Daily Daily	\$	813,917 244,992 1,058,909	\$	- 0 -
CAPITAL PROJECTS FUND TexSTAR TOTAL - ALL FUNDS	XXXX0130	Varies	Daily	<u>\$</u> \$	1,005,535 3,044,275	\$ \$	- 0 - - 0 -

TAXES LEVIED AND RECEIVABLE FOR THE YEAR ENDED JUNE 30, 2016

	Maintenance Taxes				Debt Service Taxes			
TAXES RECEIVABLE - JULY 1, 2015 Adjustments to Beginning Balance	\$	74,429 (1,717)	\$	72,712	\$	82,274 (3,679)	\$	78,595
Original 2015 Tax Levy Adjustment to 2015 Tax Levy TOTAL TO BE ACCOUNTED FOR	\$	352,631 27,423	\$	380,054 452,766	\$	705,369 54,853	\$	760,222 838,817
TAX COLLECTIONS: Prior Years Current Year	\$	24,694 350,630		375,324	\$	36,834 701,365		738,199
TAXES RECEIVABLE - JUNE 30, 2016			\$	77,442			\$	100,618
TAXES RECEIVABLE BY YEAR: 2015 2014 2013 2012 2011 2010 2009 2008 2007 2006 2005 2004 2003 2002 and Prior			\$	29,424 2,657 4,088 6,814 5,100 4,338 3,795 2,982 3,526 3,792 3,972 2,032 1,513 3,409			\$	58,857 5,315 8,177 3,406 2,550 2,169 1,897 1,491 1,763 2,487 2,791 1,599 1,330 6,786
TOTAL			\$	77,442			\$	100,618

TAXES LEVIED AND RECEIVABLE FOR THE YEAR ENDED JUNE 30, 2016

	2015		2014		2013		 2012
PROPERTY VALUATIONS:							
Land	\$ 84,23	31,854	\$	82,953,689	\$	81,923,870	\$ 81,729,850
Improvements	204,98	37,185		171,479,180		162,087,355	156,329,570
Personal Property		1,467		8,337,883		7,854,577	7,389,975
Exemptions	(45,7)	(5,500)		(35,704,275)		(34,283,826)	 (33,863,258)
TOTAL PROPERTY							
VALUATIONS	\$ 253,10	05,006	\$	227,066,477	\$	217,581,976	\$ 211,586,137
TAX RATES PER \$100 VALUATION:							
Debt Service	\$	0.30	\$	0.30	\$	0.30	\$ 0.15
Maintenance		0.15		0.15		0.15	 0.30
TOTAL TAX RATES PER							
\$100 VALUATION	<u>\$</u>	0.45	\$	0.45	<u>\$</u>	0.45	\$ 0.45
ADJUSTED TAX LEVY*	\$ 1,14	10,276	\$	1,023,546	<u>\$</u>	979,129	\$ 951,996
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	92	2.26 %		99.22 %		<u>98.75</u> %	 98.9 <u>3</u> %

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

Maintenance Tax – Maximum tax rate of \$0.30 per \$100 of assessed valuation approved by voters on August 14, 1999.

LONG-TERM DEBT SERVICE REQUIREMENTS JUNE 30, 2016

REFUNDING SERIES-2012

Due During Fiscal Years Ending June 30	Principal Due September 1		Sep	erest Due otember 1/ March 1	Total			
2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032 2033	\$	235,000 210,000 220,000 225,000 240,000 245,000 255,000 275,000 270,000	\$	78,965 71,400 64,090 56,525 48,620 40,375 31,875 23,035 13,855 4,590	\$	313,965 281,400 284,090 281,525 288,620 285,375 286,875 288,035 288,855 274,590		
2034	\$	2,440,000	\$	433,330	\$	2,873,330		

LONG-TERM DEBT SERVICE REQUIREMENTS JUNE 30, 2016

S E R I E S - 2 0 1 3

Due During Fiscal Years Ending June 30	Principal Due September 1		nterest Due eptember 1/ March 1	Total			
2017	\$	115,000	\$ 226,225	\$	341,225		
2018		150,000	220,594		370,594		
2019		155,000	214,113		369,113		
2020		170,000	207,206		377,206		
2021		170,000	199,981		369,981		
2022		180,000	193,669		373,669		
2023		190,000	188,119		378,119		
2024		195,000	182,344		377,344		
2025		205,000	176,344		381,344		
2026		230,000	169,819		399,819		
2027		525,000	158,494		683,494		
2028		550,000	142,025		692,025		
2029		580,000	124,369		704,369		
2030		610,000	105,394		715,394		
2031		640,000	84,681		724,681		
2032		675,000	62,491		737,491		
2033		710,000	38,675		748,675		
2034		750,000	 13,125		763,125		
	\$	6,800,000	\$ 2,707,668	\$	9,507,668		

LONG-TERM DEBT SERVICE REQUIREMENTS JUNE 30, 2016

ANNUAL REQUIREMENTS FOR ALL SERIES

Due During Fiscal Years Ending June 30	Total Principal Due		In	Total terest Due	Total Principal and Interest Due		
2017	\$	350,000	\$	305,190	\$	655,190	
2018		360,000		291,994		651,994	
2019		375,000		278,203		653,203	
2020		395,000		263,731		658,731	
2021		410,000		248,601		658,601	
2022		425,000		234,044		659,044	
2023		445,000		219,994		664,994	
2024		460,000		205,379		665,379	
2025		480,000		190,199		670,199	
2026		500,000		174,409		674,409	
2027		525,000		158,494		683,494	
2028		550,000		142,025		692,025	
2029		580,000		124,369		704,369	
2030		610,000		105,394		715,394	
2031		640,000		84,681		724,681	
2032		675,000		62,491		737,491	
2033		710,000		38,675		748,675	
2034		750,000		13,125		763,125	
	\$	9,240,000	\$	3,140,998	\$	12,380,998	

CHANGES IN LONG-TERM BOND DEBT FOR THE YEAR ENDED JUNE 30, 2016

Description	В	Original onds Issued		Bonds utstanding ly 1, 2015
San Leon Municipal Utility District Unlimited Tax Refunding Bonds - Series 2012	\$	3,055,000	\$	2,670,000
San Leon Municipal Utility District Unlimited Tax Bonds - Series 2013 TOTAL	\$	7,000,000 10,055,000	<u>\$</u>	6,905,000 9,575,000
Bond Authority:	,	Tax Bonds		
Amount Authorized by Voters	\$	21,660,000		
Amount Issued		13,660,000		
Remaining to be Issued	\$	8,000,000		
Debt Service Fund cash, investment and cash with tax office balances as of June 30, 2016:			\$	1,271,345
Average annual debt service payment (principal and interest) for renof all debt:	naini	ng term	\$	687,833

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

Current Year Transactions

	Retirements			Bonds			
Bonds Sold	I	Principal		Interest		outstanding ne 30, 2016	Paying Agent
\$	\$	230,000	\$	86,870	\$	2,440,000	Branch Banking and Trust Company Charlotte, NC
		105,000		230,900		6,800,000	Amegy Bank National Association Houston, Texas
\$ -0-	\$	335,000	\$	317,770	\$	9,240,000	

COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES GENERAL FUND - FIVE YEARS

						Amounts
		2016		2015		2014
REVENUES						
Property Taxes	\$	375,324	\$	346,452	\$	352,294
Water Service		1,061,850		902,065		742,209
Wastewater Service		909,500		797,213		716,684
Street Lighting		122,871		121,421		116,131
Fire Fighting Service		264,013		260,986		254,582
Penalty and Interest		33,124		26,804		26,847
Tap Connection and Inspection Fees		131,095		150,305		107,340
Miscellaneous Revenues and FEMA Reimbursements		53,778		196,878		50,402
TOTAL REVENUES	\$	2,951,555	\$	2,802,124	\$	2,366,489
EXPENDITURES						
Personnel	\$	821,010	\$	802,330	\$	745,775
Professional Fees		93,142		76,786		71,595
Contracted Services		277,780		279,499		277,109
Purchased Water		401,450		271,963		231,550
Utilities		149,341		114,425		120,888
Repairs and Maintenance		350,445		396,783		626,807
Street Lighting		98,442		81,787		90,223
Other		539,028		512,561		451,416
Capital Outlay		454,017		271,392		121,091
Debt Service:		15 1,017		271,372		121,001
Note Principal		15,934		10,983		10,652
Note Interest		1,348		1,131		1,461
TOTAL EXPENDITURES	\$	3,201,937	\$	2,819,640	\$	2,748,567
TOTAL EATERDITURES	Ψ	3,201,937	Φ	2,819,040	ψ	2,740,307
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$	(250,382)	\$	(17,516)	\$	(382,078)
OVER EXITERATIONES	Ψ	(230,362)	Ψ	(17,510)	Ψ	(382,078)
OTHER FINANCING SOURCES (USES)						
Note Proceeds	\$	57,008	\$		\$	
Transfers In(Out)				89,243		10,429
TOTAL OTHER FINANCING SOURCES (USES)	\$	57,008	\$	89,243	\$	10,429
NET CHANGE IN FUND BALANCE	\$	(193,374)	\$	71,727	\$	(371,649)
BEGINNING FUND BALANCE		1,677,119		1,605,392		1,977,041
ENDING FUND BALANCE	\$	1,483,745	\$	1,677,119	\$	1,605,392

See accompanying independent auditor's report.

			Teremage of four revenues					_		
2013	2012		2016	2015		2014	2013		2012	_
\$ 639,718 759,831 697,196 113,259 277,947 26,619 97,245 59,194	\$ 610,456 787,987 731,978 109,651 256,563 28,708 87,880 96,371		12.8 % 36.0 30.8 4.2 8.9 1.1 4.4 1.8	12.3 32.2 28.5 4.3 9.3 1.0 5.4 7.0	%	14.9 % 31.4 30.2 4.9 10.8 1.1 4.6 2.1	6 24.0 28.4 26.0 4.2 10.4 1.0 3.7 2.3		22.6 29.1 27.0 4.0 9.5 1.1 3.2 3.5	%
\$ 2,671,009	\$ 2,709,594	_	100.0 %	100.0	%	100.0 %	6 100.0	%	100.0	%
\$ 674,277 89,239 287,320 221,503 128,611 394,221 86,415 480,538 247,671 13,809 3,891	\$ 693,439 84,182 270,727 189,852 126,512 395,460 60,766 391,522 87,374 7,627 1,615		27.8 % 3.2 9.4 13.6 5.1 11.9 3.3 18.3 15.4	28.6 2.7 10.0 9.7 4.1 14.2 2.9 18.3 9.7	%	31.5 % 3.0 11.7 9.8 5.1 26.5 3.8 19.1 5.1 0.5 0.1	6 25.2 3.3 10.8 8.3 4.8 14.8 3.2 18.0 9.3		25.6 3.1 10.0 7.0 4.7 14.6 2.2 14.4 3.2 0.3 0.1	%
\$ 2,627,495	\$ 2,309,076	_	108.5 %	100.6	%	116.2 %		_	85.2	%
\$ 43,514	\$ 400,518	=	(8.5) %	(0.6)	% =	(16.2) %	% <u>1.7</u>	%	14.8	%
\$	\$									
\$ - 0 -	\$ - 0 -									
\$ 43,514 1,933,527 1,977,041	\$ 400,518 1,533,009 1,933,527									

See accompanying independent auditor's report.

SAN LEON MUNICIPAL UTILITY DISTRICT COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES DEBT SERVICE FUND - FIVE YEARS

			Amount
	 2016	2015	2014
REVENUES Property Taxes Penalty and Interest Miscellaneous Revenues	\$ 738,199 33,358 2,281	\$ 673,126 40,435 772	\$ 635,207 37,062 278
TOTAL REVENUES	\$ 773,838	\$ 714,333	\$ 672,547
EXPENDITURES Tax Collection Expenditures Debt Service Principal Debt Service Interest and Fees Bond Issuance Costs	\$ 10,905 335,000 318,097	\$ 10,945 320,000 330,982	\$ 12,942 45,000 471,713
TOTAL EXPENDITURES	\$ 664,002	\$ 661,927	\$ 529,655
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 109,836	\$ 52,406	\$ 142,892
OTHER FINANCING SOURCES (USES) Long-Term Debt Issued Transfer to Refunding Escrow Agent Bond Premium	\$ 	\$	\$
TOTAL OTHER FINANCING SOURCES (USES)	\$ - 0 -	\$ - 0 -	\$ - 0 -
NET CHANGE IN FUND BALANCE	\$ 109,836	\$ 52,406	\$ 142,892
BEGINNING FUND BALANCE	 1,288,488	 1,236,082	 1,093,190
ENDING FUND BALANCE	\$ 1,398,324	\$ 1,288,488	\$ 1,236,082
TOTAL ACTIVE RETAIL WATER CONNECTIONS	 2,809	 2,637	 2,549
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	 2,795	 2,536	 2,536

				Percentage of Total Revenues							_		
	2013		2012	2016		2015		2014		2013		2012	_
\$	320,611 49,480 681	\$	305,680 32,562 775	95.4 4.3 0.3	%	94.2 5.7 0.1	%	94.4 5.5 0.1	%	86.5 % 13.3 0.2	б _	90.2 9.6 0.2	%
\$	370,772	\$	339,017	100.0	%	100.0	%	100.0	%	100.0 %	о́ <u>-</u>	100.0	%
\$	14,680 215,000 98,923	\$	13,108 170,000 163,032 79,325	1.4 43.3 41.1	%	1.5 44.8 46.3	%	1.9 6.7 70.1	%	4.0 % 58.0 26.7	⁄o _	3.9 50.1 48.1 23.4	%
\$	328,603	\$	425,465	85.8	%	92.6	%	78.7	%	88.7 %	о́ <u></u>	125.5	%
\$	42,169	\$	(86,448)	14.2	%	7.4	%	21.3	%	11.3 %	⁄о́ <u>=</u>	(25.5)	1 %
\$	246,588	\$	3,055,000 (3,127,998) 155,018										
\$	246,588	\$	82,020										
\$	288,757	\$	(4,428)										
	804,433		808,861										
<u>\$</u>	1,093,190	<u>\$</u>	804,433										
	2,445		2,382										
	2,431		2,368										

SAN LEON MUNICIPAL UTILITY DISTRICT BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS JUNE 30, 2016

District Mailing Address - San Leon Municipal Utility District

443 24th Street

San Leon, TX 77539

District's Telephone Number - (281) 339-1586

Board Members	Term of Office (Elected or Appointed)	ye	s of office for the ar ended e 30, 2016	Reimi f	xpense bursements for the ar ended 2 30, 2016	Title
Joe Manchaca	05/14 05/18 (Elected)	\$	-0-	\$	-0-	President
Tyson Kennedy	05/14 05/18 (Elected)	\$	2,250	\$	1,830	Vice President
Julie Hall	05/16 05/20 (Elected)	\$	2,100	\$	1,371	Secretary
Kenneth Bishop	05/16 05/20 (Elected)	\$	2,550	\$	1,019	Treasurer/ Investment Officer
Kelly Neason	03/16 05/18 (Appointed)	\$	450	\$	-0-	Assistant Secretary
John A. Kelly, Jr.	05/14 03/16	\$	1,950	\$	1,066	Resigned

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

Submission date of most recent District Registration Form (TWC Sections 36.054 and 49.054): April 22, 2016.

Limit on Fees of Office that a Director may receive during a fiscal year \$7,200 as set by Board Resolution (TWC Section 49.060) on August 13, 2005. Fees of Office are the amounts actually paid to a Director during the District's current fiscal year.

See accompanying independent auditor's report.

SAN LEON MUNICIPAL UTILITY DISTRICT BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS JUNE 30, 2016

		fo	Fees/ mpensation r the fiscal ear ended	
	Date Hired		ne 30, 2016	Title
Key Administrative Personnel:	_		_	
Janice Hoffman	07/23/95	\$	73,211	Office Manager
Ken Keller	04/96	\$	76,597	Field Supervisor
Consultants:				
Reid, Strickland & Gillette	Prior to 1992	\$	15,098	General Counsel
McCall Gibson Swedlund Barfoot PLLC	06/20/95	\$	15,250	Auditor
Linebarger Goggan Blair and Sampson, LLP	1992	\$	10,905	Delinquent Tax Attorney
AEI Engineering	12/21/10	\$	141,514	Engineer
SAMCO Capital Markets	06/22/03	\$	2,500	Financial Advisor
Galveston County Tax Assessor	9/2002	\$	1,456	Tax Collector

AL ESON COUNTY, TE AS

ANNUAL FINANCIAL REPORT

JUNE 30, 2017

SAN LEON MUNICIPAL UTILITY DISTRICT AL ESON COUNTY, TE AS ANNUAL FINANCIAL REPORT JUNE 30, 2017

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McCALL GIBSON SWEDLUND BARFOOT PLLC

Certified Public Accountants

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9600 Great Hills Trail Suite 150W Austin, Texas 78759 (512) 610-2209 www.mgsbpllc.com

INDEPENDENT A DITOR S REPORT

Board of Directors
San Leon unicipal tility District
alveston County, Texas

We have audited the accompanying financial statements of the governmental activities and each ma or fund of San Leon unicipal tility District the District as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

M R F S

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

A R

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

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

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

Board of Directors San Leon unicipal tilityDistrict

$\mathbf{0}$

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 ma of und of the District as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the nited States of America.

O M

Required Supplementary Information

Accounting principles generally accepted in the nited States of America require that the anagement of Discussion and Analysis and the Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual eneral Fund be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the overnmental 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 nited States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with managements 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 basic financial statements. The supplementary information required by the Texas Commission on Environmental uality 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 naudted on which we express no opinion or provide any assurance, has been sub ectedo 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 nited 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.

cCall ibson SwedlundBarfoot PLLC Certified Public Accountants Houston, Texas

October 16, 2017

MANA EMENT S DISCUSSIO AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017

anagement discussion and analysis of San Leon unicipal tilty District sthe District financial performance provides an overview of the District dinancial activities for the fiscal year ended June 30, 2017. Please read it in con unction with District s financial statements.

USIN 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 2notes to the financial statements. The combined fund financial statements and government-wide financial statements combine both: 1 the Statement of Net Position and overnmental Funds Balance Sheet and 2 the Statement of Activities and overnmental 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.

O ERNMENT IDE FANCIAL STATEMENTS

The District sannual report includes two financial statements combining the government-wide financial statements and the fund financial statements. The government-wide portion of these statements provides both long-term and short-term information about the District 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 first of the government-wide statements is the Statement of Net Position. This is the District-wide statement of position presenting information that includes all of the District s assets, liabilities, and, if applicable, deferred inflows and outflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

The government-wide portion of the Statement of Activities reports how the District snet 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 ob ectives. The District has three governmental fund types. The eneral Fund accounts for resources not accounted for in another fund, customer service revenues, operating costs and general expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes. The Capital Pro ects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

MANA EMENT S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017

FUND FINANCIAL STATEMENTS Continued

overnmental funds are reported in each of the financial statements. The focus in the fund statements provides a distinctive view of the District 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 ad ustants columns, the Reconciliation of the overnmental Funds Balance Sheet to the Statement of Net Position and the Reconciliation of the overnmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities explains the differences between the two presentations and assists in understanding the differences between these two perspectives.

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

O ERNMENT IDE FINANCIAANALYSIS

Net position may serve over time as a useful indicator of the District financial position. In the case of the District, assets exceeded liabilities by \$5,644,097 as of June 30, 2017. A portion of the District's net position reflects its net investment in capital assets water and wastewater facilities as well as vehicles and equipment less any debt used to acquire those assets that is still outstanding .

MANA EMENT S DISCUSSIO AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017

O ERNMENT IDE FINANCIAANALYSIS Continued

A comparative analysis of government-wide changes in net position is presented below:

	Summary of Changes in the Statement of Net Position					
		2017		2016		Change Positive Ngative
Current and Other Assets	\$	4,322,697	\$	5,611,203	\$	1,288,56
Capital Assets & of Accumulated Depreciation		10,941,012		9,968,955		972,057
Total Assets	\$	15,263,709	\$	15,580,158	\$	316,449
Bonds and Notes Payable Other Liabilities	\$	8,886,390 733,222	\$	9,242,172 935,445	\$	355,782 202,223
Total Liabilities	\$	9,619,612	\$	10,177,617	\$	558,005
Net Position: Net Investment in Capital Assets Restricted nrestricted	\$	2,426,624 1,483,055 1,734,418	\$	2,406,288 1,435,066 1,561,187	\$	20,336 47,989 173,231
Total Net Position	\$	5,644,097	\$	5,402,541	\$	241,556

The following table provides a summary of the District s operators for the years ending June 30, 2017, and June 30, 2016.

	Summary of Changes in the Statement of Activities					Activities
	2017			Pos		Change Positive Ngative
Revenues:						
Property Taxes	\$	1,221,215	\$	1,134,880	\$	86,335
Charges for Services		3,021,125		2,555,811		465,314
Other Revenues		174,099		60,786		113,313
Total Revenues	\$	4,416,439	\$	3,751,477	\$	664,962
Expenses for Services		4,174,883		3,354,794		820,089
Change in Net Position	\$	241,556	\$	396,683	\$	155,217
Net Position, Beginning of Year		5,402,541		5,005,858		396,683
Net Position, End of Year	\$	5,644,097	\$	5,402,541	\$	241,556

MANA EMENT S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017

FINANCIAL ANALYSIS OF THE DISTRICT S O ERNMENTAL FUNDS

The District combined fund balances as of June 30, 2017, were \$3,468,300, a decrease of \$1,093,274 from the prior year.

The eneral Fund fund balance increased by \$164,274, primarily due to a transfer from the Capital Pro ects Fund to reithurse the eneral Fund for capitalcosts paid in prior years.

The Debt Service Fund fund balance increased by \$49,955, primarily due to the structure of the District s debt service requirements.

The Capital Pro ects Fund fund balance decreased by \$1,307,503, primarily due to capital expenditures paid from bond proceeds received in a prior fiscal year.

ENERALFUND BUD ETARY HI HLI HTS

The Board of Directors amended the budget during the current fiscal year to ad usteveral expenditure categories for a more accurate representation. Actual revenues were \$661,650 higher than budgeted revenues, primarily due to higher than anticipated revenues in almost every category. Actual expenditures exceeded budgeted expenditures by \$721,732, primarily due to higher than anticipated purchased water costs, legal fees relating to Clean Harbors dispute and solid waste collection expenditures, which were not budgeted.

CAPITAL ASSETS

Capital assets as of June 30, 2017, total \$10,941,012 nebf accumulated depreciation and include land, buildings, vehicles and equipment as well as the water and wastewater systems. Significant capital asset activity during the year included the purchase of a mini excavator, boring machine, riding lawn mower, clarifier at wastewater treatment plant, manhole replacement, water and sewer line extensions, and 10 valve intallation.

Capital Assets At Year-End, Net of Accumulated Depreciation

			Change Positive
	2017	 2016	Agative
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 151,807	\$ 151,807	\$
Construction in Progress	77,321	33,199	44,122
Capital Assets, Net of Accumulated			
Depreciation:			
Buildings, ehicles, and Equipment	338,325	335,572	2,753
Water System	5,192,789	4,807,505	385,284
Wastewater System	 5,180,770	 4,640,872	 539,898
Total Net Capital Assets	\$ 10,941,012	\$ 9,968,955	\$ 972,057

MANA EMENT S DISCUSSIO AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017

LON TERM DEBACTI ITY

As of June 30, 2017, the District had total bond debt payable of \$8,890,000. The changes in the debt position of the District during the fiscal year ended June 30, 2017, are summari edas follows:

Bond Debt Payable, July 1, 2016	\$ 9,240,000
Less: Bond Principal Paid	 350,000
Bond Debt Payable, June 30, 2017	\$ 8,890,000

The District Series 2013 bonds carry an insured rating of AA by virtue of bond insurance issued by Assured uaranty unicipal Corporation. The District's underlying rating is BBB

The District diabilities also include notes payable for the purchase of a Case 580N 2WD Loader/Extendahoe, a Case CX31B Compact Excavator and a Case CX36B Compact Excavator.

CONTACTIN THE DISTRICTS MANA EMENT

This financial report is designed to provide a general overview of the District sfinances. uestions concerning any of the information provided in this report or requests for additional information should be addressed to San Leon unicipal tility District, 443 24th Street, San Leon, Texas 77539.

STATEMENT OF NET POSITION AND O ERNMENTAIFUNDS BALANCE SHEET JUNE 30, 2017

		15 1	~	Debt
	- 6	eneral Fund	Service Fund	
ASSETS				
Cash	\$	382,411	\$	295,251
Investments		1,655,922		1,007,730
Cash with alreston County Tax Office				3,020
Receivables:				
Property Taxes		86,399		94,360
Penalty and Interest on Delinquent Taxes				
Service Accounts		293,069		
Due from Other Funds				142,278
Land				
Construction in Progress				
Capital Assets & of Accumulated Depreciation				
TOTAL ASSETS	\$	2,417,801	\$	1,542,639

Capital Pro ects Fund		Total		Ad ustments		Statement of Net Position		
\$	322,786 141,749	\$ 1,000,448 2,805,401	\$		\$	1,000,448 2,805,401		
	141,742	3,020				3,020		
		180,759				180,759		
				40,000		40,000		
		293,069				293,069		
	1,137	143,415		143,415				
				151,807		151,807		
				77,321		77,321		
				10,711,884		10,711,884		
\$	465,672	\$ 4,426,112	\$	10,837,597	\$	15,263,709		

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

STATEMENT OF NET POSITION AND O ERNMENTAIFUNDS BALANCE SHEET JUNE 30, 2017

	eı	neral Fund	Se	Debt ervice Fund
LIABILITIES				
Accounts Payable	\$	241,743	\$	
Accrued Interest Payable				
Due to Other Funds		143,415		
Security Deposits		298,225		
Long-Term Liabilities:				
Bonds Payable, Due Within One Year				
Bonds Payable, Due After One Year				
Notes Payable, Due Within One Year				
Notes Payable, Due After One Year				
TOTAL LIABILITIES	\$	683,383	\$	-0-
DEFERRED INFLO S OF RESOURCES				
Property Taxes	\$	86,399	\$	94,360
Troperty Tunes	Ψ	00,377	Ψ	71,500
FUND BALANCES				
Restricted for Authori ed Construction	\$		\$	
Restricted for Debt Service				1,448,279
Assigned to 2018 Budget Deficit		3,547		, -,
nassigned		1,644,472		
	-	1,0 : :, : / 2		
TOTAL FUND BALANCES	\$	1,648,019	\$	1,448,279
TOTAL LIABILITIES, DEFERRED INFLO S				
OF RESOURCES AND FUND BALANCES	\$	2,417,801	\$	1,542,639

NET POSITION

Net Investment in Capital Assets Restricted for Debt Service nrestricted

TOTAL NET POSITION

Capital Pro ects Fund		Total		Ad ustments		et Position
\$ 93,670	\$	335,413	\$	99,584	\$	335,413 99,584
		143,415 298,225		143,415		298,225
				360,000 8,458,524 38,388 29,478		360,000 8,458,524 38,388 29,478
\$ 93,670	\$	777,053	\$	8,842,559	\$	9,619,612
\$ -0-	\$	180,759	\$	180,759	\$	-0-
\$ 372,002	\$	372,002 1,448,279 3,547 1,644,472	\$	372,002 44,48,279 3,547 1,644,472	\$	
\$ 372,002	\$	3,468,300	\$	3,468,300	\$	- 0 -
\$ 465,672	\$	4,426,112				
			\$	2,426,624 1,483,055 1,734,418	\$	2,426,624 1,483,055 1,734,418
			\$	5,644,097	\$	5,644,097

SAN LEON MUNICIPAL UTILITY DISTRICT RECONCILIATION OF THE O ERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2017

Total Fund Balances - overnmental Funds		\$ 3,468,300
Amounts reported for governmental activities in the S different because:	tatement of Net Position are	
Capital assets used in governmental activities are no and, therefore, are not reported as assets in the governmental activities are no and, therefore, are not reported as assets in the governmental activities are no and, therefore, are not reported as assets in the governmental activities are no and, therefore, are not reported as assets in the governmental activities are no and, therefore, are not reported as assets in the governmental activities are no and, therefore, are not reported as assets in the governmental activities are no and, therefore, are not reported as assets in the governmental activities are no and activities are no activities are not reported as assets in the governmental activities are no activities are not reported as assets in the governmental activities are not reported as assets in the governmental activities are not reported as assets in the governmental activities are not reported as assets and activities are not reported as a second activities activities are not reported as a second activities are not r	10,941,012	
Deferred tax revenues and penalty and interest receive the 2016 and prior tax levies became part of governmental activities of the District.	220,759	
Certain liabilities are not due and payable in the curre not reported as liabilities in the governmental funds. consist of:	-	
Accrued Interest Payable	§ 9, 9 84	
Bonds Payable	8,818,524	
Notes Payable	67,866	 8,985,947
Total Net Position - overnmental Activities		\$ 5,644,097



STATEMENT OF ACTI ITIESAND O ERNMINTAL FUNDS STATEMENT OF RE ENUIS, E IENDITURES AND CHAN ES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2017

DE DAMES		eneral Fund	Se	Debt rvice Fund
RE ENUES Property Taxes Water Service Wastewater Service Street Lighting Fire Fighting Service Solid Waste Service	\$	550,579 1,115,885 895,413 126,999 273,616 284,769	\$	667,937
Penalty and Interest		35,419		46,944
Tap Connection and Inspection Fees iscellaneous Revenues		242,080 164,026		4,776
TOTAL RE ENUES	\$	3,688,786	\$	719,657
E PENDITURES EPENSES	Ψ	2,000,700	Ψ	7 2 3 ,00 7
Service Operations: Personnel Professional Fees Contracted Services Purchased Water tilities Repairs and aintenance Street Lighting Depreciation	\$	910,236 317,231 595,865 436,831 121,567 236,383 71,871	\$	14,185 300
Other Capital Outlay		758,297 301,782		27
Debt Service: Bond Principal Bond Interest Note Principal Note Interest		38,100 3,401		350,000 305,190
TOTAL E PENDITURES E ENSES	\$	3,791,564	\$	669,702
E CESS DEICIENCY OF RE ENUES O ER				
E PENDITURES EPENSES	\$	02,778	\$	49,955
OTHER FINANCIN SOURCES USE Transfers In Otu Note Proceeds	\$	233,139 33,913	\$	
TOTAL OTHER FINANCIN SOURCES USS	\$	267,052	\$	-0-
NET CHAN E IN FUND BALANCES	\$	164,274	\$	49,955
CHAN EIN NET POSITION				
FUND BALANCES NET POSITION JULY 1, 201		1,483,745		1,398,324
FUND BALANCES NET POSITION JUNE 30, 2017	\$	1,648,019	\$	1,448,279

Pr	Capital o ects Fund			A	d ustments	Statement of Activities		
\$	5,297	\$	1,218,516 1,115,885 895,413 126,999 273,616 284,769 82,363 242,080 174,099	\$	2,699	\$	1,221,215 1,115,885 895,413 126,999 273,616 284,769 82,363 242,080 174,099	
\$	5,297	\$	4,413,740	\$	2,699	\$	4,416,439	
\$	4,701	\$	910,236 336,117 596,165 436,831 121,567 236,383 71,871	\$		\$	910,236 336,117 596,165 436,831 121,567 236,383 71,871	
	1,074,960		758,324 1,376,742		403,737 948 1,376,742		403,737 759,272	
			350,000 305,190 38,100		350,000 5,887 38,100		299,303	
\$	1,079,661	\$	3,401 5,540,927	\$	1,366,044	\$	3,401 4,174,883	
\$	1,07 3 ,64	\$	1,127,187	\$	1,368,743	\$	241,556	
\$	23339	\$	33,913	\$	33,913	\$		
\$	233,39	\$	33,913	\$	33,913	\$	-0-	
\$	1,303,03	\$	1,093,274	\$	1,093,274	\$		
	1 (70 505		4.5(1.574		241,556		241,556	
\$	1,679,505 372,002	\$	4,561,574 3,468,300	\$	2,175,797	\$	5,402,541 5,644,097	
Ψ	512,002	Φ	3,700,300	Ψ	4,113,131	Ψ	5,077,057	

RECONCILIATION OF THE O ERNMENTAL FUNDS STATEMENT OF RE ENUIS, E MENDITURES AND CHAN ES IN FUND BALANCES TO THE STATEMENT OF ACTI ITIES FOR THE YEAR ENDED JUNE 30, 2017

Net Change in Fund Balances - overnmental Funds	\$ 1,093,724
Amounts reported for governmental activities in the Statement of Activities are different because:	
overnmental 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.	2,699
overnmental 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.	403,737
overnmental 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.	1,375,794
overnmental 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.	350,000
overnmental 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.	5,887
overnmental funds report note principal payments as expenditures. However, in the Statement of Net Position, note principal payments are reported as decreases in long-term liabilities.	38,100
overnmental funds report note proceeds as other financing sources. However, note proceeds increase long-term liabilities in the Statement of Net Position.	 33,93
Change in Net Position - overnmental Activities	\$ 241,556

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2017

NOTE 1. CREATION OF DISTRICT

San Leon unicipal tilityDistrict, located in alvestonCounty, Texas, the District was created ay 26, 1965, by House Bill 1082 Chapter 520, Acts of the 59th Legislature of the State of Texas. Pursuant to the provisions of Chapter 49 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, sanitary sewer service, storm sewer drainage, irrigation, solid waste collections and disposal including recycling, and to construct parks and recreational facilities for the residents of the District. The District is also empowered to contract for or employ its own peace officers with powers to make arrests and to establish, operate and maintain a fire department to perform all fire-fighting activities within the District. The Board of Directors held its first meeting on arch 28, 1973, and the first bonds were sold on July 10, 1975.

NOTE 2. SI NIFICANTACCOUNTIN POLICIES

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the nited States of America as promulgated by the overnmental Accounting Standards Board
ASB 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 uality the Commission

The District is a political subdivision of the State of Texas governed by an elected board. ASB 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. Indee 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 is statement as component units.

Financial Statement Presentation

These financial statements have been prepared in accordance with ASB Codification of overnmental Accounting and Financial Reporting Standards Part II, Financial Reporting.

ASB Codification set 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 nrestricted. These classifications are defined as follows:

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2017

NOTE 2. SI NIFICANTACCOUNTIN POLICIES Continued

Financial Statement Presentation 6ntinued

- 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.
- nrestrictedNet 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 setricted resources first.

overnment-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. The District 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 ad usting the governmental fund types to report on the full accrual basis, economic resource basis, which recogni es 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 ad usting 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 ad ustant to obtain net total revenue and expense of the government-wide Statement of Activities.

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2017

NOTE 2. SI NIFICANTACCOUNTIN POLICIES Continued

Fund Financial Statements

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

overnmental Funds

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

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

<u>Debt Service Fund</u> - 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.

<u>Capital Pro ects Fund</u> - To account for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

Basis of Accounting

The District uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recogni es revenues when both measurable and available. easurable means the amount can be determined. Available means collectable within the current period or soon enough thereafter to pay current liabilities. The District considers revenues reported in 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 recogni ed aexpenditures when payment is due.

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

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the overnmental 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.

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2017

NOTE 2. SI NIFICANTACCOUNTIN 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 capitali edand depreciated over the estimated useful life of the asset. Interest costs, including developer interest, engineering fees and certain other costs are capitali ed as part of the asset.

Assets are capitali ed, including infrastructure assets, if they have an original cost greater than \$5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Estimated useful lives are as follows:

	Years
Buildings	40
Water System	10-45
Wastewater System	10-45
All Other Equipment	3-20

Budgeting

In compliance with governmental accounting principles, the Board of Directors annually adopts an unappropriated budget for the eneralFund. The budget was amended during the current fiscal year.

Pensions

Payments are made into the Social Security system for employees of the District. In addition, other retirement plan arrangements have been made as further described in Note 10. The Internal Revenue Service has determined that the directors are considered to be employees for federal payroll tax purposes only. Directors do not participate in the retirement plan.

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2017

NOTE 2. SI NIFICANTACCOUNTIN POLICIES Continued

easurement Focus

easurement focus is a term used to describe which transactions are recogni edwithin 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 ob ectives 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.

overnmental 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. The District does not have any nonspendable fund balances.

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

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

Assigned: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances. The District has assigned \$3,547 of its eneral Fund fund balance to cover a proected 2018 budget deficit.

Unassigned: all other spendable amounts in the eneral 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.

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2017

NOTE 2. SI NIFICANTACCOUNTIN POLICIES Continued

Accounting Estimates

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

NOTE 3. LON TERM DEBT

	Refunding Series 2012	Series 2013
Amounts Outstanding June 30, 2017	\$ 2,205,000	\$ 6,685,000
Interest Rates	3.40%	3.00% - 4.25%
aturity Dates Serially Beginning/Ending	September 1, 2017/2025	September 1, 2017/2033
Interest Payment Dates	September 1/ arch 1	September 1/ arch 1
Callable Dates	N/A	September 1, 2020

Orany date thereafter, at a price equal to the par value plus accrued interest from the most recent interest payment date to the date fixed for redemption.

The following is a summary of transactions regarding bonds payable for the year ended June 30, 2017:

		July 1,						June 30,
	2016		Additions		Re	tirements	2017	
Bonds Payable nanorti ed Discounts nanorti ed Premiums	\$	9,240,000 173,61 103,760	\$		\$	350,000 10,329 11,924	\$	8,890,000 163,B2 91,836
Bonds Payable, Net	\$	9,170,119	\$	-0-	\$	351,595	\$	8,818,524
			Amount Due Within One Year Amount Due After One Year			\$	360,000 8,458,524	
			Bonds Payable, Net			\$	8,818,524	

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2017

NOTE 3. LON TERM DEBT Continued

As of June 30, 2017, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal			Interest	Total		
2018	\$	360,000	\$	291,994	\$	651,994	
2019	,	375,000	•	278,203	*	653,203	
2020		395,000		263,731		658,731	
2021		410,000		248,601		658,601	
2022		425,000		234,044		659,044	
2023-2027		2,410,000		948,475		3,358,475	
2028-2032		3,055,000		518,960		3,573,960	
2033-2034		1,460,000		51,800		1,511,800	
	\$	8,890,000	\$	2,835,808	\$	11,725,808	

As of June 30, 2017 the District had authori edbut unissued bonds in the amount of \$8,000,000. The bonds are payable from the proceeds of an ad valorem tax levied upon all property sub ect to taxation with the District, without limitation as to rate or amount.

During the year ended June 30, 2017, the District levied an ad valorem debt service tax rate of \$0.2459 per \$100 of assessed valuation, which resulted in a tax levy of \$660,029 on the ad ustedaxable valuation of \$268,254,303 for the 2016 tax year. The bond resolutions require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 8 for the maintenance tax levy.

The District s tax calend is as follows:

Levy Date - October 1 or as soon thereafter as practicable.

Lien Date - January 1.

Due Date - pon receipt but not later than January 31.

Delinquent Date - February 1, at which time the taxpayer is liable for penalty and interest.

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2017

NOTE . SI NIFICANTBOND RESOLUTIONS AND LE ALRE UIREMENTS

The bond resolutions state that the District is required to provide continuing disclosure of certain general financial information included in an annual audit to certain information repositories. The audit, which includes audited annual financial statements, is to be provided at the end of each fiscal year and shall continue to be provided through the life of the bonds.

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

NOTE 5. DEPOSITS AND IN ESTMENTS

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 sleposit 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 sdeposits was \$1,413,916 and the bank balance was \$1,569,172. The District was not exposed to custodial credit risk at year-end.

The carrying values of the deposits are included in the overnmental Funds Balance Sheet and the Statement of Net Position at June 30, 2017, as listed below:

	Certificates					
	Cash		of Deposit		Total	
ENERAL F ND	\$	382,411	\$	413,468	\$	795,879
DEBT SER CE F ND		295,251				295,251
CAPITAL PROJECTS F ND		322,786				322,786
TOTAL DEPOSITS	\$	1,000,448	\$	413,468	\$	1,413,916

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2017

NOTE 5. DEPOSITS AND IN ESTMENTS Continued

Investments

nderTexas law, the District is required to invest its funds under written investment policies that primarily emphasi 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 ob ectives: understanding the suitability of the investment to the District sinancial 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 sinvestments must be made with udgent and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person swn 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. Authori ed investments are summari edas follows: 1 obligations of the nited States or its agencies and instrumentalities. 2 direct obligations of the State of Texas or its agencies and instrumentalities. 3 certain collaterali edmortgage obligations, 4 other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the nited States or its agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full 5certain A rated or higher obligations of states, agencies, faith and credit of the nited States, counties, cities, and other political subdivisions of any state, 6 bonds issued, assumed or guaranteed by the State of Israel, 7insured or collaterali de certificates of deposit, 8 certain fully collaterali edepurchase agreements secured by delivery, 9 certain bankers acceptances commerciaper rated A-1 or P-1 or higher and a maturity of 270 days or less, 11 no-load money market mutual funds and no-load mutual funds with limitations, certain guaranteed investment contracts, 13 certain qualified governmental investment pools a qualified sections lending program.

The District invests in TexPool, an external investment pool that is not SEC-registered. The State Comptroller of Public Accounts of the State of Texas has oversight of the pool. Federated Investors, Inc. manages the daily operations of the pool under a contract with the Comptroller. TexPool meets the criteria established in ASB Statement No. 79 and measures all of its portfolio assets at amorti edcost. As a result, the District also measures its investments in TexPool at amorti edcost for financial reporting purposes. There are no limitations or restrictions on withdrawals from TexPool.

The District invests in the Texas Short Term Asset Reserve Program XISTAR an external public funds investment pool that is not SEC-registered. J. P. organ Investment anagement Inc. provides investment management and FirstSouthwest, a division of Hilltop Securities Inc.,

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2017

NOTE 5. DEPOSITS AND IN ESTMENTS Continued

Investments Continued

provides participant services and marketing under an agreement with the TexSTAR Board of Directors. Custodial, fund accounting and depository services are provided by JP organ Chase Bank, N.A. and/or its subsidiary J.P. organ Investors Services Co. Investments held by TexSTAR are marked to market daily. The investments are considered to be Level I investments because their fair value is measured by quoted prices in active markets. The fair value of the District position in the pool is the same as the value of the pool shares. There are no limitations or restrictions on withdrawals from TexSTAR. As of June 30, 2017, the District had the following investments and maturities:

		aturities in Years					
Fund and		Less Than			ore Than		
Investment Type	Fair alue	1	1-5	6-10	10		
ENERAL F ND							
TexPool	\$1,242,454	\$ 1,242,454	\$	\$	\$		
Certificates of Deposit	413,468	204,227	209,241				
DEBT SER CE F ND							
TexPool	761,395	761,395					
TexSTAR	246,335	246,335					
CAPITAL PROJECTS F ND							
TexSTAR	141,749	141,749	<u> </u>	·			
TOTAL IN EST ENTS	\$2,805,401	\$ 2,596,160	\$ 209,241	\$ -0-	\$ -0-		

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2017, the District investments in TexPool and TexSTAR were rated AAAm by Standard and Poor s. The District manages credit risk by typically investing in certificates of deposit with balances below FDIC and NC Acoverages. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investments in TexPool and TexSTAR to have maturities of less than one year due to the fact the share positions can be redeemed each day at the discretion of the District. The District manages interest rate risk by investing in certificates of deposit with maturities less than eighteen months.

Restrictions

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

NOTE . RIS MANA EMENT

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 from which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2017

NOTE 7. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2017 is as follows:

	July 1,			June 30,
	2016	Increases	Decreases	2017
\mathbf{C} AN BD				
Land and Land Improvements	\$ 151,807 \$		\$	\$ 151,807
Construction in Progress	33,199	1,375,794	1,331,672	77,321
T C A N B D	<u>\$ 185,006</u> <u>\$</u>	1,375,794	\$ 1,331,672	\$ 229,128
C A S D				
Buildings, ehicles, and Equipment	\$ 880,371 \$	50,330	\$ 43,215	\$ 887,486
Water System	6,622,896	537,480		7,160,376
Wastewater System	9,045,176	743,862	29,449	9,759,589
T C A S D	\$ 16,548,443	1,331,672	\$ 72,664	\$ 17,807,451
L A D				
Buildings, ehicles, and Equipment	\$ 544,799 \$,	\$ 43,215	\$ 549,161
Water System	1,815,391	152,196		1,967,587
Wastewater System	4,404,304	203,964	29,449	4,578,819
T A D	\$ 6,764,494 \$	403,737	\$ 72,664	\$ 7,095,567
T D C AN				
A D	\$ 9,783,949 \$	927,935	\$ -0-	\$ 10,711,884
T C A , N A				
D	\$ 9,968,955	2,303,729	\$ 1,331,672	\$ 10,941,012

NOTE . **MAINTENANCE TA**

On August 14, 1999, the voters of the District approved the levy and collection of a maintenance tax not to exceed \$0.30 per \$100 of assessed valuation of taxable property within the District. During the year ended June 30, 2017, the District levied an ad valorem maintenance tax rate of \$0.2041 per \$100 of assessed valuation, which resulted in a tax levy of \$547,930 on the ad ustedaxable valuation of \$268,254,303 for the 2016 tax year. The maintenance tax is to be used by the eneral Fund to pay expenditures of operating the District s water and sew system.

NOTE . SURFACE ATER SUPPLY CONTRACT

On ay 13, 1985, the District executed an agreement with the alveston County Water Authority, presently known as the ulf Coast Water Authority he Authority. This agreement has been subsequently amended. The contract allows the Authority to acquire, construct and operate a water treatment plant and related water supply system in order to provide potable water to its customers. Charges to the District include its allocation of raw water charges, capital charges and operating and maintenance charges. During the current fiscal year, the District recorded \$436,831 in water costs attributable to this contract. The term of this agreement was extended through December 31, 2027.

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2017

NOTE 10. RETIREMENT PLAN

On arch 1, 1997, the District implemented a Simple Individual Retirement Account IRAto benefit the employees of the District. This retirement plan calls for the District to match up to 3% of each employee sontribution based on employee gross wages. The accounts are set up in each participating employee name and are the property of the named employee. During the current year, the District share of cost associated with this lan was \$17,628.

NOTE 11. STREET LI HTIN

On April 23, 1997, the Texas Legislature passed a bill which allows the District, with voter approval, to install, operate and maintain street lighting. The District can assess the cost of installation, operating and maintaining the street lighting as an additional charge on the monthly billings of the District scustomers. In November, 1999, the voters of the District approved street lighting for the District. The current street lighting charge is \$3.95 per month per customer. During the current year, the District recorded \$126,999 in revenues and \$71,871 in costs related to street lighting.

NOTE 12. FIRE PRE ENTION SER CES

On August 10, 1982 the District entered into a Fire Prevention Service Agreement with San Leon olunteerFire Department. This agreement was amended in 1998, 2006, 2009 and 2011. Effective arch 22, 2011, the District began billing a mandatory fee of \$8.00 per month per customer for fire prevention services. During the current fiscal year, the District received \$273,616 in fire prevention service revenues.

NOTE 13. INTERFUND RECEI ABLESAND PAYABLES

As of June 30, 2017, the eneral Fund recorded a payable in the amount of \$142,278 to the Debt Service Fund for debt service tax collections and a payable in the amount of \$1,137 to the Capital Pro ects Fund for expendites related to a previous bond issue.

NOTE 1 . SUBSE UENTE ENT BOND SALE

Subsequent to year end, the District closed on the sale of its Series 2017 nlimited Tax Bonds in the amount of \$3,000,000. A portion of the proceeds will be used for 1 water plant no. 1 emergency generator replacement 2 wastewater treatment plant emergency generator replacement 3 wastewater manhole L24N replacement 4 wastewater flow monitoring evaluation 5 plugging and capping waterfront manholes and 6 wastewater system rehabilitation, phase 2. Additional proceeds will be used for capitali edinterest and costs of issuing the bonds.

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2017

NOTE 15. NOTES PAYABLE

In a prior year, the District entered into a 60-month Equipment Financing Agreement with Welch State Bank to finance a Case 580N 2WD Loader/Extendahoe. The monthly payments are \$1,009 with interest accruing at 3.05% annually on the unpaid balance. The following is a schedule of future note payments regarding the note payable as of June 30, 2017.

Fiscal Year	Pr	Principal		Interest		Total	
2018	\$	7,983	\$	92	\$	8,075	

In a prior year, the District entered into a 36-month Equipment Financing Agreement with CNH Industrial Capital America LLC to finance a Case CX31B Compact Excavator. The monthly payments are \$1,723 with interest accruing at 5.85% annually on the unpaid balance. The following is a schedule of future note payments regarding the note payable as of June 30, 2017.

Fiscal Year	Principal	<u>Interest</u>	 Total
2018	\$ 19,17	4 \$ 1,498	\$ 20,672
2019	15,13	4 371	15,505
	\$ 34,30	\$ 1,869	\$ 36,177

On October 4, 2016, the District entered into a 36-month Equipment Financing Agreement with CNH Industrial Capital America LLC to finance a Case CX36B Compact Excavator. The monthly payments are \$968 with interest accruing at 1.90% annually on the unpaid balance. The following is a schedule of future note payments regarding the note payable as of June 30, 2017.

Fiscal Year	Principal	Interest	Total
2018	\$ 11,231	\$ 388	\$ 11,619
2019	11,446	173	11,619
2020	2,898	9	2,907
	\$ 25,575	\$ 570	\$ 26,145

The following is a summary of transactions regarding the notes payable as of June 30, 2017:

	Jul	y 1, 2016	Additions		Retirements		June 30, 201	
Total Notes Payable	\$	72,053	\$	33,913	\$	38,100	\$	67,866
			Notes Payable, Due Within One Year Notes Payable, Due After One Year			\$	38,388 29,478	
			Total Notes Payable - June 30, 2017			\$	67,866	



RE UIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2017

SCHEDULE OF RE ENUES, E PENDITURES AND CHAN ESIN FUND BALANCE BUD ET AND ACTUAL ENERAL FUND FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Final Amended Budget	Actual	ariance Positive Sgative
RE ENUES				
Property Taxes	\$ 503,427	\$ 503,426	\$ 550,579	\$ 47,153
Water Service	1,045,238	1,045,238	1,115,885	70,647
Wastewater Service	911,357	911,356	895,413	1 ,9 43
Street Lighting	122,608	122,872	126,999	4,127
Fire Fighting Service	263,467	264,000	273,616	9,616
Solid Waste Service			284,769	284,769
Penalty and Interest	24,000	30,000	35,419	5,419
Tap Connection and Inspection Fees	118,183	118,183	242,080	123,897
iscellaneous Revenues	30,821	32,061	164,026	131,965
TOTAL RE ENUES	\$3,019,101	\$3,027,136	\$ 3,688,786	\$ 661,650
E ENDITURES Services Operations:	¢ 977 000	¢ 074.446	¢ 010.227	¢ 2500
Personnel Personnel Fees	\$ 877,990	\$ 874,446	\$ 910,236	\$ 3, 5 90
Professional Fees	145,475	179,000	317,231	13831
Fire Fighting Expenses Purchased Water	15,009	264,000	256,622	7,378
tilities	275,951 37,865	356,000	436,831 121,567	8 ,8 31 16,433
	305,522	138,000 280,000	236,383	43,617
Repairs and aintenance Street Lighting	9,249	92,000	71,871	20,129
Other	1,202,285	566,386	1,139,041	57 ½ ,55
Capital Outlay	260,000	320,000	301,782	18,218
TOTAL E PENDITURES	\$3,129,346	\$3,069,832	\$ 3,791,564	\$ 721,732
	· , , ,	<u>· </u>	· , , , , , , , , , , , , , , , , , , ,	<u>· </u>
E ŒSS DEFICIENCY OF RE ENUES O ER E PENDITURES	<u>\$ 110,24</u> 5	\$ 42,696	\$ 120,778	\$ 60,082
OTHER FINANCIN SOURCES USES				
Transfers In Out	\$	\$	\$ 233,139	\$ 233,139
Note Proceeds			33,913	33,913
TOTAL OTHER FINANCIN SOURCES USES	\$ -0-	\$ -0-	\$ 267,052	\$ 267,052
NET CHAN E N FUND BALANCE	\$ 110,245	\$ 42,696	\$ 164,274	\$ 206,970
FUND BALANCE JULY 1, 201	1,483,745	1,483,745	1,483,745	
FUND BALANCE JUNE 30, 2017	\$1,373,500	\$1,441,049	\$ 1,648,019	\$ 206,970

See accompanying independent auditor seport.



SAN LEON MUNICIPAL UTILITY DISTRICT SUPPLEMENTARY INFORMATION RE UIRED BY THE ATER DISTRICT FINANCIAL MANA EMENT UIDE JUNE 30, 2017

SER CES AND RATES FOR THE YEAR ENDED JUNE 30, 2017

1.	SER	CES PRO	IDFD BY	THE DISTRICT DURIN	THE FISCAL YFAR

X	Retail Water		Wholesale Water		Drainage		
X	Retail Sewer		Wholesale Wastewater		Irrigation		
	Parks/Recreation	X	Fire Protection		Security		
X	Solid Waste/ arbæe		Flood Control		Roads		
Participates in oint venture, regional system and/or							
wastewater service the than emergency interconnect							
X	Other specif: Street	Ights					

2. RETAIL SER CE PRO IDERS

. RETAIL RATES FOR A 5 METER OR E UI ALENT

Based on the rate order effective January 17, 2017.

			Flat	Rate per 1,000	
	inimum	inimum	Rate	allons over	
	Charge	sage	Y/N	inimum se	sage Levek
WATER:	\$ 16.00	2,000	N	\$ 4.50	2,001 to 4,000
				\$ 4.75	4,001 to 7,000
				\$ 5.00	7,001 to 10,000
				\$ 5.25	10,001 to 24,000
				\$ 5.50	24,001 to 44,000
				\$ 5.75	44,001 to 75,000
				\$ 6.00	75,001 and up
WASTEWATER:	\$ 17.00	2,000	N	\$ 3.75	2,001 to 4,000
				\$ 4.00	4,001 to 7,000
				\$ 4.25	7,001 to 10,000
				\$ 4.50	10,001 to 24,000
				\$ 4.50	24,001 to 44,000
				\$ 4.50	44,001 to 75,000
				\$ 4.50	75,001 and up
S RCHAR E:					
Commission					
Regulatory	0.5% of wa	nter and sewer bill			
Assessments					
Street Lights	\$ 3.95				
FD	\$ 8.00				
arbage	\$ 19.00				
District employs win	nter averaging	g for wastewater usag	ge		X

 $\frac{X}{\text{Yes}}$ $\frac{X}{\text{No}}$

Total monthly charges per 10,000 gallons usage: Water: \$54.25 Wastewater: \$49.25 Surcharge: \$31.47

SER CES AND RATES FOR THE YEAR ENDED JUNE 30, 2017

2. RETAIL SER CE PRO IDERS Continued

ATER AND ASTE ATER RETAIL CONNECTIONS U

M S	T C	A C	ESFC F	A ESFC
metered	447		x 1.0	
<u><</u> "	2,924	2,577	x 1.0	2,577
1	108	105	x 2.5	263
1			x 5.0	
2	33	33	x 8.0	264
3			x 15.0	
4	5	4	x 25.0	100
6			x 50.0	
8			x 80.0	
10			x 115.0	
Total Water Connections	3,517	2,719		3,204
Total Wastewater Connections	3,503	2,661	x 1.0	2,661

3. TOTAL ATER CONSUMPTION DURIN THE FISCAL YEAR ROUNDED TO THE NEAREST THOUSAND U

allons billed to customers: 153,434,000 Water Accountability Ratio: 80.5%

allons billed/ allons purchased

allons purchased: 190,698,000 From: <u>ulfCoast Water Authority</u>

SER CES AND RATES FOR THE YEAR ENDED JUNE 30, 2017

•	STANDBY FEES authori ed	d only ι	undEWC Sec	etion 49.231	:	
	Does the District have Debt Servi	ice star	ndby fees		Yes	No X
	Does the District have Operation	and	aintenance s	standby fees	Yes	No X
5.	LOCATION OF DISTRICT					
	Is the District located entirely wit	thin one	e county			
	Yes X No					
	County in which District is located	ed:				
	alveston County, Texas					
	Is the District located within a cit	ty is ext	traterritorial	urisdiction	ETJ	
	Entirely X Part	tly		Not at all		
	ETJ in which district is located:					
	City of Texas City, Texas	3				
	Are Board embers appointed by	y an of	fice outside	the District		
	Yes No		X			

ENERALFUND E PENDITURES FOR THE YEAR ENDED JUNE 30, 2017

PERSONNEL EXPENDIT RES Including Benefits	
Salaries	\$ 609,750
Payroll Taxes	42,183
Pension Person Service	17,628
Payroll Service Insurance	2,839 237,836
TOTAL PERSONNEL EXPENDIT RES	\$ 910,236
PROFESSIONAL FEES:	
Auditing	\$ 16,450
Engineering	74,034
Legal Financial Advisor	224,247
Financial Advisor	 2,500
TOTAL PROFESSIONAL FEES	\$ 317,231
P RCHASED WATER SER ICE	\$ 436,831
CONTRACTED SER ICES:	
Tax Collection and Appraisal District	\$ 10,937
TILITIES:	
Electricity	\$ 91,102
Telephone	 30,465
TOTAL TLITIES	\$ 121,567
REPAIRS AND AINTENANCE	\$ 236,383
AD INISTRATI E EXPENDIT RES:	
Computer/Internet	\$ 20,824
Director Fees	10,050
Dues Insurance	720 65,841
Office Supplies and Postage	53,052
Rents and Leases	31,065
Payroll Taxes	2,043
Training	11,708
Travel and eetings	6,150
Other	 4,470
TOTAL AD INISTRATI E EXPENDIT RES	\$ 205,923

ENERALFUND E PENDITURES FOR THE YEAR ENDED JUNE 30, 2017

CAPITAL O TLAY	\$	301,782
SOLID WASTE DISPOSAL	\$	315,149
SEC RITY	\$	13,157
FIRE FI HTN	\$	256,622
STREET LI HTIN	\$	71,871
OTHER EXPENDIT RES: Auto and ehicleExpenditures Chemicals Contract Labor Fuel Laboratory Fees Permit Fees Regulatory Assessment Sludge Hauling Small Tools and Equipment niforms	\$	6,366 15,249 274,727 14,052 20,771 13,861 10,295 105,297 60,467 11,718
Other		19,571
TOTAL OTHER EXPENDIT RES	\$	552,374
DEBT SER ICE: Note Principal Note Interest	\$	38,100 3,401
TOTAL DEBT SER ICE	\$	41,501
TOTAL EXPENDIT RES	\$	3,791,564
Number of persons employed by the District <u>14</u> Full-Time	_0	Part-Time

IN ESIMENTS JUNE 30, 2017

Fund	Identification or Certificate Number	Interest Rate	aturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
ENERAL F ND TexPool TexPool Certificate of Deposit Certificate of Deposit TOTAL ENRAL F ND	XXXX0003 XXXX0004 XXXX6307 7	aries aries 0.60% 0.85%	Daily Daily 05/09/18 11/23/18	\$ 1,024,968 217,486 204,227 209,241 \$ 1,655,922	\$ <u>\$ -0-</u>
DEBT SER IŒ F ND TexPool TexSTAR TOTAL DEBT SER IŒ F NI	XXXX0006 XXXX6790	aries aries	Daily Daily	\$ 761,395 246,335 \$ 1,007,730	\$ -0-
CAPITAL PROJECTS F ND TexSTAR TOTAL - ALL F NDS	XXXX0130	aries	Daily	\$ 141,749 \$ 2,805,401	\$ -0- \$ -0-

TA ES LE IEDAND RECEI ABLE FOR THE YEAR ENDED JUNE 30, 2017

	aintena	ınce Ta	axes	Debt Service Taxes			
TAXES RECEI ABLE - J LY 1, 2016 Ad ustments to Beginning Balance	\$ 77,442 11,606	\$	89,048	\$	100,618 1,650	\$	102,268
Original 2016 Tax Levy Ad ustment to 2016 Tax Levy TOTAL TO BE ACCO NTED FOR	\$ 525,519 22,411	\$	547,930 636,978	\$	633,033 26,996	\$	660,029 762,297
TAX COLLECTIONS: Prior Years Current Year	\$ 34,864 515,715		550,579	\$	46,714 621,223		667,937
TAXES RECEI ABLE - J NE 30, 2017		\$	86,399			\$	94,360
TAXES RECEI ABLE BY YEAR: 2016 2015 2014 2013 2012 2011 2010 2009 2008 2007 2006 2005 2004 2003 and Prior		\$	32,215 10,603 4,885 3,378 5,645 4,301 3,752 3,271 2,754 3,142 3,463 2,117 2,030 4,843			\$	38,806 14,806 9,772 6,757 2,822 2,150 1,876 1,635 1,377 1,571 2,271 1,488 1,598 7,431
TOTAL		\$	86,399			\$	94,360

TA ES LE IEDAND RECEI ABLE FOR THE YEAR ENDED JUNE 30, 2017

	2016	2015	2014	2013		
PROPERTY AL ATIONS: Land Improvements Personal Property Exemptions TOTAL PROPERTY	\$ 84,601,856 225,104,245 9,001,318 6,453,116	\$ 84,231,854 204,987,185 9,601,467 45,71, 5 00	\$ 82,953,689 171,479,180 8,337,883 3,504,275	\$ 81,923,870 162,087,355 7,854,577 34,28 3 26		
AL ATIONS	\$ 268,254,303	\$ 253,105,006	\$ 227,066,477	\$ 217,581,976		
TAX RATES PER \$100 AL ATION: Debt Service aintenance	\$ 0.2459 0.2041	\$ 0.2622 0.1878	\$ 0.30 0.15	\$ 0.30 0.15		
TOTAL TAX RATES PER \$100 AL ATION	<u>\$ 0.4500</u>	\$ 0.4500	<u>\$ 0.45</u>	\$ 0.45		
ADJ STED TAX LE Y	\$ 1,207,959	\$ 1,140,276	\$ 1,023,546	\$ 979,129		
PERCENTA E OF TAXES COLLECTED TO TAXES LE IED	94.12 %	<u>97.77</u> %	<u>98.57</u> %	<u>98.96</u> %		

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

aintenance Tax aximum tax rate of \$0.30 per \$100 of assessed valuation approved by voters on August 14, 1999.

LON TERM DEBSER CE RE UIREMENTS JUNE 30, 2017

REF NDIN SERIES-2012

Due During Fiscal Years Ending June 30		Principal Due eptember 1	eptember 1/ arch 1	Total		
2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032 2033	\$ 210,000 220,000 225,000 240,000 245,000 255,000 265,000 275,000 270,000		\$ 71,400 64,090 56,525 48,620 40,375 31,875 23,035 13,855 4,590	\$	281,400 284,090 281,525 288,620 285,375 286,875 288,035 288,855 274,590	
2034	\$	2,205,000	\$ 354,365	\$	2,559,365	

LON TERM DEBSER CE RE UIREMENTS JUNE 30, 2017

SERIES-2013

Due During Fiscal Years Ending June 30	Principal Due September 1		nterest Due eptember 1/ arch 1	Total		
2018	\$	150,000	\$ 220,594	\$	370,594	
2019		155,000	214,113		369,113	
2020		170,000	207,206		377,206	
2021		170,000	199,981		369,981	
2022		180,000	193,669		373,669	
2023		190,000	188,119		378,119	
2024		195,000	182,344		377,344	
2025		205,000	176,344		381,344	
2026		230,000	169,819		399,819	
2027		525,000	158,494		683,494	
2028		550,000	142,025		692,025	
2029		580,000	124,369		704,369	
2030		610,000	105,394		715,394	
2031		640,000	84,681		724,681	
2032		675,000	62,491		737,491	
2033		710,000	38,675		748,675	
2034		750,000	 13,125		763,125	
	\$	6,685,000	\$ 2,481,443	\$	9,166,443	

LON TERM DEBSER CE RE UIREMENTS JUNE 30, 2017

ANN ALRE RE ENTS FOR ALL SERIES

Due During Fiscal						Total	
Years Ending		Total		Total	Principal and		
June 30	Pr	incipal Due	In	iterest Due	I	nterest Due	
2018	\$	360,000	\$	291,994	\$	651,994	
2019		375,000		278,203		653,203	
2020		395,000		263,731		658,731	
2021		410,000		248,601		658,601	
2022		425,000		234,044		659,044	
2023		445,000		219,994		664,994	
2024		460,000		205,379		665,379	
2025		480,000		190,199		670,199	
2026		500,000		174,409		674,409	
2027		525,000		158,494		683,494	
2028		550,000		142,025		692,025	
2029		580,000		124,369		704,369	
2030		610,000		105,394		715,394	
2031		640,000		84,681		724,681	
2032		675,000		62,491		737,491	
2033		710,000		38,675		748,675	
2034		750,000		13,125		763,125	
	\$	8,890,000	\$	2,835,808	\$	11,725,808	

CHAN ESIN LON TERM BOND DEBT FOR THE YEAR ENDED JUNE 30, 2017

Description	Original Bonds Issued	Bonds Outstanding July 1, 2016		
San Leon unicipal tility District dimited Tax Refunding Bonds - Series 2012	\$ 3,055,000	\$ 2,440,000		
San Leon unicipal tility District dimited Tax Bonds - Series 2013 TOTAL	7,000,000 \$ 10,055,000	6,800,000 \$ 9,240,000		
Bond Authority:	Tax Bonds			
Amount Authori ed by oters	\$ 21,660,000			
Amount Issued	13,660,000			
Remaining to be Issued	\$ 8,000,000			
Debt Service Fund cash, investment and cash with tax office balances as of June 30, 2017:		\$ 1,306,001		
Average annual debt service payment principal and interest of all debt:	foremaining term	\$ 689,753		

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

Current Year Transactions

		Retire	ements			Bonds	
Bonds Sold	F	Principal		Interest		outstanding ne 30, 2017	Paying Agent
\$	\$	235,000	\$	78,965	\$	2,205,000	Branch Banking and Trust Company Charlotte, NC
		115,000		226,225		6,685,000	Amegy Bank National Association Houston, Texas
\$ -0-	\$	350,000	\$	305,190	\$	8,890,000	

COMPARATI ESCHEDULE OF RE ENUES AND E PENDITURES ENERALFUND FI E YEARS

				Amounts
	2017		2016	 2015
RE ENUES				
Property Taxes	\$ 550,579	\$	375,324	\$ 346,452
Water Service	1,115,885		1,061,850	902,065
Wastewater Service	895,413		909,500	797,213
Street Lighting	126,999		122,871	121,421
Fire Fighting Service	273,616		264,013	260,986
Solid Waste Service	284,769			
Penalty and Interest	35,419		33,124	26,804
Tap Connection and Inspection Fees	242,080		131,095	150,305
iscellaneous Revenues and FE A Reimbursements	 164,026		53,778	 196,878
TOTAL RE ENUES	\$ 3,688,786	\$	2,951,555	\$ 2,802,124
E ÆNDITURES	0.4.0.00.0		0.4.04.0	
Personnel	\$ 910,236	\$	821,010	\$ 802,330
Professional Fees	317,231		93,142	76,786
Contracted Services	595,865		277,780	279,499
Purchased Water	436,831		401,450	271,963
tilities	121,567		149,341	114,425
Repairs and aintenance	236,383		350,445	396,783
Street Lighting	71,871		98,442	81,787
Other	758,297		539,028	512,561
Capital Outlay	301,782		454,017	271,392
Debt Service:	20.100		15001	10000
Note Principal	38,100		15,934	10,983
Note Interest	 3,401		1,348	 1,131
TOTAL E ENDITURES	\$ 3,791,564	\$	3,201,937	\$ 2,819,640
E ŒSS DEFICIENCY OF RE ENUES				
O ERE PENDITURES	\$ 102,778	\$	250,328	\$ 17,516
OTHER FINANCIN SOURCES USES				
Note Proceeds	\$ 33,913	\$	57,008	\$
Transfers In Out	 233,139	_		 89,243
TOTAL OTHER FINANCIN SOURCES USES	\$ 267,052	\$	57,008	\$ 89,243
NET CHAN E N FUND BALANCE	\$ 164,274	\$	193,374	\$ 71,727
BE INNIN FUND BALANCE	 1,483,745		1,677,119	 1,605,392
ENDIN FUND BALANCE	\$ 1,648,019	\$	1,483,745	\$ 1,677,119

Percentage of Total Revenues	Percentage	of	Total	Revenues
------------------------------	------------	----	-------	----------

														_
	2014		2013	_	2017		2016		2015		2014		2013	_
\$	352,294 742,209 716,684 116,131 254,582	\$	639,718 759,831 697,196 113,259 277,947		14.9 30.3 24.3 3.4 7.4 7.7	%	12.8 36.0 30.8 4.2 8.9	%	12.3 32.2 28.5 4.3 9.3	%	14.9 31.4 30.2 4.9 10.8	%	24.0 28.4 26.0 4.2 10.4	%
	26,847 107,340 50,402		26,619 97,245 59,194	_	1.0 6.6 4.4		1.1 4.4 1.8		1.0 5.4 7.0		1.1 4.6 2.1		1.0 3.7 2.3	
\$	2,366,489	\$	2,671,009	_	100.0	%	100.0	%	100.0	%	100.0	%	100.0	%
\$	745,775 71,595 277,109 231,550 120,888 626,807 90,223 451,416 121,091	\$	674,277 89,239 287,320 221,503 128,611 394,221 86,415 480,538 247,671		24.7 8.6 16.2 11.8 3.3 6.4 1.9 20.6 8.2	%	27.8 3.2 9.4 13.6 5.1 11.9 3.3 18.3 15.4	%	28.6 2.7 10.0 9.7 4.1 14.2 2.9 18.3 9.7	%	31.5 3.0 11.7 9.8 5.1 26.5 3.8 19.1 5.1	%	25.2 3.3 10.8 8.3 4.8 14.8 3.2 18.0 9.3	%
<u> </u>	1,461	<u> </u>	3,891	-	0.1	0/	100 5	0/	100.6	0/	0.1	%	0.1	0/
\$	2,748,567	\$	2,627,495	-	102.8	%	108.5	%0	100.6	%	116.2	%0	98.3	%
\$	382,708	\$	43,514	_	2.8	%	8.5	%	0.6	%	16.2	%	1.7	%
\$	10,429	\$												
\$	10,429	\$	- 0 -											
\$	371 ,49 1,977,041	\$	43,514 1,933,527											
\$	1,605,392	\$	1,977,041											

SAN LEON MUNICIPAL UTILITY DISTRICT COMPARATI ESCHEDULE OF RE ENUES AND E PENDITURES DEBT SER ICE FUND FI E YEARS

			Amount
	2017	2016	2015
RE ENUES Property Taxes Penalty and Interest iscellaneous Revenues	\$ 667,937 46,944 4,776	\$ 738,199 33,358 2,281	\$ 673,126 40,435 772
TOTAL RE ENUES	\$ 719,657	\$ 773,838	\$ 714,333
E ENDITURES Tax Collection Expenditures Debt Service Principal Debt Service Interest and Fees TOTAL E ENDITURES	\$ 14,185 350,000 305,517 \$ 669,702	\$ 10,905 335,000 318,097 \$ 664,002	\$ 10,945 320,000 330,982 \$ 661,927
E ŒSS DEFICIENCY OF RE ENUES O ER E PENDITURES	\$ 49,955	\$ 109,836	\$ 52,406
OTHER FINANCIN SOURCES USES Long-Term Debt Issued	\$ -0-	\$ -0-	\$ -0-
NET CHAN E IN FUND BALANCE	\$ 49,955	\$ 109,836	\$ 52,406
BE INNIN FUND BALANCE	1,398,324	1,288,488	1,236,082
ENDIN FUND BALANCE	\$ 1,448,279	\$ 1,398,324	\$ 1,288,488
TOTAL ACTI E RETAIL ATER CONNECTIONS	2,719	2,809	2,637
TOTAL ACTI E RETAIL ASTE ATER CONNECTIONS	2,661	2,795	2,536

Percentage of	of To	otal Re	venues
1 Clocificaço	JI I C	iui ice	, cliacs

					8						_
2014	2013	2017		2016		2015		2014		2013	_
\$ 635,207 37,062 278	\$ 320,611 49,480 681	92.8 6.5 0.7		95.4 4.3 0.3	%	94.2 5.7 0.1	%	94.4 5.5 0.1	%	86.5 13.3 0.2	
\$ 672,547	\$ 370,772	100.0	<u>)</u> %	100.0	%	100.0	%	100.0	%	100.0	%
\$ 12,942 45,000 471,713	\$ 14,680 215,000 98,923	2.0 48.6 42.5		1.4 43.3 41.1	%	1.5 44.8 46.3	%	1.9 6.7 70.1	%	4.0 58.0 26.7	
\$ 529,655	\$ 328,603	93.1	_ %	85.8	%	92.6	%	78.7	%	88.7	%
\$ 142,892	\$ 42,169	6.9	<u>)</u> %	14.2	%	7.4	%	21.3	%	11.3	%
\$ - 0 -	\$ 246,588										
\$ 142,892	\$ 288,757										
 1,093,190	 804,433										
\$ 1,236,082	\$ 1,093,190										
 2,549	 2,445										
2,536	2,431										

SAN LEON MUNICIPAL UTILITY DISTRICT BOARD MEMBERS, EY PERSONNEL AND CONSULTANTS JUNE 30, 2017

District ailing Address - San Leon unicipal tility District

443 24th Street

San Leon, TX 77539

District s Telephone Number- 281 339-1586

в м	Term of Office Elected or <u>Appointed</u>	ye	s of office for the ar ended e 30, 2017	Reimi f yes	xpense bursements for the ar ended at 30, 2017	Title
Joe anchaca	05/14 05/18 Elected	\$	-0-	\$	-0-	President
Tyson ennedy	05/14 05/18 Elected	\$	2,100	\$	801	ice President
Julie Hall	05/16 05/20 Elected	\$	1,800	\$	-0-	Secretary
enneth Bishop	05/16 05/20 Elected	\$	3,150	\$	2,630	Treasurer/ Investment Officer
ellyNeason	03/16 05/18 Appointed	\$	3,000	\$	1,280	Assistant Secretary

<u>Note</u>: No Director has any business or family relationships as defined by the Texas Water Code with ma or landowners in the District, with the District developer or with any of the District somultants.

Submission date of most recent District Registration Form $\$ WC Sections 36.054 and 49.054 : June 5, 2017.

Limit on Fees of Office that a Director may receive during a fiscal year \$7,200 as set by Board Resolution TWC Section 49.060 on August 13, 2005. Fees of Office are the amounts actually paid to a Director during the District scurret fiscal year.

SAN LEON MUNICIPAL UTILITY DISTRICT BOARD MEMBERS, EY PERSONNEL AND CONSULTANTS JUNE 30, 2017

A P	Date Hired	June 30, 2017	Title
A P Janice Hoffman	07/23/95	\$ 81,013	Office anager
en eller	04/96	\$ 76,162	Field Supervisor
C			
Reid, Strickland illette	Prior to 1992	\$ 14,738	eneral Counsel
cCall ibson Swedlund Barfoot PLLC	06/20/95	\$ 16,450	Auditor
Linebarger oggan Blair and Sampson, LLP	1992	\$ 14,185	Delinquent Tax Attorney
AEI Engineering	12/21/10	\$ 115,326	Engineer
SA CO Capital arkets	06/22/03	\$ 2,500	Financial Advisor
alveson County Tax Assessor	9/2002	\$ 2,013	Tax Collector